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**Report of the
Comptroller and Auditor General
of India**

for the year ended March 2002

Government of National Capital Territory of Delhi

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PREFACE

This Report for the financial year ended March 2002 has been prepared for submission to the Lieutenant Governor under Article 151(2) of the Constitution of India. It covers matters arising from audit of the accounts of the Government of National Capital Territory of Delhi.

Service or Utility Organisation under the jurisdiction of Government of National Capital Territory of Delhi which features in this report is the Municipal Corporation of Delhi. The matters relating to Public Sector Undertakings of the Government of National Capital Territory of Delhi viz. Delhi Transport Corporation, Delhi Financial Corporation, Delhi Vidyut Board, Delhi Tourism and Transportation Development Corporation Limited, Delhi State Mineral Development Corporation Limited, Delhi State Civil Supplies Corporation Limited, Delhi State Industrial Development Corporation Limited and Delhi Scheduled Caste Financial and Development Corporation Limited, whose accounts are audited by the Comptroller and Auditor General of India, have also been included.

The cases mentioned in this Report are those which came to notice in the course of Audit conducted during 2001-02 and early part of 2002-2003. For the sake of completeness, matters relating to earlier years which could not be covered in the previous report have also been included, wherever pertinent. Similarly, results of Audit of transactions after 31 March 2002 are also mentioned, wherever relevant.

OVERVIEW

This Report includes two chapters on the state of finances and the Appropriation Accounts of the Government of NCT Delhi for the year 2001-02 and five other chapters comprising of seven reviews and 28 paragraphs dealing with the results of audit of selected programmes and schemes and of the financial transactions of Government including its commercial and trading activities. A synopsis of the findings contained in the audit reviews and important paragraphs are presented in the overview.

Accounts of the Government of NCT of Delhi

During 2001-02, the total receipts and expenditure of Government of NCT of Delhi on revenue account were Rs. 6254 crore and Rs. 5044 crore respectively which yielded a revenue surplus of Rs. 1210 crore. The loans and advances disbursed by the Government during the year were Rs. 2789 crore while the recoveries were merely Rs. 458 crore. The Government of NCT of Delhi borrowed Rs. 2039 crore from the Union Government during the year.

(Paragraphs 1.4, 1.13, 1.16 & 1.17)

Revenue receipts increased from Rs. 5444 crore in 2000-01 to Rs. 6254 crore in 2001-02. The share of tax revenue in total revenue receipts was Rs. 4897 crore, which constituted 78 *per cent* of the total revenue receipts. Sales tax continued to be the major contributor to tax revenue and constituted 76 *per cent* of total tax revenue.

(Paragraphs 1.4 & 1.5)

Revenue expenditure increased by 36 *per cent* from Rs. 3697 crore in 2000-01 to Rs. 5044 crore in 2001-02. Capital expenditure decreased by 30 *per cent* from Rs. 869 crore in 2000-01 to Rs. 612 crore in 2001-02. Loans by the State Government increased by 6.90 *per cent* from Rs. 2609 crore in 2000-01 to Rs. 2789 crore in 2001-02.

(Paragraph 1.8)

The outstanding loans given by State Government to local bodies, autonomous bodies, cooperative institutions, Public Sector and other undertakings and Government departments increased from Rs. 12622.69 crore in 2000-01 to Rs. 14953.68 crore in 2001-02 which constituted an increase of 18 *per cent*, indicating that the Government agencies relied more on borrowings from Government rather than raising their own resources.

(Paragraph 1.13)

Government of NCT of Delhi made an investment of Rs. 170 crore in 2001-02 in Government Companies, and Co-operative Societies bringing the total investment at the end of March 2002 to Rs. 945.72 crore. The dividend received however, was only Rs. 5.39 crore.

(Paragraph 1.15)

2976 utilisation certificates relating to grants-in-aid of Rs. 5269.52 crore released upto 30 September 2000 were outstanding against various departments at the end of March 2002.

(Paragraph 1.11)

Government of NCT of Delhi was in a position to meet its revenue expenditure from its own resources and therefore borrowed funds together with revenue surplus were applied for capital expenditure including loans and advances given by Government of NCT of Delhi. Revenue surplus declined from Rs. 1747.51 crore in 2000-01 to 1209.57 crore in 2001-02. Fiscal deficit increased from Rs. 1609.66 crore in 2000-01 to Rs. 1733.03 crore in 2001-02.

(Paragraph 1.16)

Appropriation Accounts

Total expenditure during 2001-02 increased to Rs. 9302.99 crore from Rs. 7751.13 crore in 2000-01 registering an increase of 20.02 *per cent*. Charged expenditure increased from Rs. 961.00 crore in 2000-01 to Rs. 1189.19 crore in 2001-02 registering an increase of 23.75 *per cent* and voted expenditure increased from Rs. 6790.13 crore in 2000-01 to Rs. 8113.80 crore in 2001-02 registering an increase of 19.49 *per cent*.

(Paragraph 2.3)

During 2001-02, Government of NCT of Delhi was authorised Rs. 8105.92 crore as Original Grant and Rs 2210.92 crore as Supplementary Grant. Against the total provision of Rs. 10316.84 crore, total expenditure aggregated Rs. 9302.99 crore. Savings of Rs. 1013.85 crore accounted for 9.83 *per cent* of total grant for the year.

(Paragraph 2.4)

The main reasons for savings were slow progress of work (Rs. 367.14 crore), release of less grants (Rs. 196.20 crore), non-release of equity contribution to DTC (Rs. 200.00 crore) and non-filling of vacant posts (Rs. 184.59 crore).

(Paragraph 2.5.1)

Against the unspent provision of Rs. 1013.85 crore, Rs. 396.74 crore was surrendered on the last day of the financial year and the remaining provision of Rs. 617.11 crore was not surrendered.

(Paragraph 2.5.2)

In two grants the entire amount of supplementary provision of Rs. 3.07 crore proved unnecessary as the final expenditure was less than the original provision.

(Paragraph 2.5.5)

In 13 grants, 11.24 per cent to 79.23 per cent of total expenditure of the year was incurred in the month of March 2002.

(Paragraph 2.5.10)

Trans Yamuna Area Development Board

Government of NCT of Delhi set up the Trans Yamuna Area Development Board in March 1994, for the planned growth of Trans Yamuna Area. The Board was required to formulate and implement a unified and coordinated Area Plan specifically keeping in mind the functioning of various Government agencies in Delhi including Municipal Corporation of Delhi, Delhi Vidyut Board, Delhi Jal Board, etc.

Even after more than eight years of its existence, the Board had not studied the drawbacks in the existing infrastructure and failed to formulate a unified and coordinated Area Plan. Resultantly, only *ad hoc* schemes/ works of routine nature were executed and an expenditure of Rs. 413.42 crore thereon up to March 2002 failed to achieve the intended objective of planned growth of the Area.

Scrutiny of records relating to execution of works also revealed instances of avoidable/wasteful expenditure of Rs. 90.91 lakh attributable to delay in finalisation of tenders, non observance of prerequisites for award of works, etc.

Monitoring of implementation of schemes by the Board was ineffective as Delhi Jal Board failed to utilise Rs. 25 crore allotted to it. Test check of 42 out of 113 specific works recommended by the Board during 1994-02 revealed that there were delays in awarding the works ranging from 15 to 62 months in respect of 36 works.

(Paragraph 3.1)

National Scheme of Liberation and Rehabilitation of Scavengers and their dependents

The scheme envisaged rehabilitation of scavengers in other dignified occupations by providing appropriate training and financial assistance to them. The Delhi Scheduled Castes Financial and Development Corporation Ltd. Delhi was entrusted with the responsibility of implementing the scheme. The surveys conducted to identify the scavengers were inconsistent, resultantly the exact number of scavengers was not known. Training was imparted to persons other than identified scavengers or their dependents in most of the cases and often there was no nexus between the training imparted and the rehabilitation efforts.

The implementing agency could utilize only 59 per cent of the funds received from the Government of India. Even this utilization of funds was doubtful, as the Corporation had no information on the details of the subsidy/ loan actually disbursed by the banks and the number of beneficiaries involved.

The claim of the Corporation that there were no scavengers left in Delhi did not also have an adequate factual basis given the fact that as per Annual Plan for the year 2001-02, 1.39 lakh dry latrines were stated to be in existence. A scheme for conversion of dry latrines into water borne ones which was a critical prerequisite for ensuring that scavengers gave up their obnoxious and inhuman hereditary occupation, was not implemented by Municipal Corporation of Delhi despite availability of funds aggregating to Rs. three crore for the purpose.

(Paragraph 3.2)

Irregularities in land acquisition

In terms of the provisions of the Land Acquisition Act 1894, the Land and Building Department is empowered to take possession of any land needed for public purpose, by invoking urgency clause on expiry of 15 days from the publication of notification. Test check of 55 cases during 1996-97 to 2001-02 revealed that there was a delay ranging from 50 days to 739 days in taking the possession of land adversely affecting the ongoing projects for which the lands were to be acquired. Moreover, there were mistakes in determination of compensation and interest resulting in excess payment of Rs. 263.40 lakh to the land owners.

(Paragraph 3.3)

Deficiencies in procurement of vital equipment

The Deen Dayal Upadhyay Hospital failed to ensure concurrent procurement of a Radiolucent C-Arm Table essential for proper utilisation of a mobile Imaging System which would have been possible by a proper assessment of the system requirement and better coordination with the Directorate General of Supplies and Disposals and the positioning, in advance, of qualified personnel to facilitate the commissioning of a Refrigerated Blood Bank Centrifuge, which resulted in non-realisation of the intended objectives. Consequently, notwithstanding investments of Rs. 51.35 lakh, patients were deprived of essential diagnostic and curative facilities.

(Paragraph 3.4)

Construction of Bicycle Paths

The Transport Department commissioned a study in June 1996 for preparation of a bicycle map for Delhi to facilitate construction of segregated tracks for cyclists at a cost of Rs. 49.50 lakh. Though the report was received in August 1998, no decision was taken as of May 2002. In the meantime, there has also been a steady increase in the number of cyclists involved in fatal road accidents since 1998-99.

(Paragraph 3.7)

Non-adherence to fire safety norms in Players Building

Project Manager, Players Building Project, awarded the work of remodelling of the vehicular ramp and plaza without ensuring adherence to fire safety norms. As the present load bearing capacity of the ramp is only 6.80 tonnes as against the stipulated requirement of 45 tonnes, substantial cost overrun is also likely and the expenditure of Rs. 46.43 lakh already incurred could prove infructuous in the final analysis.

(Paragraph 4.1)

Avoidable additional payment on account of cost escalation

The Executive Engineer, Public Works Division, failed to ensure the timely availability of clear sites and complete set of architectural and structural drawings to the contractors before award of two works which resulted in avoidable additional payment of Rs. 409.35 lakh on account of escalation in the cost of labour and materials.

(Paragraph 4.3)

Irregular expenditure on deployment of personnel

Public Works Division XXI engaged the services of 40 private security guards during April 2001 to August 2002 without the approval of the competent authority, notwithstanding the availability of 13 Chowkidars in excess of sanctioned strength, resulting in irregular expenditure of Rs. 38.16 lakh.

(Paragraph 4.5)

Unfruitful expenditure on construction of City Museum

A prestigious project for the construction of a City Museum conceived more than fifteen years ago is yet to take off, on account of failure to foresee restrictions on construction activities in the vicinity of protected monuments. Expenditure of Rs. 30.85 lakh initially incurred has also remained unfruitful.

(Paragraph 4.6)

Provision of Basic Facilities in Primary Schools

Under the Delhi Municipal Corporation Act 1957, primary education is an obligatory function of the Municipal Corporation of Delhi. Accordingly, the Municipal Corporation is implementing various schemes involving capital expenditure on expansion of primary education, welfare of children and provision of basic infrastructure facilities in the schools.

The Corporation failed to utilise funds totaling Rs. 56.60 crore meant for expansion of primary education and welfare schemes and consequently could achieve only partially its objectives of opening of new schools and enrolment of additional children. Textbooks were provided to the students after considerable delays. The Corporation also failed to provide uniforms to the students during 1998-99 and 2001-02. Owing to abnormal delays in finalizing the tender for purchase of winter jerseys during the period from 1999-00 to 2001-02, the Corporation could issue winter jerseys to the students at the end of the winter season.

The Corporation also failed to provide adequate classrooms, replace tented accommodation with pucca/semi pucca classrooms and provide other basic facilities like water, electricity and lavatory/toilet notwithstanding the availability of funds. As against the requirement of 3,908 new classrooms, construction of only 729 classrooms was completed upto March 2002. The planning for construction of classrooms appeared to be quite inconsistent. While there was a shortage of rooms in some schools, 354 rooms were found to be in excess of requirements in 41 other schools. Audit also noticed

instances of time overruns in completion of five school buildings ranging from 17 to 41 months resulting in cost overrun of Rs. 3.44 crore.

(Paragraph 5.1)

Functioning of the Slum and JJ Department

The Slum and JJ Department of Municipal Corporation of Delhi responsible for implementation of various schemes and programmes to provide minimum basic amenities and resettlement of squatter families located on project land, failed to provide the intended amenities and to relocate the jhuggi dwellers due to its lax attitude. The number of JJ Clusters had increased from 929 in 1990 to 1,100 in 2001 inspite of the adoption of a three-pronged strategy for relocation of the existing JJ Clusters.

No priority criteria for shifting of clusters were prescribed. As against the growth of 30,000 jhuggis annually, targets were fixed for development of 18,125 sites and service plots for relocation of jhuggis on an average and only 4,817 jhuggis were relocated during 1997-02.

No foolproof system was devised by the Department to verify the genuineness of ration cards, which resulted in allotment of plots on the basis of fake or bogus ration cards. In about 75 per cent of the cases the plots allotted to slum dwellers were sold or changed hands ultimately leading to a continued cycle of encroachment and expenditure on resettlement. Further, Licence fee due from dwellers of resettlement colonies was not recovered due to poor pursuance leading to accumulation of arrears aggregating to Rs. 10.80 crore.

(Paragraph 5.2)

Revenue Receipts

Total sales tax demand awaiting recovery which was Rs. 6616.58 crore at the end of the year 2000-01 increased to Rs. 6999.37 crore in 2001-02.

(Paragraphs 6.1 to 6.4)

Under the Central Sales Tax Act, no tax is payable by a registered dealer on movement of goods to other States, which is not by way of sale, transfer of stock to other places of his business or to his agent or principal. Short account of such transfers is liable to be taxed as per the Act. During 1995-96 to 2000-01, the Government of NCT of Delhi failed to realise revenue amounting to Rs. 123.63 crore. This was largely attributable to acceptance of invalid/incomplete declarations, allowing exemption for amounts higher than that shown in forms, exemption on stock transfer of

goods to agents prior to their registration, concealment of stock transfer and non-existence of procedure for cross verification of forms.

(Paragraph 6.8)

Short accountal of purchase/sales/stock resulted in under assessment of sales tax amounting to Rs. 63.01 lakh. In addition, interest and penalty amounting to Rs. 1.97 crore were also leviable.

(Paragraph 6.9)

Irregular grant of exemption on tax free sale/purchases resulted in short levy of sales tax amounting to Rs. 60.83 lakh and interest of Rs.36.56 lakh.

(Paragraph 6.10)

Irregular grant of exemption on exports resulted in non-levy of sales tax amounting to Rs. 7.88 crore and interest of Rs.5.43 crore.

(Paragraph 6.12)

Under assessment of luxury tax resulted in short levy of Rs.1.85 crore which included tax amounting to Rs. 62.85 lakh, interest of Rs. 59.07 lakh and penalty of Rs. 62.85 lakh.

(Paragraph 6.19)

Government Commercial and Trading Activities

As on 31 March 2002, there were 12 Government Companies with total investment of Rs. 499.47 crore (equity: Rs. 63.32 crore, long-term loans: Rs. 436.15 crore) and three Statutory Corporations with total investment of Rs. 10464.36 crore (Capital: Rs. 142.58 crore, long-term loans: Rs. 10321.78 crore).

The accounts of eleven working Government Companies and one Statutory Corporation were in arrears for periods ranging from one to nine years as of September 2002. The other two Statutory Corporations viz. Delhi Transport Corporation and Delhi Financial Corporation had finalised their accounts for the year 2001-02 and the former had accumulated losses aggregating to Rs. 1082.14 crore which had far exceeded its paid up Capital of Rs. 117 crore. Delhi Financial Corporation had earned a profit of Rs. 5.57 crore.

(Paragraphs 7.1 to 7.9)

Delhi Vidyut Board

Material Management and Inventory Control

DVB's average annual spending on power generation stores and other stores was Rs. 636 crore and ranged from 10 to 17 *per cent* of the total budget estimates during the last five years ending 31 March 2002. Audit scrutiny revealed that the procurement and inventory operations of DVB suffered from various system/procedural deficiencies including improper assessment, non preparation of material budget, absence of ABC or other scientific analysis of inventory. Failure on part of Management to take corrective action resulted in extra expenditure of Rs. 21.85 crore on purchase of cables, transformers etc. In addition, bulk purchases of cables, meters and conductors in excess of immediate requirements led to locking up of funds of Rs. 5.86 crore with consequential loss of interest of Rs. 3.38 crore.

Excess inventory holdings burdened DVB with annual carrying cost of Rs. 30.41 crore. It was also noticed that 1478 transformers of various capacities valued at Rs. 35.18 crore failed during guarantee period and 6432 transformers valued at Rs. 62.49 crore were awaiting repair/disposal at the end of March 2002.

(Paragraph 7.12)

Performance of Rajghat Thermal Power Station

Rajghat Thermal Power Station comprises of two generating units with a total installed capacity of 135 MW. Its performance was far from satisfactory over the period 1996-97 to 2001-02. The percentage of actual generation to possible generation with reference to hours actually run ranged between 61.47 and 90.75 during 1996-97 to 2001-02 which resulted in generation loss of 1254.23 MUs of power valued at Rs. 386.81 crore.

Per unit cost of generation ranged between 223 paise and 309 paise during 1997-98 to 2001-02. This was higher by 39 to 69 paise compared to the per unit cost of Thermal Power Station, Faridabad of Haryana Power Generation Corporation Ltd. and Dadri Thermal Power Station of NTPC. The high per unit cost of generation was on account of shut down of Power Station for 4584.45 hours during 1996-97 to 2001-02 thereby causing generation loss of 309.20 MU valued at Rs. 97.59 crore.

Excess consumption of coal and furnace oil (LSHS) compared to norms amounting to 171007 tonnes valued at Rs. 26.90 crore and 17642.19 MT valued at Rs. 11.63 crore respectively also contributed to the excessive cost of generation.

It was also noticed that as against the sanctional strength of 491 for operation & maintenance of RTPS, the staff deployed ranged from 620 to 831 between 1996-97 and 2001-02 resulting in extra expenditure of Rs. 19.99 crore. Despite deployment of excess staff OTA totalling to Rs. 12.26 crore was paid during the six years up to 2001-02.

(Paragraph 7.13)

Delhi Tourism and Transportation Development Corporation Limited

The Corporation set up the Azad Hind Gram Tourist Complex at Tikri Kalan, a site with locational disadvantage. This coupled with abnormally long gestation period has rendered the project a losing proposition and resulted in locking up of funds of Rs. 4.65 crore

(Paragraph 7.15)

Delhi State Industrial Development Corporation Limited

The Corporation decided to construct a Combined Effluent Treatment Plant at Wazirpur Industrial Estate at the primary level in the first instance instead of tertiary level despite instructions of the Supreme Court. Subsequently, fresh work orders were placed resulting in avoidable extra cost of Rs. 1.43 crore.

(Paragraph 7.17)

Delhi State Civil Supplies Corporation Limited

Construction of additional godowns with storage capacity of 7000 MTs despite the fact that existing capacity of 3500 MTs could not be utilised fully resulted in blocking of funds amounting to Rs. 3.16 crore.

(Paragraph 7.18)

Chapter1: Accounts of the Government of NCT of Delhi

1.1 Introduction

This chapter discusses the financial position of the State Government, based on the analysis of the information contained in the Finance Accounts. The analysis is based on the trends in the receipts and expenditure, and the financial management of the State Government.

1.2 Financial position of the State

In the Government accounting system, comprehensive accounting of the fixed assets like land, buildings, etc., owned by the Government is not done. However, the accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. Appendix - I contains an abstract of such liabilities and assets as on 31 March 2002, compared with the corresponding position as on 31 March 2001. While the liabilities in this statement consist mainly of loans and advances from the Government of India, the assets comprise mainly the capital outlay, loans and advances given by the State Government and the cash balances. It would be seen from Appendix-I that while the assets increased by Rs. 3062 crore, the increase in liabilities was only Rs. 1852 crore.

1.3 Sources and applications of funds

1.3.1 The main sources of funds include the revenue receipts of the Government, recoveries of loans and advances and borrowings from the Government of India. These are applied mainly on revenue and capital expenditure and on lending for developmental purposes. It would be seen from Appendix II that the revenue receipts constitute the most significant source of funds for the State Government, but their relative share decreased marginally from 73.94 *per cent* in 2000-2001 to 71.47 *per cent* during 2001-02. The share of recoveries of loans and advances increased from 1.65 *per cent* to 5.23 *per cent*. The Government had to meet its requirement through increased borrowings from the Government of India.

1.3.2 Revenue expenditure increased from 51.52 *per cent* of total expenditure in 2000-01 to 59.73 *per cent* in 2001-02. It was considerably lower than the total receipts of the State Government, resulting in a revenue surplus of Rs. 1209.57 crore in 2001-02. The share of capital expenditure

including loans and advances decreased from 48.48 *per cent* to 40.27 *per cent* of total expenditure.

1.4 Revenue receipts

1.4.1 Growth of revenue receipts

The revenue receipts consist of the state's own tax and non-tax revenue and grants-in-aid from Government of India. The trend of revenue receipts during the last five years was as under:

Table 1.1: Growth of revenue receipts

(Rupees in crore)

Year	Actual revenue receipts	Percentage increase over previous year	Gross State Domestic Product	Percentage of revenue receipts to GSDP
2001-02	6253.71	14.87	***65657	9.52
2000-01	5443.99	27.36	**59556	9.14
1999-00	4274.34	16.78	*53709	7.96
1998-99	3660.12	5.15	*48133	7.60
1997-98	3480.72	24.48	40873	8.52

*Revised Estimate, **Provisional Estimates, *** Quick Estimates,

Revenue receipts increased by Rs. 809.72 crore in 2001-02 over 2000-01. The increase in revenue receipts in 2001-02 was largely on account of rationalization of sales tax, w.e.f. 01.01.2000. The growth of revenue receipts over five years has been volatile as it ranged from 5.15 *per cent* in 1998-99 to 27.36 *per cent* in 2000-01. The ratio of revenue receipts to GSDP¹ increased over the five years from 8.52 in 1997-98 to 9.52 in 2001-02.

1.4.2 Components of revenue receipts

The components of revenue receipts in terms of tax and non-tax revenue and

¹ Gross State Domestic Product

Note: GSDP at current prices

receipts from the Government of India during the last five years were as under:

Table 1.2: Components of revenue receipts

(Rupees in crore)					
Components	2001-02	2000-01	1999-2000	1998-99	1997-98
Tax revenue	4896.75 (78.30)	4400.62 (80.84)	3430.42 (80.26)	3088.78 (84.39)	2942.58 (84.51)
Non-tax revenue	876.06 (14.01)	548.35 (10.07)	397.85 (9.31)	187.96 (5.14)	169.52 (4.87)
Grants-in-aid from GOI	480.90 (7.69)	495.02 (9.09)	446.07 (10.43)	383.38 (10.47)	369.62 (10.62)
Total revenue receipts	6253.71 (100)	5443.99 (100)	4274.34 (100)	3660.12 (100)	3480.72 (100)

Note: Figures in bracket indicate percentage of total revenue receipts

As a percentage of total revenue receipts, the share of tax revenue marginally decreased from 80.84 in 2000-01 to 78.30 in 2001-02. Non-tax revenue rose from 10.07 *per cent* to 14.01 *per cent* during the same period. Over the five year period from 1997-98 to 2001-02, the share of non tax revenue has more than doubled. The rate of growth of tax revenue over five years was less than that of non tax revenue as it increased by only 66 *per cent* over the period 1997-98 to 2001-02. Thus, there is a shift away from tax revenue to non-tax revenue in the resource mobilization effort.

1.5 Tax revenue

1.5.1 Growth of tax revenue

Tax revenue contributes the biggest share of the revenue receipts. The growth of tax revenue during 1997-2002 was as under:

Table 1.3: Growth of tax revenue

(Rupees in crore)				
Year	Actual tax revenue	Percentage increase over the previous year	As percentage of total revenue receipts	Percentage of tax revenue to GSDP
2001-02	4896.75	11.27	78.30	7.46
2000-01	4400.62	28.28	80.84	7.39
1999-00	3430.42	11.06	80.26	6.39
1998-99	3088.78	5.00	84.39	6.42
1997-98	2942.58	16.08	84.54	7.20

The tax revenue increased by 11.27 *per cent* in 2001-02 over the previous year. Over five years the rate of growth of tax revenue had been fluctuating as it ranged from 5 *per cent* to 28.28 *per cent*. The percentage of tax revenue to GSDP has varied from 6.39 to 7.46 indicating a clear increase over five years period.

1.5.2 Components of tax revenue

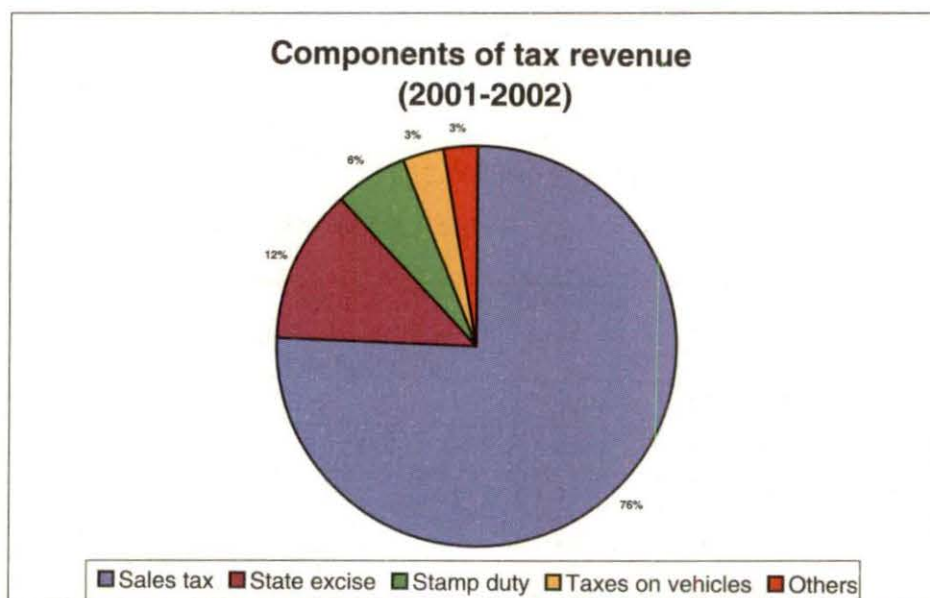
The break up of tax revenue during the five years ending 2001-02 is given below:

Table 1.4: Components of tax revenue

(Rupees in crore)

Components	2001-02	2000-01	1999-00	1998-99	1997-98
Sales tax	3704.01 (75.64)	3387.86 (76.99)	2346.60 (68.41)	2112.97 (68.41)	2029.05 (68.96)
State excise	606.41 (12.38)	557.22 (12.66)	566.41 (16.51)	526.10 (17.03)	515.02 (17.50)
Stamp duty	283.16 (5.78)	191.69 (4.36)	190.48 (5.56)	151.01 (4.89)	117.39 (3.99)
Taxes on vehicles	166.76 (3.41)	142.34 (3.23)	160.87 (4.68)	125.39 (4.06)	105.11 (3.57)
Others	136.41 (2.79)	121.51 (2.76)	166.06 (4.84)	173.31 (5.61)	176.01 (5.98)
Total tax revenue	4896.75 (100)	4400.62 (100)	3430.42 (100)	3088.78 (100)	2942.58 (100)

Note: Figures in bracket indicate percentage of total tax revenue.



Sales tax was the major contributor to the tax revenue. Its contribution to total tax revenue increased from 68.96 *per cent* in 1997-98 to 75.64 *per cent* in 2001-02. The contribution of state excise declined to 12.38 *per cent* in 2001-02 from 17.50 *per cent* in 1997-98. The increase of 48 *per cent* in stamp duty in 2001-02 over the previous fiscal year was due to the revision of stamp duty on immovable property transactions to eight *per cent* w.e.f. 31 July 2001 as compared to the earlier duty of three *per cent*. The relative share of other taxes has generally remained stable during this period. The hike of 9.33 *per cent* in sales tax collection in 2001-2002 over the previous fiscal was primarily on account of an increase in tax rates in the State following the adoption of floor rates across the country. However, there is no evidence of improved compliance and considerable amounts remained pending for recovery as indicated in paragraph 1.7.

1.6 Non-tax revenue

1.6.1 Growth of non-tax revenue

The growth of non-tax revenue during the last five years ended March 2002 was as under:

Table 1.5: Growth of non-tax revenue

(Rupees in crore)

Year	Total non-tax revenue	Percentage increase (+)/ decrease (-) over the previous year	As a percentage of total revenue receipts	As a percentage of GSDP
2001-02	876.06	(+) 59.76	14.01	1.33
2000-01	548.35	(+) 37.83	10.07	0.92
1999-00	397.85	(+) 111.67	9.31	0.74
1998-99	187.96	(+) 10.87	5.14	0.39
1997-98	169.52	(+) 204.13	4.87	0.42

Non-tax revenue increased by 59.76 *per cent* in 2001-02 over the previous year. Over the five year period, non-tax revenue increased by 416.79 *per cent* largely on account of increase in interest receipts from Rs.132.85 crore in 1997-98 to Rs. 789.83 crore including the notional interest receipts of Rs. 444.56 crore from Delhi Vidyut Board in 2001-02. As a percentage of GSDP, the non-tax revenue was 1.33 in 2001-02 as compared to 0.92 in previous year.

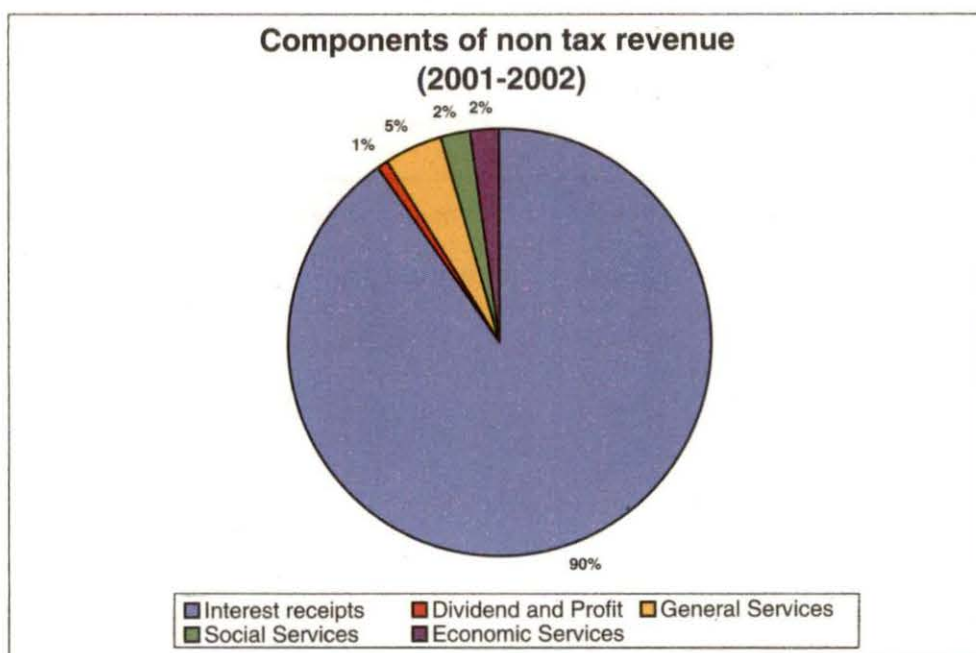
1.6.2 Components of non-tax revenue

The break-up of non-tax revenue during the five years ending 2001-02 is given below :

Table 1.6: Components of non-tax revenue

(Rupees in crore)					
Components	2001-02	2000-01	1999-00	1998-99	1997-98
Interest receipts	789.83 (90.16)	477.28 (87.04)	300.77 (75.60)	139.01 (73.96)	132.85 (78.37)
Dividend and Profit	7.17 (0.82)	8.70 (1.58)	4.41 (1.11)	4.82 (2.56)	4.45 (2.62)
General Services	40.07 (4.57)	35.38 (6.45)	53.40 (13.42)	26.64 (14.17)	22.16 (13.07)
Social Services	19.04 (2.17)	11.88 (2.17)	24.87 (6.25)	9.84 (5.24)	6.91 (4.08)
Economic Services	19.95 (2.28)	15.11 (2.76)	14.40 (3.62)	7.65 (4.07)	3.15 (1.86)
Total non tax revenue	876.06 (100)	548.35 (100)	397.85 (100)	187.96 (100)	169.52 (100)

Note : Figures in bracket indicate percentage of total non tax revenue.



Over the five years, the composition of non-tax revenue has significantly changed with interest receipts constituting 90.16 per cent of total non-tax revenue in 2001-02 as compared to 78.37 per cent in 1997-98. This is largely due to increased budgetary support to local bodies, government corporations, public sector undertakings, etc. through loans carrying specific rates of interest.

1.7 Arrears of tax revenue

The position of arrears of tax revenue pending collection at the end of the financial year as against total tax revenue raised by the Government during 1997-98 to 2001-02 is given below:

Table 1.7: Arrears of tax revenue

(Rupees in crore)

Year	Amount collected	Amount in arrears	Arrears as percentage of collections	Increase of arrears over previous year	Percentage increase over previous year
2001-02	4896.75	6999.37	142.94	382.79	5.78
2000-01	4400.62	6616.58	149.69	1089.02	19.81
1999-00	3430.42	5527.56	161.13	809.52	17.26
1998-99	3088.78	4718.04	152.75	502.84	12.01
1997-98	2942.58	4185.97	142.26	542.79	14.89

The entire amount in arrears pertained to sales tax and the overall deterioration in the position of arrears of tax revenue is reflective of the poor revenue collection efforts of the State Government.

1.8 Total expenditure

Trends in total expenditure of the Government of NCT of Delhi during 1997-98 to 2001-02 were as under:

Table 1.8: Trends in expenditure

(Rupees in crore)

Year	Revenue	Capital	Loans	Total
2001-02	5044.14	611.61	2788.84	8444.59
2000-01	3696.50	869.41	2608.86	7174.77
1999-00	3523.00	510.48	1873.49	5906.97
1998-99	2840.12	340.84	1493.32	4674.28
1997-98	2322.00	665.13	1223.67	4210.80

Revenue expenditure increased from Rs. 3696.50 crore in 2000-01 to Rs. 5044.14 crore in 2001-02 indicating an increase of 36.46 *per cent* largely on account of assistance to the Delhi Vidyut Board for DVB Employees Terminal Benefit Fund. Capital expenditure decreased by 29.65 *per cent* from Rs. 869.41 crore to Rs. 611.61 crore during the corresponding period. The share of capital expenditure out of total expenditure decreased from 12.12 *per cent* in 2000-01 to 7.24 *per cent* in 2001-02. Loans were given mainly to Delhi Vidyut Board, Delhi Jal Board, Municipal Corporation of Delhi and Delhi Transport Corporation for augmentation of electric supply,

improvement of water supply and sanitation in Trans Yamuna areas and rural areas, improvement of road transport, etc. Ways and Means Loans were also given to Delhi Vidyut Board and Delhi Transport Corporation to sustain their day to day operations. Loans by the State Government increased by 6.90 per cent during 2001-02 over the previous year. Share of loans in total expenditure increased from 29.06 per cent in 1997-98 to 33.03 per cent in 2001-02.

1.9 Revenue expenditure

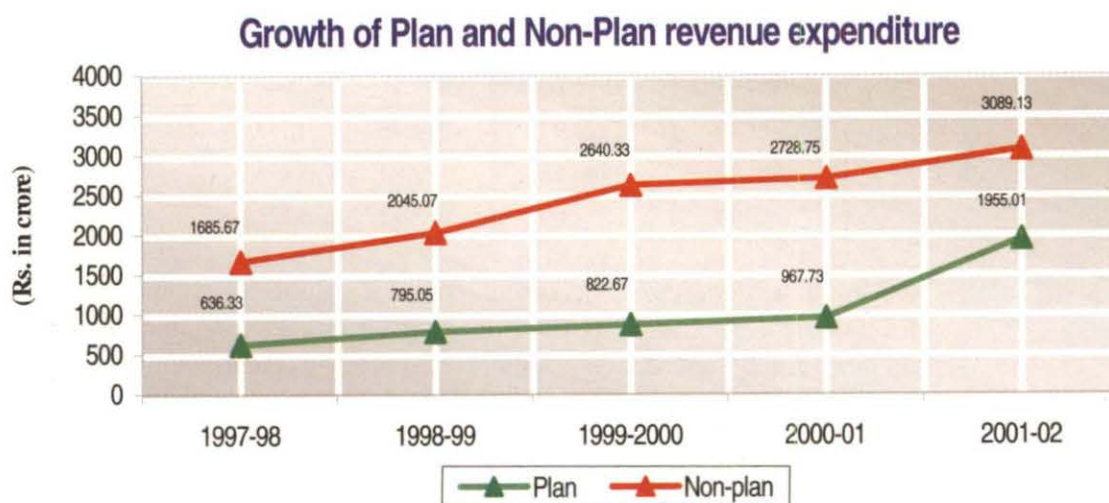
1.9.1 Trend of revenue expenditure

Trends in revenue expenditure of the Government during the five years ending 2001-02 were as under:

Table 1.9: Trend of Plan and Non-plan expenditure

(Rupees in crore)

Year	Actual revenue expenditure			Increase (+)/decrease (-) over the previous year		Total revenue expenditure as a percentage of GSDP
	Plan	Non-Plan	Total	Plan	Non-Plan	Total
2001-02	1955.01	3089.13	5044.14	(+) 987.26	(+) 360.38	7.68
2000-01	967.75	2728.75	3696.50	(+) 85.06	(+) 88.42	6.21
1999-00	882.67	2640.33	3523.00	(+) 87.62	(+) 595.26	6.56
1998-99	795.05	2045.07	2840.12	(+) 158.72	(+) 359.40	5.90
1997-98	636.33	1685.67	2322.00	(-) 22.55	(+) 312.74	5.68



Over the last five years, the revenue expenditure increased from Rs. 2322.00 crore in 1997-98 to Rs. 5044.14 crore in 2001-02, which constituted an increase of 117.23 *per cent*. Revenue expenditure under plan increased from Rs. 967.75 crore in 2000-01 to Rs. 1955.01 crore in 2001-02 registering an increase of 102.02 *per cent* while the expenditure under non-plan increased from Rs. 2728.75 crore in 2000-01 to Rs. 3089.13 crore in 2001-02 registering an increase of 13.21 *per cent* during the corresponding period. The increase in plan revenue expenditure was largely on account of assistance to Delhi Vidyut Board for DVB Employees Terminal Benefit Fund during 2001-02. The share of plan revenue expenditure as percentage of revenue expenditure has increased from 27.40 *per cent* in 1997-98 to 38.76 *per cent* in 2001-02.

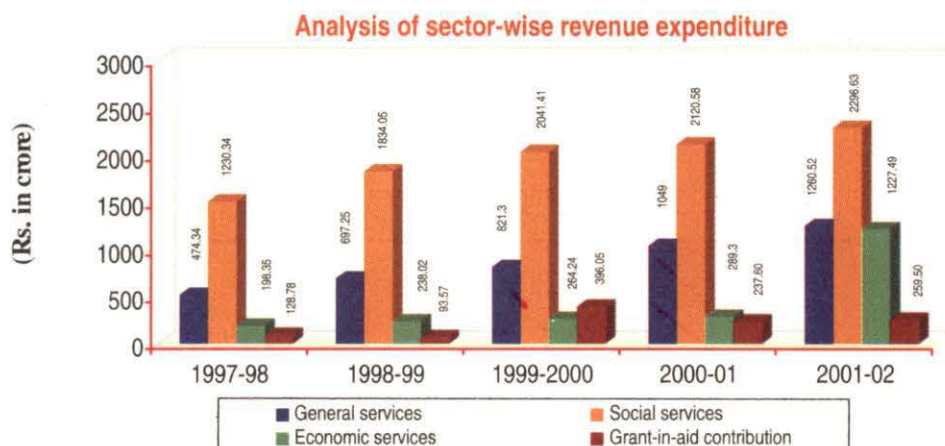
1.9.2 Sector-wise revenue expenditure

The sector-wise distribution of actual revenue expenditure was as under:

Table 1. 10: Sector-wise distribution of revenue expenditure

(Rupees in crore)					
Sector	2001-02	2000-01	1999-00	1998-99	1997-98
General Services	1260.52 (+ 20.16)	1049.00 (+27.72)	821.30 (+ 17.79)	697.25 (+33.27)	523.19 (+10.30)
Social Services	2296.63 (+ 8.30)	2120.58 (+3.88)	2041.41 (+ 11.31)	1834.05 (+ 21.15)	1513.83 (+23.04)
Economic Services	1227.49 (+ 324.30)	289.30 (+ 9.48)	264.24 (+ 11.02)	238.02 (+24.35)	191.41 (-3.50)
Grants-in-aid contributions	259.50 (+9.22)	237.60 (- 40.01)	396.05 (+ 459.39)	70.80 (-24.33)	93.57 (-27.34)
Total	5044.14 (+ 36.46)	3696.48 (+ 4.92)	3523.00 (+24.04)	2840.12 (+ 22.31)	2322.00 (+ 14.28)

Note : Figures in bracket indicate percentage increase/ decrease over previous year.



(a) Revenue expenditure in 2001-02 increased by 36.46 *per cent* over the previous fiscal year. All the components of revenue expenditure indicated a rising trend. The increase in Economic Services by 324.30 *per cent* over the previous fiscal year was largely on account of assistance to Delhi Vidyut Board for DVB Employees Terminal Benefit Fund.

(b) As a proportion of total revenue expenditure, the share of General Services increased from 22.53 *per cent* in 1997-98 to 24.99 *per cent* in 2001-02 and that of grants-in-aid and contribution from 4.03 *per cent* to 5.14 *per cent*, whereas the share of Social Services decreased from 65.20 *per cent* to 45.53 *per cent*. The share of Economic Services increased from 8.24 *per cent* to 24.33 *per cent*. The increase in expenditure on General Services over five years was largely on account of increase in payment of interest which rose from Rs. 314.08 crore in 1997-98 to Rs. 910.62 crore in 2001-02. Increase in expenditure on Social Services in absolute terms was largely on account of increase in expenditure on education, health and water supply. While the expenditure on Social Services increased by 51.71 *per cent* from Rs. 1513.83 crore in 1997-98 to Rs. 2296.63 crore in 2001-02, the corresponding increase in General Services and Economic Services was 140.93 *per cent* and 541.29 *per cent* respectively.

1.10 Interest payments

The interest payments during the period 1997-2002 were as follows:

Table 1.11: Trend of loans received and interest paid

(Rupees in crore)

Year	Loans received	Interest paid	Rate of growth of interest paid	Interest as percentage of revenue expenditure	Interest ratio*
2001-02	2038.57	910.62	27.05	18.05	0.02
2000-01	1764.08	716.75	35.05	19.39	0.05
1999-00	1399.54	530.74	22.76	15.06	0.06
1998-99	975.55	432.34	37.65	15.22	0.08
1997-98	876.03	314.08	65.40	13.53	0.05

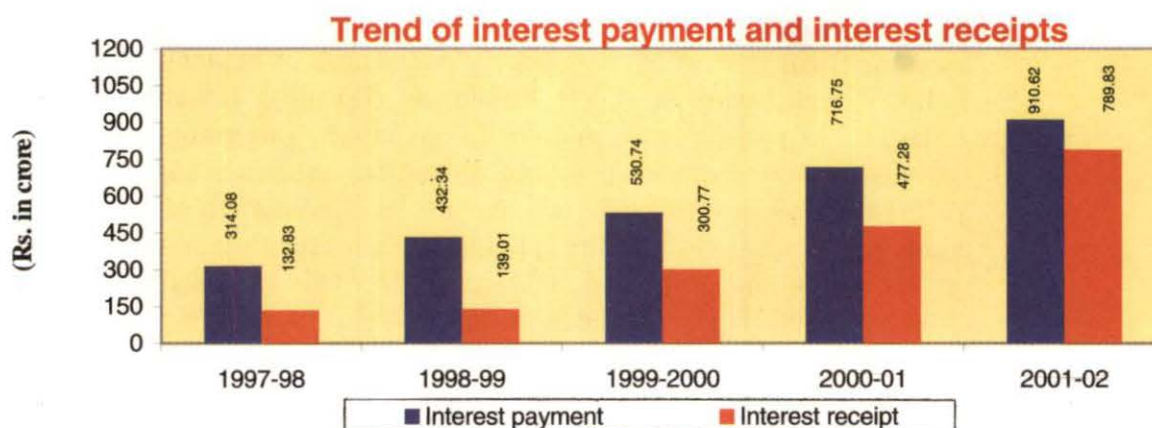
* $\text{Interest ratio} = \frac{\text{Interest payment} - \text{Interest receipts}}{\text{Total revenue receipts} - \text{Interest receipts}}$

(i) Interest payments registered a rate of growth of 27.05 per cent in 2001-02 over the previous year. This accounted for a rising share of the revenue expenditure indicating reduced availability of receipts for other expenditure.

(ii) A comparison of interest received by the Government with the interest paid revealed that the net burden on revenue decreased from Rs. 181.25 crore during 1997-98 to Rs. 120.79 crore during 2001-02 as detailed below:

Table 1.12: Trends in net interest payment

(Rupees in crore)			
Year	Interest payments	Interest receipts	Net interest payment
2001-02	910.62	789.83	120.79
2000-01	716.75	477.28	239.47
1999-00	530.74	300.77	229.97
1998-99	432.34	139.01	293.33
1997-98	314.08	132.83	181.25



As the interest receipts of Rs. 789.83 crore in 2001-02 included notional interest receipts of Rs. 444.56 crore from Delhi Vidyut Board, the net interest payment of Rs. 120.79 crore in 2001-02 was artificially depressed.

1.11 Financial assistance to local bodies and other institutions – Grants-in-aid to local bodies

The quantum of grants-in-aid provided to different local bodies etc. during the last five years was as follows:

Table 1.13: Grants-in-aid to local bodies

(Rupees in crore)

Name of the body	2001-02	2000-01	1999-00	1998-99	1997-98
Municipal Corporation of Delhi	716.54	678.24	712.44	416.17	641.37
New Delhi Municipal Committee	19.16	22.17	19.57	38.47	27.90
Delhi Cantonment Board	1.09	1.25	-	1.69	1.92
Delhi Development Authority	0.20	0.16	-	12.91	0.32
Delhi Jal Board	62.75	66.87	68.75	32.13	23.73
Delhi Vidyut Board/ DESU	964.50	1.73	0.05	-	-
Others	95.40	101.43	48.14	179.86	141.00
Total	1859.64	871.85	848.95	681.23	836.24

The total assistance at the end of 2001-02 increased by 113 *per cent* over the previous fiscal year which was largely on account of Financial Assistance to Delhi Vidyut Board for DVB Employees Terminal Benefit Fund during 2001-02. As per the terms and conditions attached to grants-in-aid, grantee institutions were required to submit utilization certificate within 18 months. 2976-Utilisation Certificates relating to Rs. 5269.52 crore in respect of grants-in-aid released up to 30 September 2000 were outstanding from various grantee institutions at the end of March 2002. This indicated the absence of effective monitoring by the Government.

1.12 Capital expenditure

1.12.1 Trend of capital expenditure

Assets are created mostly out of capital expenditure. In addition, financial assets arise from moneys invested in Institutions or Undertakings i.e. Public Sector Undertakings, Corporations, etc. and loans and advances. Capital

expenditure for the last five years was as under:

Table 1.14: Trend of capital expenditure

(Rupees in crore)				
Year	Actual capital expenditure	Percentage of increase (+)/ decrease (-) over the previous year	Percentage of capital expenditure with reference to total expenditure	Total capital expenditure as percentage of GSDP
2001-02	611.61	(-) 29.65	7.24	0.93
2000-01	869.41	(+) 70.32	12.12	1.46
1999-00	510.48	(+) 49.77	8.64	0.95
1998-99	340.84	(-) 48.76	7.29	0.71
1997-98	665.13	(+) 59.51	15.80	1.63

During 2001-02, the capital expenditure decreased by 29.65 *per cent* over the previous year on account of less expenditure on public works, roads and bridges and road transport. Over the five year period its share in total expenditure has decreased from 15.80 *per cent* in 1997-98 to 7.24 *per cent* in 2001-02.

1.12.2 Sector-wise capital expenditure

The sector-wise capital expenditure excluding loans during the last five years is given below:

Table 1.15: Sector-wise capital expenditure

(Rupees in crore)					
Name of the service	2001-02	2000-01	1999-00	1998-99	1997-98
General Services	49.54 (8)	62.78 (7)	74.45 (15)	31.84 (9)	90.36 (14)
Social Services	179.21 (29)	402.85 (46)	92.85 (18)	45.92 (14)	127.30 (19)
Economic Services	382.86 (63)	403.78 (47)	343.18 (67)	263.08 (77)	447.47 (67)
Total	611.61 (100)	869.41 (100)	510.48 (100)	340.84 (100)	665.13 (100)

Note: Figures in brackets indicate percentage of total capital expenditure

Capital expenditure on Social Services decreased by 56 *per cent* over the previous year mainly due to decrease in capital expenditure on water supply, sanitation and housing. The decrease of five *per cent* in share of Economic Services during 2001-02 over the previous fiscal was on account of decrease in expenditure on Agriculture and Allied Activities and Transport. Capital expenditure on General Services decreased by 21 *per cent* over the same period. The year 2001-02 also witnessed a shift in favour of Social Services as its share increased from 19 *per cent* in 1997-98 to 29 *per cent* in 2001-02. This is largely on account of higher priority accorded to Urban Development, Medical and Public Health.

1.12.3 Expenditure on incomplete projects

There were 82 works each worth Rs.50 lakh or more in progress as on 31 March 2002. Out of these projects, 29 projects amounting to Rs.163.13 crore were to be completed before 31.03.2002 but were not completed. The target date of 27 out of 29 incomplete projects as on 31.3.2002 has been extended and they are expected to be completed during 2002-03.

1.13 Loans and advances by the Government

1.13.1 The Government gives loans and advances to local bodies, autonomous bodies, co-operative institutions, public sector and other undertakings and Government departments for various development and non-developmental activities. It also disburses loans to Government servants for construction of houses, purchase of vehicles, etc. The position of loans disbursed by the Government during the last five years is given below:

Table 1.16: Trends in advances and recoveries

	(Rupees in crore)				
	2001-02	2000-01	1999-00	1998-99	1997-98
Opening balance (1)	12622.69	10134.95	8512.51	7074.11	6004.59
Balance adopted from CGA	-	--	-	-	-
Amount advanced during the year :					
(i) Energy	644.12	847.83	483.53	441.75	302.96
(ii) Social Services	492.21	449.51	292.65	320.56	336.37
(iii) Others	1652.51	1311.52	1097.31	731.01	584.34
Sub Total (2)	2788.84	2608.86	1873.49	1493.32	1223.67
Amount recovered during the year :					
(i) Energy	178.62	--	0.83	32.32	-
(ii) Social Services	69.32	13.82	62.23	16.95	47.16
(iii) Others	209.91	107.30	187.99	5.65	106.99
Sub Total (3)	457.85	121.12	251.05	54.92	154.15
Closing balance (1+2-3)	14953.68	12622.69	10134.95	8512.51	7074.11
Net addition	2330.99	2487.74	1622.44	1438.40	1069.52

The outstanding loans increased from Rs. 12622.69 crore in 2000-01 to Rs. 14953.68 crore in 2001-02 which constituted an increase of 18 *per cent*. Delhi Vidyut Board accounts for nearly 53 per cent of the loans sanctioned by the Government of NCT of Delhi. The outstanding loans increased by 111 per cent over the five year period ending in March 2002 indicating that Government agencies are relying more on borrowing from the Government rather than raising their own resources for meeting their financial requirements.

1.13.2 Recoveries of loans

Detailed accounts of loans are maintained by the Pay & Accounts Offices under the Controller of Accounts of the Government of NCT of Delhi. Of the outstanding loans of Rs. 14953.68 crore as of March 2002, Rs. 5028.14 crore were overdue from various bodies viz. Delhi Vidyut Board—Rs. 2218.56 crore, Delhi Jal Board - Rs. 951.07 crore, Municipal Corporation of Delhi - Rs. 490.57 crore, Delhi Transport Corporation – Rs. 1213.89 crore, New Delhi Municipal Corporation - Rs. 65.54 crore, Delhi Development Authority – Rs. 72.88 crore, Delhi Scheduled Caste Financial Development Corporation Limited – Rs. 9.09 crore, Delhi State Industrial Development Corporation – Rs. 1.51 crore, Delhi State Civil Supplies Corporation – Rs. 4.28 crore and Regional Co-operative Societies – Rs. 0.75 crore.

1.14 Quality of expenditure

Government spends money for different activities ranging from establishment, maintenance and regulatory functions to various developmental activities. Government expenditure is broadly classified into plan and non-plan and revenue and capital. While plan and capital expenditure are usually associated with asset creation, non-plan and revenue expenditure are identified with expenditure on establishment, maintenance and services. Therefore, an increase in the plan and capital expenditure can be viewed as enhancing the quality of expenditure. Wastage in public expenditure, diversion of funds and funds blocked in incomplete projects would also impinge negatively on the quality of expenditure. Another possible indicator is the increase in the expenditure on General services, to the detriment of Economic and Social services. The following table lists out the trends in these indicators.

Table 1.17: Trend of plan revenue and plan capital expenditure

	(Percentage)				
	2001-02	2000-01	1999-00	1998-99	1997-98
Plan expenditure as percentage of					
-Revenue expenditure	38.76	26.18	25.05	27.99	27.40
-Capital expenditure*	56.59	58.18	61.61	56.55	55.39
Percentage of Capital expenditure out of the total expenditure	7.24	12.12	8.64	7.29	15.80
Expenditure on General Services as percentage of					
-Revenue expenditure	24.99	28.38	23.31	24.55	22.53
-Capital expenditure	8.0	7.0	15.0	9.0	14.0

Capital expenditure include the recoveries in reduction of expenditure.

The expenditure on General services, on revenue side has been rising. This reflects poorly on the quality of expenditure.

1.15 Investment and returns

1.15.1 Investments are made out of the capital outlay by the Government to promote developmental, manufacturing, marketing and social activities. The details of investments made and the number of concerns involved were as under:

Table 1.18: Investment

(Rupees in crore)

Sector	Number of Concerns	Amount invested	
		As on 31 March 2002	During 2001-02
Statutory Corporations	3	158.88	10.00
Government Companies	12	754.21	160.30
Cooperative Institutions	717	32.63	-
Total	732	945.72	170.30

1.15.2 The details of investments and returns realised during the last five years by way of dividend were as follows:

Table 1.19: Trend of investment and returns

(Rupees in crore)

Year	Investment at the end of the year	Returns	Percentage of returns
2001-02	945.72	7.18	0.76
2000-01	775.42	8.70	1.12
1999-00	608.42	4.41	0.72
1998-99	357.42	4.82	1.35
1997-98	288.92	4.44	1.54

The increase in investments in 2001-02 over the previous fiscal was largely on account of investment of Rs. 160 crore in Delhi Metro Rail Corporation Limited and Rs. 10 crore in Delhi Financial Corporation. The investments in Government Companies, etc. fetched insignificant returns, which fell from 1.54 per cent in 1997-98 to 0.76 per cent in 2001-02.

1.15.3 During 2001-02, only one co-operative society, one Statutory

corporation and one Government company paid dividend as detailed below:

Table 1.20: Dividend received

(Rupees in crore)				
Name of Agency	Status	Total investment upto 31 March 2002	Dividend received	Period of dividend
Delhi Co-operative Housing Finance Society Ltd.	Co-operative Society	30.26	3.63	2000-01
Delhi Financial Corporation Ltd.	Statutory Corporation	18.05	0.60	2000-01
Delhi Tourism and Transportation Development Corporation Ltd.	Government Company	6.28	0.58	1997-98
			0.58	1998-99

Three out of 12 companies, namely Delhi State Mineral Development Corporation Limited, Delhi State Industrial Development Corporation Limited and Delhi State Scheduled Caste Financial and Development Corporation Limited with total investment of Rs. 37.81 crore, did not pay any dividend during the last six years i.e. 1997-2002.

1.16 Deficit

1.16.1 The revenue deficit is the excess of revenue expenditure over revenue receipts. The fiscal deficit is defined as the excess of revenue and capital expenditure including net loans given over the revenue receipts including grants-in-aid received and certain non-debt capital receipts. Primary deficit is fiscal deficit less interest payments. The receipts and expenditure under the Consolidated Fund of the Government of NCT of Delhi for 2001-02 as against the previous financial year were as under:

Table 1.21: Consolidated Fund – Government of Delhi for the year 2001-02

(Rupees in crore)					
Receipts	Amount			Disbursement	Amount
Revenue	6253.71 (5443.99)	Revenue surplus	1209.57 (1747.51)	Revenue	5044.14 (3696.48)
Capital	-			Capital	611.61 (869.43)
Recovery of loans & advances	457.85 (121.12)			Loans & Advances disbursement	2788.84 (2608.86)
Sub total CF NCT (other than public debt)	6711.56 (5565.11)	Fiscal Deficit	1733.03 (1609.66)		8444.59 (7174.77)
Borrowed fund: Loans from GOI	2038.57 (1764.08)			Repayment of borrowed fund	186.13 (187.51)
Total receipts in CF NCT*	8750.13 (7329.19)	Deficit in CFI	-- (33.09)	Total disbursement from CF NCT*	8630.72 (7362.28)
Decrease in cash balance	- (33.09)			Increase in cash balance	119.41 (-)
PUBLIC ACCOUNT**					

Note: Figures in bracket relate to the year 2000-01.

* Consolidated Fund of Government of NCT of Delhi.

** Public Account of Government of NCT of Delhi is merged with the Public Account of Union Government.

The trend of the deficits for the last five years was as under:

Table 1.22: Trend of surplus/ deficit

(Rupees in crore)				
Year	Revenue surplus	Fiscal deficit	Primary deficit	Percentage of fiscal deficit to GSDP
2001-02	1209.57	1733.03	822.41	2.64
2000-01	1747.51	1609.66	892.91	2.70
1999-00	751.34	1381.58	850.84	2.57
1998-99	820.00	959.24	526.90	1.99
1997-98	1158.72	575.93	261.85	1.41

1.16.2 Revenue surplus declined from Rs. 1747.51 crore in 2000-01 to Rs. 1209.57 crore in 2001-02 which constituted a decrease of 30.78 *per cent*. The fiscal deficit in absolute terms has increased during the same period. As percentage of GSDP, fiscal deficit had been rising over the last five years. The revenue surplus in Delhi needs to be viewed in the context of the fact that the expenditure of Delhi Police is borne by the Union Government. Government of NCT of Delhi does not incur any expenditure on maintenance of law and order. The expenditure on Delhi Police for last five years ranged from Rs. 542.83 crore to Rs. 867.42 crore. Thus one of the major liabilities of Government of NCT of Delhi is borne by Union Government.

1.17 Public debt

1.17.1 The Government of NCT of Delhi is not empowered to raise loans in the open market. The public debt of the Government consists of only 'Loans and Advances' from the Government of India. During 2001-02 the Government of NCT of Delhi received Rs. 2038.57 crore as loans from Government of India, of which Rs. 1773.96 crore were non-plan loans and Rs. 264.61 crore were loans for plan schemes.

1.18 Loans and advances from the Central Government

The position of loans and advances from the Government of India, repayments and interest payments for the last five years was as under:

Table 1.23: Loans and advances from the Central Government

(Rupees in crore)				
As on 31 March	Outstanding debt dues	Interest paid	Outstanding debt recoverable	Interest received
2002	8612.02	910.62	14953.68	789.83
2001	6759.58	716.75	12622.69	477.28
2000	5183.01	530.74	10134.95	300.77
1999	3788.17	432.34	8512.51	139.01
1998	3080.94	314.08	7074.11	132.83

Despite an overall increase in the quantum of loans, their contribution to the net cash inflow after meeting the liability of repayment and interest payment declined from 64 *per cent* in 1997-98 to 46 *per cent* in 2001-02. Rising interest payments are adversely affecting the net inflow. Further, there is a huge gap between cost of borrowing by Government of NCT of Delhi and returns from lending to various bodies. As DVB and DJB are major beneficiaries of loans from Government of Delhi, they are also receiving a hidden interest subsidy.

1.19 Adverse balances

1.19.1 Adverse balances are negative balances appearing under those heads of accounts, where normally there cannot be a negative balance. A negative balance means more repayment than the original amount advanced. Such situations can arise due to mis-classification, excess refunds, and non-reconciliation of accounts or due to other reasons, which require investigation and rectification.

1.19.2 Report of the Comptroller and Auditor General of India for the period ended March 2001 had highlighted the instance of adverse balances appearing in the accounts since 1994-95. No action was taken to investigate and rectify it as of October 2002. In the Finance Accounts of the Government of NCT of Delhi for the year 2001-02, the same item of adverse balance appeared under capital section, as under:

Head of Account	Balance as on 31 March 2002 (Rupees in lakh)
4401- Capital Outlay on Crop Husbandry	
105- Manure & Fertilizers	(-) 29.23

1.20 Analysis of budgetary projections

1.20.1 Significant deviations of budget estimates from the actuals would indicate that either budgetary assumptions were not realistic or sufficient efforts were not made to achieve the targets. A detailed analysis of budgetary provision and actual expenditure therefrom is contained in Chapter 2 of this report.

1.20.2 Actual collection of revenue receipts vis-a-vis estimates

The actual collection of revenue receipts against budget estimates during last five years was as under:

Table 1.24: Budget estimates vis-a-vis revenue receipts

(Rupees in crore)

Year	Budget estimates	Actual revenue receipts	Excess (+) / shortfall (-) of actual revenue receipts over budget estimates	Percentage increase (+) / decrease (-) over budget estimates
2001-02	6317.50	6253.71	(-) 63.79	(-) 1.01
2000-01	5594.99	5443.99	(-) 151.00	(-) 2.70
1999-00	4835.83	4274.34	(-) 561.49	(-) 11.61
1998-99	4303.22	3660.12	(-) 643.10	(-) 14.94
1997-98	3460.22	3480.72	(+) 20.50	(+) 0.59

The trends above clearly point to poor estimation or poor compliance. The difference between budget estimates and actuals has been rising over five years though there was an improvement in the year 2001-02 as compared to previous year. Shortfall in actual revenue receipts as compared to budget estimates was mainly on account of shortfall in tax revenue collection.

1.20.3 Actual collection of tax revenue vis-a-vis estimates

The actual collection of tax revenue vis-a-vis budget estimates over the last five years was as under :

Table 1.25: Budget estimates and actual tax revenue

(Rupees in crore)

Year	Budget estimate	Actual tax revenue	Excess (+) / shortfall (-) of tax revenue receipts over budget estimates	Percentage increase (+) / decrease (-) over budget estimates
2001-02	5138.15	4896.75	(-) 241.40	(-) 4.70
2000-01	4700.15	4400.62	(-) 299.53	(-) 6.37
1999-00	3983.15	3430.42	(-) 552.73	(-) 13.88
1998-99	3595.12	3088.78	(-) 506.34	(-) 14.08
1997-98	3145.10	2942.58	(-) 202.52	(-) 6.44

(a) The actual receipts of tax revenue have consistently been lower than the budget estimates during 1997-2002 implying that either the resource mobilization effort was not adequate or there was a tendency to overestimate the receipts.

(b) The short fall of 4.70 per cent in the collection of actual tax revenue in 2001-02 with reference to the budget estimates was due to short fall in

collection of state excise by 13 *per cent* and taxes on vehicles by 24 *per cent* as detailed below:

Table 1.26: Budget estimates and actual receipts

(Rupees in crore)

Components of tax revenue	2001-02		2000-01		1999-2000		1998-99		1997-98	
	Budget Estimates	Actual receipts	Budget Estimates	Actual receipts	Budget Estimates	Actual receipts	Budget Estimates	Actual receipts	Budget Estimates	Actual receipt
Sales tax	3793.00	3704.01	3293.00	3387.86	2700.00	2346.60	2465.00	2112.97	2150.00	2029.05
State excise	700.00	606.41	665.00	557.22	575.00	566.41	525.00	526.10	425.00	515.02
Stamp duty	250.00	283.16	330.00	191.68	268.00	190.48	238.00	151.01	238.00	117.39
Taxes on vehicles	220.00	166.76	230.00	142.34	270.00	160.87	195.00	125.39	195.00	105.11
Others	175.15	136.41	182.15	121.52	170.15	166.06	172.12	173.31	137.10	176.01
Total tax revenue	5138.15	4896.75	4700.15	4400.62	3983.15	3430.42	3595.12	3088.78	3145.10	2942.58

The budget estimates for tax revenue were based on the assumptions that new taxes would be levied under taxes on motor vehicles, stamps and registration fees would be revised. With the revision of stamp duty w.e.f. 31 July 2001 from three *per cent* to eight *per cent*, the revenue collection under the head stamp duty exceeded the budgetary estimates. However, the overall short fall in collection is attributable to non introduction of new taxes on motor vehicles.

1.20.4 Actual collection of non-tax revenue vis-a-vis estimates

The actual collection of non-tax revenue with reference to budget estimates over the period 1997-98 to 2001-02 was as under :

Table 1.27: Budget estimates and collection of non-tax revenue

(Rupees in crore)

Year	Budget estimates	Actual collection of non-tax revenue	Excess (+)/ shortfall (-) of non-tax revenue receipts over budget estimates	Percentage increase (+)/ decrease (-) over budget estimates
2001-02	699.24	876.06	(+) 176.82	(+) 25.29
2000-01	411.63	548.35	(+) 136.72	(+) 33.21
1999-00	315.00	397.85	(+) 82.85	(+) 26.30
1998-99	216.30	187.96	(-) 28.34	(-) 13.10
1997-98	52.68	169.52	(+) 116.84	(+) 221.79

The collection of non-tax revenue during 2001-02 was higher by Rs. 176.82 crore i.e. 25.29 *per cent* of the budget estimates mainly due to increase in interest receipts and higher collection for general, social and

economic services. However, interest receipts included notional interest receipts of Rs. 444.56 crore from Delhi Vidyut Board.

1.20.5 Actual revenue expenditure vis-a-vis budget estimates

The actual revenue expenditure vis-a-vis budget estimates over the period of five years was as under :

Table 1.28: Actual revenue expenditure vis-a-vis budget estimates
(Rupees in crore)

Year	Budget estimates			Actual expenditure		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total
2001-02	2146.52	3352.03	5498.55	1955.01	3089.13	5044.14
2000-01	1146.41	3120.21	4266.62	967.73	2728.75	3696.48
1999-00	1086.35	2616.49	3702.84	882.67	2640.33	3523.00
1998-99	1024.69	2125.70	3150.39	795.05	2045.07	2840.12
1997-98	842.34	1823.39	2665.73	636.33	1685.67	2322.00

Actual revenue expenditure under plan has been lower than the budget estimates during each year from 1997-98 indicating that estimates were unrealistic; and, particularly in context of plan schemes, the preparedness of implementing agencies to implement various plan schemes was not assessed realistically while framing the budget estimates. In 2001-02, in respect of 187 schemes, nil expenditure was reported indicating poor planning and budgeting.

1.20.6 Actual capital expenditure vis-a-vis budget estimates

The actual capital expenditure over the period 1997-98 to 2001-02 has been consistently below the budget estimates as detailed below :

Table 1.29: Actual capital expenditure vis-a-vis budget estimates
(Rupees in crore)

Year	Budget estimate			Actual expenditure		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total
2001-02	2667.79	1600.41	4268.20	2029.86	1556.72	3586.58
2000-01	2353.61	1219.43	3573.04	2154.40	1323.89	3478.29
1999-00	1962.25	1033.88	2996.13	1623.75	760.22	2383.97
1998-99	1704.25	1099.33	2803.58	1416.86	417.30	1834.16
1997-98	1540.38	477.69	2018.07	1429.47	459.33	1888.80

Actual capital expenditure has been lower than the budget estimates during last five years indicating that budget estimates were not realistic and preparedness of various agencies to implement the schemes was not assessed properly. Major savings were in the grants for Education, Social Welfare and

Development Department. In respect of 43 schemes, nil expenditure was reported indicating poor planning and budgeting.

1.20.7 Actual deficit vis-a-vis estimates

The actual deficit vis-a-vis budget estimates over the period of five years was as under :

Table 1.30: Actual deficit vis-a-vis estimates

(Rupees in crore)

Year	Revenue surplus		Fiscal deficit		Primary deficit	
	Budget estimates	Actual	Budget estimates	Actual	Budget estimates	Actual
2001-02	1836.18	1209.57	(-)1001.06	(-) 1733.03	(-)106.16	(-)822.41
2000-01	1362.12	1747.51	(-)1209.84	(-) 1609.66	(-)505.31	(-) 892.91
1999-00	1174.79	751.34	(-) 930.00	(-) 1381.58	(-) 399.70	(-) 850.84
1998-99	1135.33	820.00	(-) 867.21	(-) 959.24	(-) 436.78	(-) 526.90
1997-98	842.10	1158.72	(-) 703.00	(-) 575.93	(-) 378.00	(-) 261.85

Revenue surplus was 65.87 per cent of the budget estimates during 2001-02. The fiscal deficit during the year increased by Rs. 731.97 crore against the budget estimates of Rs. 1001.06 crore mainly due to increase in losses of Delhi Vidyut Board and Delhi Transport Corporation.

1.21 Follow up on Audit reports

The position of outstanding Action Taken Notes on paragraphs and reviews included in the Report of the Comptroller and Auditor General of India, Government of NCT of Delhi as of 31 December 2002 was as under:

Table 1.31: Follow up on Audit reports

Year of Report ending 31 March	No. of paragraphs and reviews printed in the report	No. of paragraphs for which ATNs were awaited
1994	35	09
1995	29	15
1996	39	16
1997	35	13
1998	34	10
1999	41	13
2000	39	21
2001	44	34
Total	296	131

Chapter 2: Appropriation Accounts

Summary of Appropriation Accounts 2001-02 Government of NCT of Delhi

Total No. of Grants/ Appropriation		13
Rupees in Crore		
Original provision		Gross expenditure
8105.92		9302.99
Supplementary grant 2210.92		
Total provision		Savings
10316.84		1013.85
Provision	← Recoveries →	Actual recoveries
550.09	in reduction of expenditure	672.27
Charged and Voted Section		
Provision	← Charged →	Expenditure
1289.48		1189.19
Provision	← Voted →	Expenditure
9027.36		8113.80
Revenue and Capital Section		
Provision	← Revenue →	Expenditure
5535.87		5113.55
Provision	← Capital →	Expenditure
4780.97		4189.44
Net provision		Net expenditure
9766.75		8630.72

2.1 Introduction

In accordance with the provisions of Article 204 of the Constitution of India, soon after the grants under Article 203 are made by the State Legislature, an Appropriation Bill is introduced to provide for appropriation out of the Consolidated Fund of the State. The Appropriation Act passed by the State Legislature contains authority to appropriate specified sums from the

Consolidated Fund of the State for specified services. Supplementary or additional grants can also be sanctioned by subsequent Appropriation Acts in terms of Article 205 of the Constitution of India.

The Appropriation Acts include the expenditure which has been voted by the Legislature under various grants in terms of Articles 204 and 205 of the Constitution of India and also include the expenditure which is required to be charged on the Consolidated Fund of the State. The Appropriation Accounts are prepared every year indicating the details of amounts on various services actually spent by Government vis-à-vis those authorised by the Appropriation Acts.

2.2 Appropriation Audit

The objective of Appropriation Audit is to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Acts and whether the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure incurred is in conformity with the law, relevant rules, regulations and instructions.

This chapter contains audit observations in respect of Appropriation Accounts prepared by the Controller of Accounts, Government of NCT of Delhi, for the year 2001-02.

2.3 Charged and voted expenditure

The break-up of charged and voted expenditure during the five-year period from 1997-98 to 2001-02 is given below :

Table 2.1: Charged and voted expenditure

(Rupees in crore)

Year	Expenditure				
	Voted	Charged	Total	Percentage of voted expenditure	Percentage of charged expenditure
2001-02	8113.80	1189.19	9302.99	87	13
2000-01	6790.13	961.00	7751.13	88	12
1999-00	5865.11	590.56	6455.67	91	9
1998-99	4783.81	744.51	5528.32	87	13
1997-98	4495.05	391.46	4886.51	92	8

It would be seen that while the total expenditure of the departments has increased by 90.38 *per cent* from Rs. 4886.51 crore in 1997-98 to Rs. 9302.99 crore during 2001-02, the voted expenditure has increased by 80.51 *per cent* from Rs. 4495.05 crore in 1997-98 to Rs. 8113.80 crore in 2001-02. Charged expenditure has increased by 203.78 *per cent* from Rs. 391.46 crore to Rs. 1189.19 crore largely on account of increased debt servicing.

2.4 Appropriation Accounts

A summary of the Appropriation Accounts of gross sums expended during the year ended March, 2002 compared with the sums authorised by the State Legislature during the year 2001-02 is given below:

Table 2.2: Summary of Appropriation Accounts

(Rupees in crore)						
Nature of expenditure	Original grant/ Appropriation	Supplementary grant/ Appropriation	Total grant/Final Appropriation	Actual expenditure	Savings	Savings as percentage of total grants
Revenue						
Charged	921.43	17.57	939.00	937.36	1.64	0.17
Voted	3593.64	1003.23	4596.87	4176.19	420.68	9.15
Total Revenue	4515.07	1020.80	5535.87	5113.55	422.32	7.63
Capital						
Charged	120.98	229.50	350.48	251.83	98.65	28.15
Voted	3469.87	960.62	4430.49	3937.61	492.88	11.12
Total Capital	3590.85	1190.12	4780.97	4189.44	591.53	12.37
Gross Total	8105.92	2210.92	10316.84	9302.99	1013.85	9.83

Note : In demands for grants, provisions for charged expenditure are called appropriations. For voted expenditure, the are called grants.

2.5 Results of Appropriation Audit

2.5.1 Savings under various grants/ appropriation

Savings in each grant/appropriation are worked out separately for voted and charged sections for both revenue and capital expenditure. Savings indicate that expenditure could not be incurred as estimated, anticipated and planned and are reflective of poor budgeting or shortfall in performance or both. Overall savings of Rs. 1013.85 crore for the year 2001-02 constituted 45.86 *per cent* of supplementary grants of Rs. 2210.92 crore and 12.51 *per cent* of the total budget provision of Rs. 8105.92 crore. Savings highlight that the estimates prepared even in March, the last month of the financial year, were

unrealistic. Details of grants/appropriations-wise savings are given in Appendix-III.

Large savings occurred in developmental sectors like health, education, social welfare, urban development, etc.

The entire provision of Rs. 30.00 crore made under the Revenue section of Grant No. 13 - Pensions, and Other Retirement benefits was surrendered in the last three years as well as this year due to non-finalisation of the modalities of transfer of the Pension Scheme to the Government of NCT of Delhi from the Government of India.

Other cases of savings and schemes affected by savings are contained in Appendix-IV.

The primary reasons for the savings of Rs. 1013.85 crore were slow progress of work (Rs. 367.14 crore), release of less grants (Rs. 196.20 crore), non-release of equity contribution to DTC (Rs.200.00 crore) and non-filling of vacant posts (Rs. 184.59 crore). The reasons for the slow progress of works have not been mentioned. However, budget provisions are to be made only for the existing posts and not for vacant posts.

2.5.2 Failure to surrender savings

According to the provisions of Rule 69 of the General Financial Rules, savings in a grant/appropriation are to be surrendered to the Government as soon as these are foreseen, without waiting for the last day of the financial year. Savings should also not be held in reserve for possible future use. Against the total savings of Rs. 1013.85 crore, Rs.396.74 crore were surrendered on the last day of the financial year. The remaining savings of Rs. 617.11 crore were not surrendered, thereby depriving the Government of the opportunity of using these funds in other sectors where they were needed. Details of savings and amounts not surrendered are given in Appendix – V.

2.5.3 Persistent savings

In 27 cases, there were persistent savings in excess of Rs. two crore under eight grants as per details given in Appendix-VI. The persistent savings are indicative not only of overstated budgetary assumptions, but also non-implementation of schemes.

2.5.4 Utilisation of Supplementary Grants

Details of supplementary grants obtained during 2001-02 were as under:

Table 2.3: Supplementary Grants/Appropriation obtained during 2001-02

(Rupees in crore)

Section	Supplementary Grants/ Appropriation obtained during 2001-02
Voted	
Revenue	1003.23
Capital	960.62
Total	1963.85
Charged	
Revenue	17.57
Capital	229.50
Total	247.07
Grand Total	2210.92
No. of Grants/ Appropriations	11

2.5.5 Unnecessary Supplementary Grants

In two departments, the supplementary grants were not needed. Although the supplementary provisions were obtained in anticipation of higher expenditure, the final expenditure was even below the original grants. This was indicative of unrealistic budgetary assumptions and lack of management information. The entire supplementary provision aggregating to Rs. 3.07 crore proved unnecessary as detailed below:

(Rupees in crore)

Sl. No.	Grant/ Appropriation	Amount	Batch of Supplementary Grant	Reasons for obtaining Supplementary Grants
Revenue charged				
1.	6. Education	O 0.12 S 0.10 AE 0.07 UP 0.15	March, 2002	For meeting additional expenditure as per court orders.
Revenue voted				
2	7. Medical and Public Health	O 522.97 S 2.97 AE 493.93 UP 32.01	March, 2002	Grant to IHBAS; Contribution of Central Government to State Illness Assistance Fund; Grant to A&U Tibia Co. and LN Hospital.

(O-Original Provision, S-Supplementary Provision, AE-Actual Expenditure, UP-Unspent Provision)

As the expenditure under these grants was less than the original provision, the Departments were required to obtain token/ technical supplementary for re-appropriating, if necessary, the savings within the same segment of the grant

instead of obtaining supplementary provisions. It is essential to carefully assess requirement of funds before supplementary provisions are sought.

2.5.6 Re-appropriation of funds

A grant or appropriation is distributed among sub-heads or standard objects, called primary units under which it is to be accounted. Re-appropriation of funds can take place between primary units of appropriation within a grant or appropriation before the close of the financial year to which such grant or appropriation relates. Re-appropriation of funds should be made only when it is known or anticipated that the appropriation for the unit from which funds are to be transferred will not be utilised in full.

In 138 sub-heads, re-appropriation was injudicious as the original provision under the sub-head to which funds were transferred by re-appropriation was more than adequate. Consequently, the final unspent amounts under the sub-heads were greater than the amount re-appropriated to those sub-heads. In eight other sub-heads, the original provision from which funds were re-appropriated was not sufficient to meet the final expenditure and the final excess under those sub-heads was more than the amount re-appropriated from these sub-heads. Details of cases exceeding Rs. 50.00 lakh are given in Appendix-VII.

While there was no excess in any grant, in 37 sub heads the expenditure exceeded the budget provision by Rs. 19.33 crore. The excess expenditure was incurred either without augmenting the provisions by re-appropriating the funds from other units or appropriation or even after providing funds by way of re-appropriation despite sufficient savings being available for re-appropriation under other sub-heads in the same grants.

Cases of injudicious re-appropriation are indicative of the quality of the accounting information system and poor assessment of requirement of funds.

2.5.7 Releases for Centrally Sponsored Plan schemes

Details of Central assistance released during 2001-02 as grants to the Government of NCT of Delhi for implementation of various Centrally

Sponsored Plan Schemes, quarter wise, are indicated below :

Table 2.5: Release of Central Assistance

(Rupees in crore)		
	Quarter	Amount of Central Assistance released
I	April –June 2001	9.81
II	July-September 2001	15.30
III	October - December 2001	7.27
IV	January - March 2002	10.13
Total		42.51

Rs. 42.51 crore were released during the year, which included Rs. 8.25 crore relating to 2000-01. Besides, there was an opening balance of Rs. 48.90 crore. The Government spent Rs. 29.80 crore for implementing the various Centrally Sponsored Plan Schemes. No expenditure was incurred against Rs. 13.39 crore made available for implementation of 67 Centrally Sponsored Schemes.

Funds aggregating to Rs. 55.66 crore received from the Central Government for implementation of 137 Centrally Sponsored Schemes up to the end of 2001-02 remained unutilised as on 31 March 2002.

2.5.8 Recoveries in reduction of expenditure

Estimated Recoveries	Rs. 550.09 crore
Actual Recoveries	Rs. 672.27 crore

The demands for grants presented to the Legislature are for gross expenditure including credits and recoveries which are adjusted in the accounts as reduction of expenditure; the anticipated recoveries and credits being shown separately in the budget estimates. During 2001-02, such recoveries were anticipated to be Rs. 550.09 crore. However, actual recoveries during the year were Rs. 672.27 crore. During the previous four years, actual

recoveries were much less than those estimated as given below :

Table 2.6: Recoveries in reduction of expenditure

(Rupees in crore)

Year	Estimated recoveries	Actual recoveries	Excess (+) Short fall (-)	Percentage of variation Excess(+) Short fall(-)
2001-02	550.09	672.27	(+)122.18	(+)22
2000-01	526.67	388.85	(-)137.82	(-)26
1999-00	832.12	544.00	(-)288.12	(-)35
1998-99	832.35	585.72	(-)246.63	(-)30
1997-98	818.97	675.71	(-)143.26	(-)17

The excess recoveries of Rs. 122.18 crore during 2001-02 were due to sale proceeds of land under the scheme 'Large scale acquisition, development and disposal of land in Delhi'.

2.5.9 *Suspense balances*

The Government of NCT of Delhi has no separate Public Account and such transactions are carried out under the 'Public Account of the Union Government'. All such transactions, as are ultimately cleared either by payment or recovery in cash or by book adjustment, are recorded initially under the 'Suspense Heads'. Balances under Suspense Heads are required to be reviewed at short intervals so as to ensure that no item remains unadjusted longer than is reasonably necessary to bring about its clearance in the ordinary course, with due regard to the rules applicable to each case. There is, therefore, a need to clear these balances expeditiously and classify them to appropriate heads of accounts.

Examination of such transactions in the Public Account (Central) prepared by the Government of NCT of Delhi revealed large balances under 'Suspense Heads'.

The amounts lying under the suspense heads for the last five years are given below:

Table 2.7: Amounts under suspense heads

(Rupees in crore)	
At the end of March	Amount
2002	Dr. 161.73
2001	Dr. 236.69
2000	Dr. 126.20
1999	Dr. 161.95
1998	Dr. 149.01

The balance as on 31 March, 2002 included debit balance under Pay and Accounts Office Suspense Account (Rs. 85.03 crore), Cash Settlement Suspense Account (Rs. 72.59 crore), Public Sector Bank Suspense Account (Rs. 3.94 crore) Provident Fund (Rs. 0.09 crore) and Material Purchase Settlement Suspense Account (Rs. 0.08 crore).

2.5.10 Expenditure in the month of March

As per General Financial Rules, rush of expenditure particularly in the closing month of the financial year is to be regarded as a breach of financial regularity and should be avoided. In 13 grants, 11.24 *per cent* to 79.23 *per cent* of the total expenditure of the year was incurred in the month of March. Details of grant wise expenditure in the month of March are given in Appendix-VIII.

Chapter 3: Civil Departments

Reviews

Urban Development Department

3.1 Trans Yamuna Area Development Board

The Government of NCT of Delhi constituted the Trans Yamuna Area Development Board in March 1994 to secure the planned growth of the Trans Yamuna Area and to reduce the disparity in its development as compared to other parts of Delhi. However, during more than eight years of its existence, the Board had not formulated a unified and coordinated Area Plan for the purpose which was its primary function. Resultantly, only adhoc schemes were executed and investments thereon aggregating to Rs. 413.42 crore upto March 2002 failed to achieve the intended objective of planned development of the Area. Scrutiny of records relating to execution of works also revealed instances of avoidable or wasteful expenditure of Rs. 90.91 lakh attributable to factors such as delays in finalisation of tenders, non-observance of prerequisites for award of works, etc. In brief, the Board would not appear to have made any worthwhile contribution towards the improvement and development of the Trans Yamuna Area. If the intended objectives are to be realised, it will be necessary for the Board to identify the drawbacks in the existing infrastructure, formulate a unified and coordinated Area Plan and develop the Area accordingly.

Highlights

Even after more than eight years of its existence, the Trans Yamuna Area Development Board had not studied and identified the drawbacks in the existing infrastructure of the Trans Yamuna Area to facilitate the formulation of a unified and coordinated Area Plan.

The Board irregularly allocated Rs. 62 crore upto March 2002 for execution of various works.

Contrary to the objectives for which the Board was established, the Municipal Corporation of Delhi and Delhi Vidyut Board incurred expenditure of Rs. 136 crore and Rs. 47 crore respectively during 1997 to 2002 largely on works of a routine nature falling within the designated spheres of their responsibilities against allotments made by the Board.

The Delhi Jal Board retained funds ranging between Rs. 10 crore and Rs. 25 crore in current accounts. Apart from loss of interest this resulted in development works, not being executed.

The Jal Board also failed to monitor the execution of work relating to the remodelling of a drain, resulting in time overrun of 56 months and cost overrun of Rs. 16.93 lakh.

Failure of the Jal Board to finalise tenders within their validity period or even by the extended dates necessitated re-invitation of these tenders and resultant additional expenditure of Rs. 30.13 lakh.

Non-adherence by the Public Works Department to the prerequisites for award of works resulted in avoidable payment of Rs. 43.85 lakh on account of cost escalation.

3.1.1 Introduction

The Government of NCT of Delhi established the Trans Yamuna Area Development Board in March 1994 with the objectives of securing the planned growth of the Trans Yamuna Area and reducing the disparity in its development as compared to other areas of Delhi. The Chief Minister of Delhi is the Chairman of the Board. Its members include all MLAs of the Trans Yamuna Area, the Chief Secretary, heads of the executing agencies and a representative not below the rank of Joint Secretary from the Department of Urban Development, Government of India.

3.1.2 Functions of the Board

The main functions of the Board are to:

- study the drawbacks in the existing infrastructure and to formulate a unified and coordinated Area Plan, specifically keeping in mind the

functioning of the MCD¹, DDA², DVB³, DJB⁴, PWD⁵, and the Irrigation and Flood Control and the Slum Wings in this area;

- recommend the priorities of the projects and schemes included in the Area Plan and the stages in which it may be implemented;
- examine the nature and the extent of overlapping of functions, so as to secure an improvement in the provision of services and for quicker redressal of public grievances;
- review the progress of implementation of the schemes and to recommend to the Government the quantum of financial assistance required.

Up to 2000-01, works recommended by the members of the Board, with the technical assistance from and in consultation with the implementing agencies, were considered and approved by the Board for providing infrastructural development in the Trans Yamuna Area. These agencies also prepared proposals for the Board's consideration indicating the estimated cost of each project, its duration, etc. From the year 2001-02, the annual action plans of various implementing agencies are placed before the Board for recommending different works to be executed in the Area. Those recommended by the Board are mainly executed through the MCD, DJB, DVB, and PWD. The Department of Urban Development, Government of NCT of Delhi administers and releases funds to these agencies on the recommendations of the Board.

3.1.3 *Scope of Audit*

Of the aggregate expenditure of Rs. 314 crore incurred during the five-year period ending March 2002 on schemes and projects recommended by the Board, expenditure of Rs. 292 crore (92 *per cent*) was incurred by the MCD, DJB, DVB and PWD. Audit test checked the records of 14 of the 41 divisions of these four agencies covering 37 *per cent* of the expenditure incurred by them during this period. In addition, relevant records of the Urban Development Department relating to the schemes were also test checked.

3.1.4 *Financial Management*

(a) The Schemes and works recommended by the Board are included in the budget estimates of the local agencies and departments. The Government of NCT of Delhi provides grants-in-aid to the MCD, loans to other local agencies and funds to Government departments. The Department of Urban

¹ Municipal Corporation of Delhi

² Delhi Development Authority

³ Delhi Vidyut Board

⁴ Delhi Jal Board

⁵ Public Works Department

Development releases the grants and loans to the local agencies in four quarterly instalments.

Details of the grants/loans/funds released to and actual expenditure incurred by the local bodies and departments for schemes in the Trans Yamuna Area during 1997-02 and the actual expenditure incurred there against are presented in the following table:

Table 3.1.1: Financial outlay and actual expenditure

(Rupees in crore)

Name of Agency/ Department	1997-98		1998-99		1999-00		2000-01		2001-02		Total	
	Releases	Expenditure	Releases	Expenditure	Releases	Expenditure	Releases	Expenditure	Releases	Expenditure	Releases	Expenditure
MCD	19.50	19.61	24.41	22.46	25.52	23.54	26.76	28.73	37.01	41.60	133.20	135.94
DJB	19.61	14.97	19.11	11.40	17.70	18.77	20.40	21.48	22.00	18.15	98.82	84.77
DVB	5.00	4.48	9.48	6.06	16.63	7.39	15.66	15.88	14.00	12.85	60.77	46.66
PWD	5.00	5.46	6.00	6.10	5.00	4.86	6.00	5.52	-	2.90	22.00	24.84
DDA	1.00	0.85	-	-	1.25	-	0.26	0.05	0.49	0.47	3.00	1.37
I&FC ⁶	3.00	1.53	3.00	1.77	3.73	2.68	4.00	4.00	-	4.00	13.73	13.98
UD ⁷	-	-	-	-	2.47	2.47	0.87	0.87	-	3.00	3.34	6.34
Total	53.11	46.90	62.00	47.79	72.30	59.71	73.95	76.53	73.50	82.97	334.86	313.90

(b) Non-adherence to conditions governing release of grants/loans

The release of the second and subsequent instalments of grants or loans to the local agencies was subject to their signing a Memorandum of Understanding with their administrative departments, which makes it imperative on their part to achieve the stipulated targets and enables evaluation of their performance against such targets by the administrative departments. However, whereas the DJB and DVB had entered into the prescribed understanding for the financial year 2000-01, the MCD which accounts for 43 per cent of the total expenditure incurred on schemes recommended by the Board did not do so. Nevertheless, the Department of Urban Development continued to release grants without ensuring achievement of targets.

MCD did not maintain assets registers

The MCD was also required to maintain records of the assets created out of the grants in Form GFR-19 and to send a copy thereof to the Department of Urban Development. The Corporation, however, neither maintained any records of the assets created nor furnished the details to the Department of

⁶ Irrigation and Flood Control

⁷ Urban Development

Urban Development. In the absence of the records, actual creation of the assets could not be vouchsafed in audit.

(c) Unutilised funds

Funds remained
unutilised in
banks

During 1994-2002, the Department of Urban Development released funds aggregating to Rs. 142.48 crore to the DJB. Funds ranging between Rs. 10.00 crore and Rs. 24.92 crore remained in current accounts with banks during 1994-01. Retention of funds in current accounts resulted not only in loss of interest to the DJB but also deprived the public of the intended benefits of development works for which the funds were meant.

(d) Irregular utilisation of funds

The Sewerage Disposal Works-I Division of the DJB did not execute any work or scheme recommended by the Board during 2000-01 and 2001-02. Nevertheless, an amount of Rs. 39.44 lakh, representing the salary of the Superintending Engineer, SDW-I Circle, for these two years was debited, as expenditure against funds released on the Board's recommendations. This was irregular.

3.1.5 Formulation of Area Plan

As mentioned earlier, the Board's main function was to study and identify the drawbacks in the existing infrastructure and formulate a unified and coordinated Area Plan. One of the objectives of the Board was also to examine the nature and overlapping of functions among different agencies so as to secure improvements in the provision of services for quicker redressal of public grievances.

In its first meeting held in April 1994, it had identified certain problems in the area, such as pollution, non-availability of sufficient hospitals, inadequacy of school buildings, deficiencies in electricity supply, improper drainage, non-availability of water supply in unauthorised colonies, etc. The Board had therefore proposed the constitution of a committee chaired by the Chief Secretary to formulate an action plan for remedying these problems and shortcomings. The need for an integrated approach to these problems was also recognized in subsequent meetings of the Board and the Chief Minister had also emphasised in February 1999 that the Board should concentrate on large projects and works aimed at a systematic and planned development of the Area.

The Area Plan based on identification of the drawbacks was, however, not formulated. The committee envisaged in April 1994 had also not been constituted as of March 2002. Instead, the Board recommended the execution of only works of a routine nature, such as improvements to lanes, drains,

parks, street lighting, etc., replacement of cables and transformers, installation of panel boards, re-modelling of nallahs, replacement of water lines, etc. that would normally form part of the designated responsibilities of the local bodies concerned and were to be executed utilising their own resources. Certain instances noticed in the course of test-check by Audit are mentioned below:

(a) Of expenditure aggregating to Rs. 49.47 crores attributable to Divisions XXII, XXVI, XXVII, and XXXI and the Project Division, Shahdara, of the MCD during the five year period ending March 2002, expenditure of Rs. 38.06 crore (77 *per cent*) was incurred on improvements to roads, lanes, drains, parks, etc. These works constitute the normal functions of the Corporation.

(b) Similarly, expenditure aggregating to Rs. 12.64 crore was incurred by the DVB during 1999-00 on installation of transformers and laying of cables, replacement of feeders and conductors, provision of points and fittings for street lighting, etc. The expenditure did not result in the development or creation of any new assets of benefit to the general public.

(c) Two Divisions of the DJB spent Rs. 5.32 crore during 1999-01 on replacement of existing water lines.

Further, whereas the objective was to adopt an integrated approach to the redressal of the problems of the Trans Yamuna Area, the Board decided to place a sum of Rs. 50 lakh annually at the disposal of each of the 16 members of the Delhi Legislative Assembly elected from constituencies in the Area to be utilised, at their discretion, for execution of works by the MCD in their constituencies. Accordingly, Rs. 62 crore were allocated to them during 1994-02. This constituted 15 *per cent* of total expenditure of Rs. 413.42 crore incurred during this period on works undertaken by various agencies based on the recommendations of the Board. These allocations were in addition to their annual entitlement of a crore of rupees under the Assembly Constituencies Scheme for undertaking development works in their respective constituencies.

Audit scrutiny revealed that under MLA fund scheme, as against allocations totalling Rs. 48.80 crore made to the MCD during 2000-02 on behalf of the Members of the Legislative Assembly from the Trans Yamuna Area, Rs. 40.03 crore (82 *per cent*) were utilised. While details of the works on which expenditure was incurred out of the funds made available to them by the Board were not readily available, test-check in five constituencies revealed that the expenditure totalling Rs. 4.11 crore incurred out of these funds during the same period (2000-01 : Rs. 1.91 crore; 2001-02: Rs. 2.20 crore) constituted only 82 *per cent* (2000-01: 76 *per cent*; 2001-02: 88 *per cent*) of the funds provided.

Considering the fact that even the funds provided under the Assembly Constituencies scheme were not fully utilised, provision of additional funds by the Board without ensuring or specifying that these would be utilised only on schemes contributing to the planned development of the Trans Yamuna Area would not appear to have been justified.

In the circumstances, expenditure of such a large magnitude would not appear to have contributed to the augmentation of the infrastructure in the Trans Yamuna Area. On the contrary, it was more in the nature of transfer of resources to the local bodies for discharging their normal designated responsibilities. The approach to the problems plaguing the area would therefore appear to have been only *ad hoc*. The conclusion that the primary objective of establishing the Board had not been realised notwithstanding investments totalling Rs. 413.42 crore is consequently fairly inescapable.

3.1.6 Execution of works

(a) During 1994-02, the Board recommended 113 specific works of a total value of Rs. 120.83 crore. Test-check of records of 42 of these works (value: Rs. 34.14 crore) revealed the following:

(i) Three works of the value of Rs. 287.09 lakh approved by the Board in June 1998 were yet to be awarded as of March 2002 as detailed below:

Table 3.1.2 : Works approved but not awarded

Sl. No.	Name of the work	Board's approval				
		Date	Amount (Rs. in lakh)	Date of A.A. ⁸ & E.S. ⁹	Date of issue of NIT ¹⁰	Extent of Delay in months
1.	Providing and laying sewer in Raghupura-I, Mohalla Ram Nagar	3.6.1998	115.57	3.8.2000	15.3.2002	42
2.	Providing and laying internal sewer in part of Shanti Mohalla	3.6.1998	37.05	3.6.2000	21.3.2001	42
3.	Providing and laying sewer in Dharampura	3.6.1998	134.47	24.4.2000	15.3.2002	42
	Total		287.09			

8 Administrative Approval

9 Expenditure Sanction

10 Notice Inviting Tender

(ii) In another 27 works of the value of Rs. 2324.68 lakh, which were approved by the Board between August 1994 and May 2000, there were delays ranging between 13 and 43 months in award of the works by concerned executing agencies. The extent of delays is analysed below:

Table No. 3.1.3 : Delay in award of approved works

(Rupees in lakh)			
Sl. No.	Extent of delay in months	No. of cases	Amount approved
1.	13 to 24	08	500.02
2.	25 to 36	14	1273.66
3.	37 to 43	05	551.00
	Total	27	2324.68

(iii) Six works relating to construction of pedestrian subways and bridges, for which a lump sum provision of Rs. 500.00 lakh was approved by the Board in August 1994, were awarded by the PWD after delays ranging between 15 and 62 months.

The Board was required to review from time to time the implementation of the projects and the schemes included in the Area Plan and recommend measures for effecting coordination amongst the organisations and departments of the Government in the matter of implementation of such projects and schemes.

It was, however, noticed that the delays in implementation of these works were never reviewed by the Board in its meetings held between August 1994 and May 2000.

(b) Rules envisage that the notice inviting tenders should not be issued unless all tender documents, including site free from encroachments is available. Two Divisions of the MCD (XI and XIV), however, awarded two works notwithstanding the fact that the sites on which these were to be executed had been encroached upon. On account of the encroachments either not being removed or their belated removal, these works had not been completed as stipulated and were in progress as of March 2002. Consequently, expenditure aggregating to Rs. 8.72 lakh incurred till then had not enabled realisation of the intended objectives. Relevant details are

tabulated below:

Table 3.1.4: Expenditure on incomplete work

Sl. No.	Name of work (Name of Division)	Date of award of work	Stipulated date of completion	Tendered Cost (Rs. in lakh)	Payment made (Rs. in lakh)	Remarks
1.	Construction of boundary wall of quabristan at Khureji Khas (MCD Div. No. XI)	March 2000	June 2000	8.94	7.81	Of a total area of 4000 square meters, 560 square meters continued to be under encroachment
2.	Development of car parking side in front of cremation ground, Geeta Colony (MCD Div. No. XIV)	April 2000	June 2000	3.74	0.91	Encroachment on the land belonging to the DDA was removed only on 22 May 2002.

(c) The Executive Engineer (Construction), Drainage IX, Delhi Jal Board, awarded the work of "Remodelling of Gokalpur Drain in gaps from RD 712 to 808, 872 to 1010 and 1950 to 2868 including repairs from RD zero to 712 in Shahdara (Part-I)" to M/s N.K. Builders in August 1995 at a negotiated amount of Rs. 197.32 lakh. The work was to commence in August 1995 and was to be completed by November 1996.

Work was completed after a delay of 56 months

The work was, however, completed in July 2001 after a delay of 56 months and a sum of Rs. 211.38 lakh, including Rs. 16.93 lakh on account of cost escalation, was paid to the contractor. The Executive Engineer attributed the reasons for delay to encroachment on the entire alignment of the drain, narrow lanes and difficulty in bringing materials to the site because of its location. This was not tenable as the Executive Engineer himself was to provide an encroachment free site before award of the work. The failure to do so resulted in time overrun by 56 months and cost escalation of Rs. 16.93 lakh paid to the contractor.

Delay of 56 months resulted in cost escalation by Rs. 16.93 lakh

Non-finalisation of tenders within their validity period necessitated their re-invitation, resulting in cost increase of Rs. 30.13 lakh

(d) In terms of the provisions of the CPWD manual, tenders are to be finalised within 90 days of their opening. There were, however, avoidable administrative delays in the processing of tenders in respect of four works relating to three Divisions of the DJB, as a result of which these could not be finalised within their validity period or such extended period as had been stipulated by the tenderers. This necessitated re-invitation of tenders for these works leading to delays in award of the related contracts ranging from six to 28 months and a cost increase of Rs. 30.13 lakh in the aggregate. Relevant

details are tabulated below:

Table 3.1.5: Extra expenditure due to delays in award of works

Sl. No.	Particulars of work	Month of award of work	Extent of delay in award of work (in months)	Cost escalation (Rupees in lakh)
1.	Remodeling of Radhey puri Drain, Part II, Shahdara, RD 860 to 1297	August 1998	28	11.17
2.	Construction of RCC pipe/ RCC box drain in Shahdara	November 1997	20	9.67
3.	Providing and laying of internal sewer line in Khichripur village, Shahdara South	December 1996	6	5.64
4.	Construction of out fall drain in Shahdara	April 1997	9	3.65
	Total			30.13

(e) Rules envisage that the PWD should not issue tender notices unless all tender documents, including complete architectural and structural drawings are available. The department also has the responsibility to supply these documents and drawings to the contractors as stipulated in the contracts. The Divisional Officers also have to ensure that the stipulated materials are supplied to the contractors and that all formalities, related works, if any, etc. are completed in time so as to avoid delays in execution of works.

The Executive Engineers of Divisions XXIX and XXX awarded the works relating to the construction of subways and bridges to four contractors during March 1996 to May 1998. They, however, failed to fulfill these essential requirements before finalising the contracts as well as after the works were awarded. This resulted in time overrun ranging from eight to 20 months and avoidable payments aggregating to Rs. 43.85 lakh as cost escalation in terms of the relevant agreements to the contractors. Details are contained in table

Non-adherence to prerequisites for award of works resulted in cost escalation of Rs. 43.85 lakh

below:

Table 3.1.6: Expenditure towards cost escalation

Sl. No.	Name of work and (Name of Division)	Date of commencement	Stipulated date of completion	Actual date of completion	Tendered amount (Rupees in lakh)	Cost escalation paid (Rupees in lakh)	Main reasons for delay
1.	Construction of Pedestrian subway across Road No.59 near Gokalpuri and Khajuri Chowk (PWD XXX)	3.3.96	2.5.97	31.12.98	142.02	12.55	Shortage of materials, construction of diversion roads, shifting of electric poles and water lines, etc.
2.	Construction of Bridge across Ghazipur Drain near Vasundara Enclave, Delhi (PWD XXX)	31.5.98	30.4.99	15.1.00	204.04	14.10	Delay in finalisation of alignment of wells and designs of pier, pier cap, pedestals and type of railing, etc.
3.	Construction of Bridge at road No.65 across trunk drain No.1 Joining road No.66 opposite U.P. Irrigation rest house (PWD XXIX)	14.1.97	13.7.98	1.7.99	136.46	3.82	Shortage of materials, road restoration, and delay in finalisation of drawings of slab seal joints, etc.
4.	Construction of Pedestrian subway across road NH-24 bye pass near Mayur Vihar, Phase II, 'T' Junction (PWD XXX)	19.8.97	18.6.98	15.4.99	84.27	13.38	Delay in finalisation of drawings, shortage of materials, execution of additional work by an other agency and deviations.
	Total				566.79	43.85	

3.1.7 Conclusion

The objective of development of the Trans Yamuna Area after identification of the drawbacks in infrastructure and their rectification based on a unified and coordinated Area Plan was not realised. Even after eight years of the constitution of the Board, only *ad hoc* schemes and works that would normally fall within the designated spheres of responsibility of the executing agencies continue to be recommended and undertaken. This only underscores the urgent need for the formulation of a well-considered and integrated Area Plan.

These observations were referred to the Government in August 2002; their reply was awaited as of December 2002.

**Welfare of Scheduled Caste/ Scheduled Tribe/ Other
Backward Classes Department**

**3.2 National Scheme of Liberation and Rehabilitation of
Scavengers and their Dependents**

The Scheme envisaged the rehabilitation of scavengers and their dependents in other dignified occupations by providing appropriate training and financial assistance. Its implementation was, however, not effective in Delhi. Notwithstanding a number of surveys undertaken for their identification, their results were inconsistent and, consequently, accurate and reliable information in regard to the number of scavengers was not available to facilitate determination of targets on a rational basis and to ensure the successful implementation of the Scheme. Profile of each scavenger, indicating his aptitude, training requirements and possible alternative employment was not prepared, and, consequently, there was no nexus between the training imparted and the rehabilitation efforts. Training was also imparted to persons other than those identified as scavengers. The Delhi Scheduled Caste Financial and Development Corporation, responsible for implementing the Scheme, could utilize only 59 per cent of the funds provided by the Government of India. The Corporation had no information on the number of beneficiaries extended financial assistance by the banks and monitoring of this vital component of the Scheme was ineffective, if not non-existent. Its claim that there were no scavengers left in Delhi did not also have an adequate factual basis given the position reflected in the Annual Plan for the year 2001-02 that as many as 1.39 lakh dry latrines still existed in the city. A scheme for the conversion of dry latrines into water-borne ones, which was a critical pre-requisite for ensuring that scavengers gave up their obnoxious and inhuman hereditary occupation, was not implemented at all by the Municipal Corporation of Delhi which was entrusted this responsibility and funds aggregating to Rs. three crore remained almost entirely unutilized. In short, the implementation of the Scheme was ineffective because of inadequate surveys and identification processes resulting in non-availability of an adequate information base; adhoc determination of targets; and improperly directed rehabilitation efforts

Highlights

The results of surveys conducted in 1992-93 to facilitate formulation of a time-bound programme for identification of scavengers and their dependents and their aptitude for specific alternative trades and occupations were unreliable because of overlapping of areas covered by them and inclusion of safai karamcharis and children below 6 months of age; these were also inconsistent with the findings of subsequent surveys.

The training objective of the Scheme was not pursued with the required seriousness and the targets fixed lacked a rational basis and appeared to have been determined in what can be termed only as an *ad hoc* manner. The training efforts, limited as they were, did not also benefit the intended target group since training was also imparted to persons other than those identified as scavengers or their dependents. It did not also result in rehabilitation of the beneficiaries in more dignified vocations.

Targets fixed for rehabilitation of the scavenger population, which themselves appeared to be inflated, were not achieved.

Extension of financial assistance to facilitate rehabilitation was confined only to those who complied with the terms and conditions stipulated by banks. In the result, of the 8,112 beneficiaries recommended for such assistance, only 2,681 were covered.

Monitoring by the implementing agency of the utilization of the funds released to the banks was ineffective, if not all together non-existent.

Of grants aggregating to Rs. 7.15 crore made available for implementing the Scheme, only Rs. 4.25 crore were utilized as of March 2002.

Though a scheme for the conversion of dry latrines into water-borne ones was entrusted for implementation to the Municipal Corporation of Delhi, it was not implemented at all and funds aggregating to Rs. three crore made available for the purpose remained almost entirely unutilized.

The claim of the implementing agency in March 2000 that no more scavengers were left in Delhi would not appear to be factually sustainable because the Delhi Government had subsequently estimated that as many as 1.39 lakh dry latrines still existed in the city, which obviously would require manual scavenging.

3.2.1 Introduction

The Government of India, Ministry of Welfare, launched the National Scheme of Liberation and Rehabilitation of Scavengers and their Dependents in 1980-81. Its objective was to liberate scavengers and their dependents from their hereditary, obnoxious and inhuman occupation of manually removing night soil and filth and to rehabilitate them in alternative dignified occupations and vocations within a period of five years. The scheme was bifurcated in March 1992 and the component of conversion of dry latrines was entrusted to the Ministries of Urban Development and Rural Development and the rehabilitation of scavengers to the Ministry of Social Justice and Empowerment. The Government of India partially modified the scheme with effect from 1 April 1996.

The scheme has the following components:

- (i) Formulation of a time-bound programme for identification of scavengers and their dependents and their aptitude for alternative trades through a survey.
- (ii) Provision of training in identified trades for scavengers and their dependents at the nearest local training institution or centre of various Government or non-government organisations keeping in view their aptitude, local requirements and environment.
- (iii) Rehabilitation of scavengers in various trades and occupations through the provision of subsidy, margin money loans and bank loans.

3.2.2 Organisational Arrangements

The Delhi Scheduled Caste Financial and Development Corporation Limited a fully-owned undertaking of the Government of National Capital Territory of Delhi implemented the scheme in National Capital Territory of Delhi. The Secretary, Department of Welfare of Scheduled Caste/ Schedule Tribe/ Other Backward Classes was responsible for coordinating the implementation of the scheme with Central Government.

3.2.3 Scope of Review

Mention was made in paragraphs 5.60 to 5.63 of the Report of the Comptroller and Auditor General of India for the year ending March 2000 about certain deficiencies in the implementation of the Scheme.

Audit conducted a test-check of the records pertaining to the implementation of the Scheme during the period from 1997-98 to 2001-02 by the agencies concerned with a view to assessing the extent to which its objectives were realized.

3.2.4 Receipts of Grants and their Disbursement

The position of grants released by the Government of India for the scheme and State's share under the scheme and expenditure for the period 1991-92 to 2001-2002 is tabulated below:

Table 3.2.1: Receipt of Grants & Disbursement

(Rupees in crore)						
Year	Unspent balance of grant as on 1 st April	Grants received from GOI	Contributions made by Govt. of NCT	Total Funds available for the Scheme	Expenditure incurred on training and rehabilitation of scavengers	Unspent balance
1991-92	--	3.75	NIL	3.75	--	3.75
1992-93	3.75	0.05	NIL	3.80	0.63	3.17
1993-94	3.17	NIL	--	3.17	0.11	3.06
1994-95	3.06	NIL	1.07	4.13	0.47	3.66
1995-96	3.66	NIL	--	3.66	0.76	2.90
1996-97	2.90	1.48	0.80	5.18	0.48	4.70
1997-98	4.70	NIL	NIL	4.70	0.70	4.00
1998-99	4.00	NIL	NIL	4.00	0.13	3.87
1999-00	3.87	NIL	NIL	3.87	0.72	3.15
2000-01	3.15 + 0.33*	NIL	NIL	3.48	0.18	3.30
2001-02	3.29	NIL	NIL	3.29	0.06	3.23
Total		5.28	1.87		4.25	

Note : The contribution made by the banks and the Corporation as loan were not made available.

* Represents amount received back from the banks.

The following points were noticed in this connection :

- (i) Government of India released the grants in 1991-92 on the basis of the projected number of scavengers.
- (ii) Though an opening balance of Rs.2.90 crore was available, the Government of India released Rs.1.48 crore in 1996-97. Government of NCT also released Rs.0.80 crore in the same year without assessing the actual requirements.

Unspent balances were neither surrendered nor was approval of the Central Government obtained to carry them forward

The sanctions for grants-in-aid stipulated that the nodal agency concerned should surrender unspent grants or obtain the approval of the Government of India to carry it forward to the subsequent year. However, neither did the Corporation surrender such unspent balances nor obtain the approval of the Government of India to carry them forward. The Corporation retained the unspent balance of Rs.3.23 crore as of March 31, 2002, though it had informed the Government of India in March 2000 that there were no more scavengers in Delhi.

The Corporation, had also informed the Government of India in June 2000 that the funds could not be utilised due to (i) reduction in the number of identified scavengers; (ii) the reluctant and indifferent attitude of the participating banks in extending loans in the absence of a guarantee clause under the Scheme to ensure their recovery; and (iii) the absence of a provision in the Scheme for conversion of dry latrines into water-borne ones immediately after covering even complete clusters of scavengers.

3.2.5 Identification of Scavengers

Surveys conducted for identification of scavengers were deficient and inconsistent

The first step in the implementation of the Scheme was the formulation of a time-bound programme for identification of scavengers and their dependents and their aptitude for specific alternative trades and occupations. The Government of India had directed all the States to complete surveys for the purpose before 30 June 1992. The Government of NCT of Delhi however, failed to initiate action in this regard by the stipulated date. Between September 1992 and May 1993, four independent agencies (Delhi Scheduled Castes Financial and Development Corporation, Marketing and Research Group, Bureau of Economics & Statistics and Delhi School of Social Work), were commissioned to conduct surveys of scavengers in Delhi without clearly spelling out the areas to be covered by them. The number of scavengers identified by them were as follows:

Table 3.2.2: No. of Scavengers identified and the name of the agency

Name of the agency	Delhi Scheduled Castes Financial and Development Corporation	Marketing and Research Group	Bureau of Economics and Statistics	Delhi School of Social Work
Coverage	Not specified	Not specified	2 blocks	68 Assembly constituencies
No. of scavengers identified	505	500	7,988	8,427

- (i) The basis of identification of scavengers by Delhi Scheduled Castes Financial and Development Corporation and Marketing and Research

Group were not ascertainable since the related reports were not produced to Audit. Delhi School of Social Work clearly stated that it was a census study and data collection was done through door to door interviews by investigators and from published and unpublished reports and records collected from different agencies, including Delhi Scheduled Castes Financial and Development Corporation.

- (ii) Bureau of Economics & Statistics covered only 2 blocks viz., Nazafgarh and Kanjhawla in Delhi. It selected 50 villages out of a total of 103 villages in these two blocks to identify the scavenger households. Interestingly, out of 7,988 scavengers identified in this survey, 4,816 were stated to be not employed anywhere. Subsequently, this survey was found to have been exaggerated as it included safai karamcharis and children below 6 months of age.
- (iii) Whereas Bureau of Economics & Statistics had identified 7,988 scavengers in the two blocks surveyed, the Delhi School of Social Work, which had also conducted a survey in these blocks, had reported a population of only 608 scavengers.

Results of the survey were highly inconsistent and figures were grossly inflated

The results of the surveys were consequently highly inconsistent. The Corporation merely added the four sets of figures and reported that there were 17,420 scavengers in Delhi. This was done without analysing the reports received from the four agencies or examining the methodology adopted and area covered by them. The Corporation also failed to prepare the profile of each scavenger and his dependents alongwith details of their training requirements and alternative employment schemes with relevant details of the subsidy, loan, etc. that will be necessary, as envisaged in the scheme.

The Corporation commissioned another survey in 1997 after a lapse of five years through the University, Department of Social Work, which identified 7,961 scavengers in all the nine districts of Delhi. This was treated as a fair and final assessment by the Corporation.

The Ministry of Social Justice and Empowerment requested the Ministry of Urban Development and Poverty Alleviation in June 2001 to advise the State Governments to conduct a survey in July 2001 for collection of detailed data on the number of dry latrines in existence and the number of scavengers and their dependents involved in manual cleaning of dry latrines. The fresh survey was however, not undertaken by the Corporation on the ground that this was not necessary because there were no more scavengers in Delhi as disclosed in an assessment made in March 2000. The position in regard to dry latrines in Delhi has separately been discussed in paragraph 3.2.9.

3.2.6 Training

The Scheme provides for the training of scavengers and their dependents in suitably identified trades keeping in view their aptitude, local requirements and environment.

Targets of imparting training to scavengers lacked a rational basis and appeared to have been determined in an *ad hoc* manner

In terms of the scheme the training programmes in respect of all identified scavengers and their dependents had to be completed by the year 1995-96. The number of scavengers identified for being imparted training based on the surveys undertaken during September 1992 – May 1993 and 1997 was not specified. Consequently, specific targets were not prescribed for the purpose. However, 400 scavengers in all were imparted training during 1993-97 (1993-94 : 13, 1994-95 : 121; 1995-96 : 44; and 1996-97 : 222).

During the subsequent five-year period from 1997-98 to 2001-02, a uniform target of training 200 scavengers each year was fixed, the basis of which was not clear. As against 1,000 scavengers proposed to be trained, only 671 were actually trained during the period. Year-wise details in this regard are contained in the following table:

**Table 3.2.3: Training: Targets and achievements
(1997-98 to 2001-02)**

Year	Target	Number	Shortfall
1997-98	200	215	-
1998-99	200	203	-
99-2000	200	253	-
2000-01	200	NIL	200(100)
2001-02	200	NIL	200(100)
Total	1,000	671	

Note: Figures in parentheses represent percentages.

Consequently, 671 of the 7,961 scavengers identified by the Department of Social Work in 1997, representing 8.42 *per cent* of the population, were trained since 1997-98.

Audit scrutiny further revealed the following:

(a) While, the Corporation had informed the Government of India in March 2000 that there were no scavengers in Delhi, it nevertheless fixed targets of training 200 scavengers in each of the years 2000-2001 and 2001-2002. Though none was imparted training in these two years, this would appear to indicate that the targets had no rational basis and were determined in what can be termed only as an *ad hoc* manner.

(b) Training was imparted to 238 persons, in batches during 1997-98 (158), 1998-99 (20) and 1999-2000 (60). While none of those provided training during the latest two years had, in fact been identified as scavengers,

Contrary to the scheme objectives, training was imparted to persons other than those identified as scavengers

only 13 imparted training during 1997-98 actually belonged to this category. The training efforts in these three years did not consequently serve the intended objective.

(c) Those trained in the 1997-98 and 1999-2000, batches were also paid stipend amounting to Rs.5.94 lakh under the scheme based on the norms applicable to Training of Rural Youth for Self Employment (TRYSEM). No stipend was, however, paid to trainees of the 1998-99 batch on the ground that they were not scavengers. That the Corporation itself had recognized this fact only serves to underscore the conclusion that the training objective was not pursued with the required seriousness.

(d) An evaluation undertaken by the University, Department of Social Work in June 2001 revealed that none of the 131 trainees trained in 1997-98 was pursuing the trade in which the training was imparted. Further, of these, six continued to work as scavengers as against eight that were pursuing this profession prior to their training.

Training imparted did not result in mobilisation in more dignified vocations

The evaluation also revealed that only one of these 131 trainees had made any effort to obtain a loan, while two others made efforts to secure jobs. Very few others had made efforts to be self-employed. In fact, as many as 114 of these trainees were not even aware of how to select an alternative vocation and no information in this regard or counselling appeared to have been provided. This was attributable to their ignorance about the objectives of the training and its nexus with their rehabilitation.

In the circumstances, even such limited training efforts as were made would appear to have been only in vain.

(e) No special curriculum of training was also developed by the Corporation, because the profile of the beneficiaries was not prepared during the surveys. Consequently, such training as was imparted did not take into account the aptitude of the trainees, as envisaged.

3.2.7 *Rehabilitation of Scavengers*

Rehabilitation of scavengers in various trades and occupations was to be done by providing them subsidy, margin money and bank loans. The average cost of rehabilitation of one scavenger was determined as Rs. 20,000 which was to be partly met by subsidy of Rs. 10,000 and margin money loan of Rs. 1,470 from the Government of India. Of the balance Rs. 7,000 were to be provided by nationalized banks in the form of loan and Rs. 1,530 as margin money loan by Government of NCT of Delhi.

Certain points noticed in test check of the records are mentioned in the succeeding paragraphs.

(a) Whereas the number of scavengers had been determined as 17,420 and 7,961 respectively based on the surveys undertaken between September 1992 and May 1993 and during 1997, only 2,216 scavengers were reported to have been rehabilitated during 1992-97 (1992-93: 505; 1993-94: 48; 1994-95: 423; 1995-96: 759; and 1996-97: 481). Considering, however, the fact that the results of the first survey themselves were available only after May 1993, the reliability of the number of scavengers stated to have been rehabilitated during 1992-93 could be open to question.

While 11,200 scavengers were targetted to be rehabilitated during the subsequent period from 1997-98 to 2001-02 (which itself would appear to have been inflated in the context of the deficiencies in the identification exercises mentioned earlier in this review and the view expressed by the Corporation in March 2000 that there were no more scavengers in Delhi), only as few as 1,988 scavengers (17.75 per cent) were reported to have been rehabilitated during this period. Year-wise details in this regard are presented in the following table:

Table 3.2.4: Rehabilitation of Scavengers: Targets and achievements (1997-2002)

Year	Target	Number rehabilitated	Shortfall with reference to target
1997-98	3000	575	2,425 (80.83)
1998-99	2200	375	1,825 (82.95)
1999-00	2000	862	1,138 (56.90)
2000-01	2000	153	1,847 (92.35)
2001-02	2000	23	1,977 (98.85)
Total	11,200	1,988	9,212 (82.25)

Note: Figures within parentheses represent percentages.

Targets prescribed for rehabilitation of scavengers, which themselves appeared to be inflated were not achieved

Only 2,681 of the 8,112 beneficiaries recommended were provided financial assistance

(b) According to a status report submitted by the Corporation in December 2001, its Joint Standing Loan Screening Committee had recommended extension of financial assistance to 8,112 scavengers during the period from 1992-93 to 2000-01 and had released in advance, funds adequate to cover only 4,181 beneficiaries to the banks for disbursement up to September 2000. However, according to a report of the State Level Bankers Committee, only 2,681 beneficiaries had been provided assistance under the scheme up to the end of 2000-01.

Clarifying the reasons for the variation in the number of beneficiaries, Corporation stated (May 2002) that, after detailed deliberations, the Joint Standing Loan Screening Committee attached certain terms and conditions and stipulations to the loan proposals; and that loans were consequently released by the banks only to those who complied with these terms and conditions. The Corporation added that the bank managers were the ultimate sanctioning authorities for all purposes.

No data available in respect of female scavengers financed under the Scheme

(c) The Scheme envisaged priority being given to the rehabilitation of women in consideration of the fact that they continued to be engaged in scavenging even after the men of the family shifted to more dignified professions. Of the 7,961 scavengers identified during 1997, 5,087 (64 *per cent*) were women. The Corporation was, however, not aware of the number of female scavengers rehabilitated under the scheme in the absence of separate data in this regard.

Follow up action to ensure continuance in relevant trades not taken since 1997

(d) No follow-up action was taken since 1997 to ensure that all those scavengers rehabilitated had actually taken up their relevant trades and not reverted to their original profession of scavenging. However, the Evaluation Unit of the Planning Department, Government of NCT Delhi had reported in 1997 that about 65 *per cent* of the 94 beneficiaries surveyed by it had been rehabilitated in other occupations, while 18 *per cent* continued to pursue their earlier occupation of scavenging.

3.2.8 *Financial Management*

(a) *Utilisation Certificates*

The Utilisation Certificates submitted by the Corporation to the Government of India did not agree with the expenditure booked by the Corporation in its accounts whereas a total amount of Rs. 498.46 lakh was reported to have been utilized during 1992-01, the unaudited accounts of the Corporation relating to this period reflected expenditure aggregating to Rs. 418.86 lakh only.

Utilisation certificates varied from expenditure disclosed in accounts

The Corporation stated (March 2002) that the Utilisation Certificates for the years 1992-93, 1995-96, 1998-99 and 1999-2000 had been prepared on the basis of sanctioned amounts and were not based on actual disbursements, which resulted in the expenditure reported to the Government of India being inflated. The Corporation added that undisbursed subsidy and margin money amounting to Rs. 33.28 lakh had been refunded by various banks in 2000-01, of which a sum of Rs. 18.35 lakh was disbursed as subsidy and margin money to the banks and no expenditure was reflected in the Utilisation Certificate for the year because the amount refunded was more than that disbursed.

(b) *Retention of unspent balances in fixed deposits*

Interest earned on unspent balances kept in Fixed Deposits was neither credited to the Scheme nor refunded to Government

The unspent balances with the Corporation, which ranged between Rs. 2.90 crore and Rs. 4.70 crore during the period from 1992-93 to 2001-02 were retained in fixed deposits with nationalised banks earning interest at rates between nine to eleven *per cent* per annum. The interest earned on these deposits was neither credited to the Scheme nor refunded to Government. The Corporation informed Audit in February 2002 that year-wise details of the interest earned from deposits of the unspent grants were not available because it had not maintained separately details of the grants received by it for

different schemes that were kept in fixed deposits. However, computed on an average rate of 10 *per cent* per annum, the interest so retained by the Corporation is estimated to be of the order of magnitude of Rs. 3.56 crore.

(c) *Monitoring of utilisation of funds*

Monitoring of utilisation of funds released to banks was ineffective

The Corporation had released Rs. 3.40 crore to various banks for disbursement of subsidy and margin money to the beneficiaries. However, details of the subsidy and loan actually disbursed by the banks and the number of beneficiaries involved were not available with it. Instead of ascertaining these details and reconciling them with the releases, the Corporation treated the entire amount released as final expenditure in its accounts. The obvious conclusion that emerges is that monitoring by the Corporation of the utilisation of the funds released to the banks was ineffective, if not non-existent.

(d) *Recovery of loans disbursed by the Corporation*

Adequate measures not taken to recover outstanding loans and interest

The Corporation disbursed loans aggregating to Rs. 35.91 lakh to 454 beneficiaries during 1992-93. These were to be recovered in 36 instalments. However, principal of Rs. 27.18 lakh alongwith interest thereon were outstanding against these beneficiaries as of November 2002. There was no evidence to establish that adequate measures were taken to recover loans that had fallen into arrears.

3.2.9 *Conversion of dry latrines*

Rs. 3 crore released by Government to the Municipal Corporation for conversion of dry latrines into waterborne ones remained almost entirely unutilised since 1994-95 and the scheme failed to take off

Scavengers could be rehabilitated successfully only when dry latrines were converted into waterborne ones so as to ensure that either they themselves do not continue in their old profession or new entrants do not replace them.

A scheme for the conversion of dry latrines was introduced in 1994-95 by the Government of India, Ministries of Urban Development and Rural Development. Under this scheme an assistance of Rs. 3,500 was to be provided as subsidy for the purpose and the remaining cost, if any, was to be borne by the beneficiaries. The benefit under the scheme was to be extended to an individual only once.

The implementation of this scheme was entrusted to the Municipal Corporation of Delhi and an amount of Rs. 3.00 crore was released by the Department of Welfare of Scheduled Caste/Scheduled Tribe/ Other Backward Classes to the Corporation for the conversion of 17,000 dry latrines.

Though 52,600 dry latrines were targeted to be converted during 1997-2002 (1997-98: 11,000; 1998-99: 11,000; 1999-2000: 6,000; 2000-01: 11,400; and 2001-02: 13,200), none was converted because the Corporation expressed its

inability to undertake the task. Consequently, but for expenditure aggregating to Rs. 1.08 lakh incurred during 1999-00 (Rs.0.37 lakh) and 2000-01 (Rs. 0.71 lakh), the funds provided remained almost entirely unutilised. The scheme also failed to take off.

1.39 lakh dry latrines still exist in Delhi

According to the Annual Plan document of the Government of NCT Delhi, for the year 2001-02 there were 1.39 lakh dry latrines in Delhi, most of them being in East Delhi. The survey conducted in 1997 had also brought out that 2,967 of the 7,961 scavengers identified (37 *per cent*) were located in East Delhi. Given the large number of dry latrines stated to be still in existence, it can be reasonably concluded that the practice of manual scavenging must be in vogue. In the circumstances, the view expressed by the Delhi Scheduled Castes Financial and Development Corporation in March 2000 that there were no more scavengers in Delhi would not appear to have an adequate factual basis. In fact, the State Level Monitoring committee referred to in the subsequent paragraph decided in February 2002 to commission a fresh survey of dry latrines in the Trans Yamuna Area.

3.2.10 Monitoring and Evaluation

A State Level Monitoring Committee under the Chairmanship of the Chief Secretary was constituted in January 1993 with the objective of monitoring the implementation of the National Scheme. The Committee was expected to meet at least once in three months.

During the period from 1997-98 to 2000-01 the shortfall in convening the meetings of the Committee ranged between 25 *per cent* and 75 *per cent*. The Department attributed the shortfall to the pre-occupation of the Chairman and non-submission of Action Taken Report by the implementing agency. Closer and periodical monitoring of the scheme might perhaps yielded better results.

3.2.11 Conclusion

The Scheme aimed at identification and training of scavengers with the ultimate objective of their rehabilitation in other dignified occupations.

Surveys undertaken for formulation of time-bound programme for the successful implementation of the scheme suffered from infirmities and their results were consequently inconsistent and unreliable. It is therefore not possible to conclude with any degree of confidence that an accurate assessment of the number of scavengers was made. Given the widespread and continued existence of dry latrines in the city, particularly in East Delhi, the claim of the implementing agency that there are no more scavengers in Delhi would be difficult to sustain.

Given the poor utilisation of funds, the limited success of the training and rehabilitation efforts, inadequate extension of financial assistance and other deficiencies highlighted in the review, the conclusions that the socially relevant scheme was not implemented with the seriousness that it rightly deserved and that such limited efforts as were made were also without focus and direction are fairly inescapable. That a scheme for the conversion of dry latrines into water-borne ones, which would have eliminated the practice of manual scavenging, was not implemented at all by the Municipal Corporation despite availability of funds only serves to reinforce these conclusions.

The audit findings were referred to the Government in June 2002; their reply was awaited as of December 2002.

Paragraphs

Land and Building Department

3.3 Irregularities in land acquisition

Mistakes in determination of compensation, incorrect calculation of interest, etc. resulted in excess payment aggregating to Rs. 263.40 lakh being made by Land Acquisition Collectors. Besides, slow progress in completion of land acquisition proceedings led to retention of substantial amounts outside Government account.

The Land and Building Department acquires land on behalf of all Government agencies in Delhi under the "Large Scale Acquisition, Development and Disposal of Land in Delhi" scheme, introduced in 1961. Departments send demands for acquisition to the Land Acquisition Collector concerned for identification of the land, following which a notification under the Land Acquisition Act is issued. In terms of the instructions of the Ministry of Finance (Department of Economic Affairs), all receipts on account of the cost of acquisition and compensation are to be initially credited to a Personal Ledger Account of the Housing Commissioner, Delhi Administration, opened in the books of the Reserve Bank of India, expenses on land acquisition being met by utilising funds available in this account. The Land and Building Department remits the funds required for paying compensation to land owners from the Personal Ledger Account to a current account operated by nine Land Acquisition Collectors.

Certain deficiencies and shortcomings noticed in the course of test-check in audit of the land acquisition records in the Land and Building Department and of the Land Acquisition Collectors for the period from 1996-97 to 2001-02 are mentioned in the following paragraphs.

(a) Section 17 of the Land Acquisition Act, 1894, provides that in cases of urgency, the Collector may, on expiry of fifteen days from the publication of a notice under Section 9(1) of the Act to the persons interested, take possession of any land needed for public purpose. Test-check of the records relating to 92 land acquisition cases revealed that the Land Acquisition Collectors had invoked this enabling provision of the Act in 55 of these cases. However, the

department failed to take possession of the lands in 27 of these cases even up to the date of declaration of the awards, which was done only after periods ranging from 368 to 739 days reckoned from the issue of notification under Section 6 of the Act.

In the remaining 28 cases, possession of the lands was taken by the department 16 to 693 days after issue of notifications under Section 6, as analysed in the following table:

Extent of delay	No. of cases
Up to 50 days	17
50 to 100 days	4
250 to 300 days	3
301 to 400 days	1
More than 500 days	3

In the circumstances, the purpose of invoking the enabling provision on grounds of urgency would appear to have been defeated apart from adversely affecting the projects for which the lands were to be acquired.

(b) According to Section 23 (2) of the Land Acquisition Act, 1894, while determining the amount of compensation, the market value of the land on the date of declaration/notification under Section 4 (1) is to be considered. Further, an additional amount calculated at 12 *per cent* and solatium at 30 *per cent* of the market value of the land are also payable on the compensation so determined. Test-check revealed that the Land Acquisition Collectors of the West and North East Districts had wrongly calculated the additional amount and *solatium* under Section 23 (2) in five cases on the total cost of the properties, which also included the cost of structures on the lands, instead of adopting only the market value of the lands. This resulted in excess payment of Rs. 248 lakh to the land owners.

(c) The compensation payable to one of the claimants in respect of land acquired in Bawana village worked out to Rs. 1.72 lakh only, in terms of the relevant award. However, the Department incorrectly paid Rs. 17.12 lakh to the claimant in July 1997 resulting in an overpayment of Rs. 15.40 lakh. A notice was issued to the claimant only in March 1999, 19 months after the date of payment, followed by a show cause notice in June 1999. The claimant had not however, refunded the excess amount received by him as of March 2002. The Department had also not fixed any responsibility for this error.

(d) On account of the slow progress in completion of land acquisition proceedings, the balances in the Personal Ledger Account had increased from Rs.84.74 crore in 1996-97 to Rs. 367.88 crore in 1999-2000. After this was pointed out by Audit, the Department transferred a sum of Rs.258.70 crore to the Current Account operated by the Land Acquisition Collectors during

2000-01. This resulted in an increase in the balance in the Current Account from a mere Rs. 20.83 crore in 1997-98 to Rs. 294.39 crore in 2001-02. The transfer of funds, which was obviously in excess of the requirements of the Land Acquisition Collectors, appeared to have been resorted to only with the objective of reducing the balance in the Personal Ledger Account. The injudicious action resulted in large sums being retained outside the Government account.

(e) The decision to entrust the operation of a single current account to as many as nine Land Acquisition Collectors would not appear to have been appropriate because they were not aware of the balance available individually to each of them in the current account. There was also no check on the payments made by them. Test-check of records relating to the North East and South West districts revealed that the Land Acquisition Collectors had not reconciled their accounts with the bank and the entries made in the Cash Book, counterfoils of cheque books and bank statements did not tally.

These cases were reported to the Government in July 2002; their reply was awaited as of December 2002.

Medical and Public Health Department

3.4 Deficiencies in procurement of vital equipment

On account of deficiencies in procurement of an essential accessory and failure to position trained personnel, investments of Rs. 51.35 lakh on vital medical equipment proved to be largely unfruitful to the detriment of the interests of patients.

The Deen Dayal Upadhyay Hospital is a major hospital of the Government of NCT of Delhi catering to a number of patients from West Delhi. Scrutiny in audit of cases of procurement and installation of vital medical equipment by the hospital revealed the following instances of non-realization of the intended objectives.

(A) Mobile C-Arm Imaging System

The Mobile C-Arm Imaging System is used by hospitals for diagnostic and therapeutic applications in Intensive Coronary Care Units. In order to ensure its mobility and full use, the system requires a Radiolucent C-Arm Table with wheels and multiple position control. The Hospital procured in September

2000 the Imaging System through the Directorate General of Supplies and Disposals at a total cost of Rs. 38.50 lakh. However, action was not initiated simultaneously to procure the C-Arm Table because the hospital was not aware of the fact that the table would not be a part of the system ordered. In the result, the system could not be commissioned soon after its procurement.

Efforts were made only in July 2001 to utilize the system in conjunction with another table procured for endoscopy. However, soon thereafter, defects were noticed in two of the components (X-Ray Generator and Inverter) in October 2001 because of damage to the high voltage cables caused by rats. On rectification of the defects, the system was made operational in May 2002, utilising a make-shift table. Optimal utilization of the system could not, however, be ensured in the absence of the C-Arm Table, action for the procurement of which was stated to have been initiated in July 2001.

(B) Refrigerated Blood Bank Centrifuge

The hospital runs a blood bank for whole body transfusion, which also serves as a regional blood transfusion centre for West Delhi. The blood bank did not, however, have facilities for preparation of blood components required by patients suffering from serious blood disorders, such as dengue, thalassemia, anemia, etc.

In April 1999, the Ministry of Health and Family Welfare had prescribed that every blood bank should have a Technical Supervisor possessing a degree in Medical Laboratory Technology with six months experience or a Diploma in the Technology with one year's experience for the preparation of blood components.

Without fulfilling the above requirement, the hospital imported a "Refrigerated Blood Bank Centrifuge", along with accessories from Germany in October 2001 at a total cost of Rs. 12.85 lakh. The equipment could not, however, be commissioned because the Drug Controller, Delhi, did not issue the necessary licence to the hospital on the ground that qualified staff in terms of the requirements notified by the Ministry of Health and Family Welfare were not available. Consequently, patients were being referred to the Indian Red Cross Society. No action had been initiated for appointment of the technical supervisor as of September 2002, to enable utilization of the equipment.

Failure to (a) ensure concurrent procurement of the Radiolucent C-Arm Table with the Imaging System, which should have been possible by a proper assessment of the system requirements and better coordination with the Directorate General of Supplies and Disposals; and (b) ensure the positioning, in advance, of qualified personnel to facilitate the commissioning of the Centrifuge necessitated ad-hoc interim arrangements for the former affecting

its optimal utilization and resulted in non-commissioning of the latter even after nearly two years. Consequently, notwithstanding investments of Rs. 51.35 lakh, patients were deprived of essential diagnostic and curative facilities.

These cases were referred to the Government in September 2002; their reply was awaited as of December 2002.

3.5 Extension of undue benefit due to non-revision of user charges

Failure of the Deen Dayal Upadhyay Hospital to review and revise water supply charges recoverable from occupants of its staff quarters resulted in acceptance of an avoidable recurring liability and consumption of water by the occupants being subsidized to the detriment of its financial interest.

The Delhi Jal Board has provided three connections to Deen Dayal Upadhyay Hospital for supply of water to the hospital premises and its staff quarters and had installed bulk meters for recording water consumption and raising of demands for water charges. One of these three meters was meant exclusively for recording consumption in the 369 staff quarters.

While the hospital paid water charges to the Jal Board on behalf of occupants of the staff quarters based on the consumption recorded in bulk meter, it, however, recovered these from the pay and allowances of the occupants at flat rates, varying from Rs. 9 to 20 per month depending on the type of quarter, fixed in 1989-90.

Audit scrutiny revealed that the Delhi Jal Board had revised the applicable water tariff in July 1998, the extent of increase being as high as 337 *per cent*. No action was, however, taken by the hospital to revise the user charges recoverable from the occupants of the staff quarters so as to ensure that these corresponded to the tariff of the Jal Board. Consequently, whereas the hospital paid Rs. 31.53 lakh to Jal Board on behalf of the occupants during July, 1998 to March, 2002, it recovered only Rs. 1.83 lakh from them during this period. This resulted in the hospital accepting an avoidable additional liability of Rs. 29.70 lakh, which should normally have been borne by the occupants themselves.

On this being pointed out in audit, the hospital authorities stated (September 2002) that the water charges were fixed by the then Medical Superintendent and were similar to the rates fixed by the Land and Building

Department for recovery from the occupants of the General Pool accommodation provided by the Delhi Government to its employees.

Notwithstanding the fact that the user charges fixed as far back as in 1989-90 were based on those fixed in respect of the General Pool accommodation, review by the hospital of the expenditure incurred on water charges and of the recoveries effected on this account would have revealed the wide variations. Prudence also dictated a periodical review of user charges. Revision of these charges either in consultation with the Land and Building Department or on its own initiative (as was in fact done by the Medical Superintendent on the earlier occasion) would have enabled the hospital to ensure that the user charges corresponded to the revised tariff of the Jal Board and safeguarded its financial interest. In the alternative, individual water meters could have been got installed in the staff quarters, consumption charges being paid by the occupants directly to the Jal Board. Failure to do so resulted in avoidable recurring additional liability on this account and in the occupants of the staff quarters being subsidized to the detriment of the hospital's financial interests.

The matter was referred to the Government in August 2002; their reply was awaited as of December 2002.

3.6 Avoidable additional liabilities attributable to load violation and low power factor

Failure of three Delhi hospitals to take timely and effective remedial measures to ensure adherence to the stipulations of Delhi Vidyut Board resulted in avoidable and recurring additional liabilities on account of energy charges aggregating to Rs. 977.50 lakh.

The Delhi Vidyut Board levies load violation charges and misuse charges at 30 *per cent* and 50 *per cent* of the tariff respectively if the consumption of electricity exceeds the contracted demand.

Scrutiny in audit of the electricity bills paid by the Medical Superintendents, Lok Nayak, Deen Dayal Upadhyay and Sanjay Gandhi Memorial Hospitals revealed that they paid an amount of Rs. 590.87 lakh as load violation charges and Rs.165.95 lakh as misuse charges during varying periods between April 1995 and March 2002 for having consumed electrical energy in excess of the

sanctioned load. Relevant details are tabulated below:

(Rupees in lakh)

Sl. No.	Name of the hospital	Load violation charges		Electricity misuse charges	
		Period	Total	Period	Total
1.	Lok Nayak Hospital	9/96 to 2/02	502.73	9/96 to 9/97	132.34
2.	Deen Dayal Upadhyay Hospital	4/95 to 10/97	36.64	--	--
3.	Sanjay Gandhi Memorial Hospital	9/2000 to 3/2002	51.50	9/2000 to 5/2001	33.61
	Total		590.87		165.95

Payment of these additional charges could have been avoided had action been taken to review the power requirements and to appropriately enhance the contracted load.

Further, the Board also levies a surcharge at 20 *per cent* of the basic demand charges plus energy charges if the average power factor is below 0.85, which can be maintained by installing a shunt capacitor of requisite capacity.

On account of failure to maintain the prescribed power factor, the three hospitals also had to pay low power factor surcharge aggregating to Rs. 220.68 lakh between April 1995 and December 2001 as indicated below:

(Rupees in lakh)

Sl. No.	Name of the hospital	Low power factor surcharge	
		Period	Total
1.	Lok Nayak Hospital	9/96 to 11/00	65.72
2.	Deen Dayal Upadhyay Hospital	4/95 to 11/00	140.00
3.	Sanjay Gandhi Memorial Hospital	10/99 to 12/01	14.96
	Total		220.68

It was observed that, while the Sanjay Gandhi Memorial Hospital had not installed shunt capacitors even as of June 2002, the Lok Nayak and Deen Dayal Upadhyay Hospitals had, however, installed these in October 1997 and November 1999 respectively. Nevertheless, they continued to be liable for the payment of the surcharge upto November 2000. The reasons therefor were, however, not analysed with a view to taking appropriate remedial measures.

Failure of the three hospitals to take timely and effective remedial measures to ensure adherence to the terms and conditions governing the supply of electricity resulted in avoidable additional payment of energy charges aggregating to Rs. 977.50 lakh.

The matter was referred to the Government in July 2002; their reply was awaited as of December 2002.

Transport Department

3.7 Construction of Bicycle Paths

On account of the unconscionable delay in arriving at decisions on the results of a study commissioned in June 1996 for preparation of a bicycle map for Delhi to facilitate construction of segregated tracks for cyclists, the objectives sought to be achieved have remained unrealized notwithstanding investments aggregating to Rs. 49.50 lakh. In the meantime, there has also been a steady increase in the number of cyclists involved in fatal road accidents since 1998-99.

Statistics on road accidents revealed that about 20 *per cent* of the victims of accidents caused by buses and heavy transport vehicles, which generally occupy the left lanes of roads, were commuters using slow-moving two-wheelers. Efficient management of traffic was also hampered on account of bicycles occupying the major portion of the left lanes of most roads. Various studies had pointed to the need to segregate the movement of bicycles from the main roads. The Delhi Master Plan therefore envisaged, as one of its objectives, the construction of fully or partially segregated Bicycle Paths on thoroughfares to cater to the significantly large number of commuters who use cycles. In June 1996, Government set up a Task Force on development of bicycle tracks and preparation of an action plan for the purpose.

After due deliberation, the Task Force came to the conclusion that an urgent study was necessary to develop a bicycle map for Delhi and recommended that this study be entrusted to the Foundation for Innovation and Technology Transfer of the Indian Institute of Technology. Accordingly, the Department entrusted the study to the Foundation in June 1996 at a cost of Rs. 49.50 lakh. Based on the study, the Project Team of the Foundation was to prepare, *inter alia*, a Geographical Information System (GIS) based comprehensive bicycle route master plan and detailed designs of various road sections and intersections and evolve a phased programme for implementation of the master plan. The Team was also required to identify some tracks that could be taken up for immediate implementation.

An advance payment of Rs. 41 lakh was made to the Foundation in March 1997. The remaining amount of Rs. 8.50 lakh was also released at the end of six months (Rs. 5 lakh) and on submission of the report (Rs. 3.50 lakh). The Foundation submitted its report titled "Road Designs for Improving Traffic Flow: A Bicycle Master Plan for Delhi" in August 1998. The report included, *inter alia*, detailed design solutions for construction of bicycle tracks in two

corridors (Nand Nagari to Wazirabad Bridge and Preet Vihar to Mandi House).

In October 1998, the Lieutenant Governor constituted an Implementation Committee to be chaired by the Commissioner (Transport) for consideration of the recommendations contained in the report. The Committee met only on three occasions in October and December 1998 and March 1999 and decided to obtain the comments of individual members. While the required comments were not received, the matter was also not pursued further to its logical conclusion. Consequently no decisions had been taken on the report of the Foundation as of May 2002, even after the lapse of nearly four years since its submission.

On this being pointed out in audit, the Department stated (May 2002) that the report was being evaluated by a committee of senior officers and technocrats prior to its implementation and that efforts were being made to arrive at decisions on taking up the two identified corridors as early as possible. Subsequently, the Commissioner (Transport) stated (July 2002) that action on such reports required coordination with public representatives, local authorities, the Police and other land and road owning agencies and that the Department had taken up this issue with the agencies concerned and their reports would be utilised in implementing the Bicycle Master Plan.

Audit scrutiny, however, revealed that the issue was revived by the Department only during 2002. It was also only after receipt of the audit observations that instructions were issued to the agencies concerned in August 2002 to initiate immediate action, wherever called for, for implementation of the Foundation's report.

In the absence of any action on the report after March 1999 and on account of the unconscionable delay in arriving at decisions thereon, the objectives sought to be achieved by entrusting the consultancy study to the Foundation have remained unrealized notwithstanding investments aggregating to Rs. 49.50 lakh. In the meantime, there has also been a steady increase in the number of cyclists involved in fatal road accidents since 1998-99 as would be evident from the data presented in the following table:

Year	Total number of fatalities in Road Accidents	Number of cyclists involved	Percentage
1997-1998	1850	166	9
1998-1999	2166	184	8.5
1999-2000	2002	202	10
2000-2001	1994	300	15

Chapter 4: Public Works Department

Paragraphs

4.1 Non-adherence to fire safety norms in Players' Building

Failure to ascertain the specific fire safety requirements and ensure that the existing ramps and plaza of the Players' Building conformed to these requirements before awarding the related improvement works resulted in these requirements being compromised, notwithstanding expenditure of Rs. 46.43 lakh.

As part of the project for remodelling of the Players' Building in the Indira Gandhi Stadium Complex, the Project Manager awarded the work of rehabilitation of the existing portion of the vehicular ramps providing access to the building and construction of their balance portion to a contractor in August 1998. The work commenced in August 1998 and was to be completed in November 1998. At the time of commencement of the work, recommendations of the Chief Fire Officer, Delhi Fire Service, on the adequacy of the safety measures against fire hazards based on scrutiny of the building plans had, however, not been received.

While the work was still in progress, the Chief Fire Officer pointed out *inter alia* in May 1999 that the main entrance of the building should be of adequate width to allow easy access to the fire tenders. He had further recommended that the ramps and plaza should be of a hard surface and be capable of bearing the weight of the fire engines (45 tonnes) for easy movement. The Project Manager did not, however, review the adequacy of the designed load bearing capacity of the ramp in the light of these significant recommendations so as to initiate appropriate corrective measures from the fire safety angle. Instead, the contractor was allowed to complete the work, which was done in October 1999, and payments aggregating to Rs. 46.43 lakh were also made to him in full and final settlement.

Audit scrutiny revealed that the Department had informed the Executive Engineer (E), Players' Building Project, only in August 2000 that the designed load bearing capacity of the vehicular ramps was class 'B' train of loading according to IRC standards, equivalent to a maximum axle load of 6.80 tonnes only. The Executive Engineer was also informed that it would

therefore, not be advisable to use these ramps as approaches for heavy vehicles.

The Chief Fire Officer had noted in November 2000 that, according to the Departmental authorities, the strengthening of the ramps had been planned and was likely to be completed within a period of five to six months. However, the proposed strengthening had not been undertaken even as of May 2002 though the Government Secretariat had shifted to the Players' Building.

The Department stated (May 2002) that the contractor having completed more than 60 *per cent* of the columns and 90 *per cent* of the foundation work, the incomplete plaza and ramps were handed over to the Public Works Department, which got the remaining work completed to match the existing structure and that this was done before the observations of the Chief Fire Officer were received. The Department added that though the process to strengthen the ramps and plaza was initiated based on the observations of the Chief Fire Officer, the proposal submitted by the consultant was not found feasible because the building and, in particular, the affected areas had already been occupied. The Department further stated that another proposal that would cause the least disruption to the occupants and would also be feasible was being envisaged.

However, the works relating to the ramps were still in progress when the observations of the Chief Fire Officer were received in May 1999. More importantly, having due regard to the imperative need to adhere to the fire safety norms, commencement of the work in August 1998 without ascertaining the specific safety requirements and ensuring that the existing ramps and plaza conformed to these specifications would not appear to have been prudent. Though the building has already been occupied, free and unhindered access for the Fire Service in the event of a fire is yet to be provided and safety standards have been compromised in the process. It would appear *prima facie* that the fire safety requirements were not considered with the seriousness that they rightly deserved. Further, considering the fact that the present load bearing capacity of the ramps is only 6.80 tonnes as against the stipulated requirements of 45 tonnes, substantial cost overrun is also likely and the expenditure of Rs. 46.43 lakh already incurred could also prove infructuous in the final analysis.

The matter was referred to the Government in September 2002; their reply was awaited as of December 2002.

4.2 Idle investment

Failure to pursue with a sense of urgency the question of conversion by the Delhi Vidyut Board of the high tension overhead transmission lines traversing the Players' Building into underground feeder cables resulted in investment of Rs. 90.48 lakh remaining idle for over two years, with its attendant impact on costs.

Following the decision to remodel the Players' Building to accommodate the Secretariat of the Delhi Government, the Project Manager requested the Delhi Vidyut Board in February 1999 to shift two 33 KV high tension overhead transmission lines that were passing in front of the main VIP entrance of the Building and through the campus. It was only in February 2000 that the Board submitted, after a joint inspection, an estimate for Rs. 88.44 lakh for converting the overhead lines to underground feeder cables. This amount was paid to the Board in August 2000. Further Rs. 0.17 lakh was paid in December 2000, as additional charges @ 12 per cent towards cost escalation demanded by the Board in October 2000.

While the work was yet to be taken up, the Project Manager informed the Board in September 2000 that, while the building had been partially occupied, the overhead conductor had broken twice within the span of a month and that a person was also reported to have died in the process due to electrocution. The Board was therefore urged to expedite the conversion of the overhead lines for which payment had already been made so as to avoid further accidents.

Action to ensure the provision of underground feeder cables was, however, not taken immediately thereafter. A further amount of Rs. 1.87 lakh, representing the difference in cost, was, however, paid to the Board in June 2001. The issue had also not been effectively pursued by the project authorities till August 2001, when the Board was again requested to execute the work at the earliest. In response, the Board forwarded the drawings for the laying of the underground cables in August 2001 for according the necessary approval. However, the drawings were not approved even thereafter and the Board had consequently not taken up the work even as of July 2002.

On this being pointed out in audit, the Department stated (November 2002) that all functions hitherto performed by the Delhi Vidyut Board for distribution of power having been transferred to private companies, the drawings submitted in August 2001 had ceased to be of relevance and that the private distribution company responsible (BSES, Yamuna Power Company Limited) would take up this work only if the amount already paid to the Board

was transferred to it. The Department added that the Special Secretary (Power) had been requested to resolve this issue in consultation with the Delhi Vidyut Board.

The power distribution functions of Delhi Vidyut Board were privatized only with effect from July 2002. The proposal for shifting the overhead transmission lines had also been initiated as early as in February 1999. In the circumstances, it ought to have been possible for the project authorities to ensure that the work, considered essential, was executed at least during the intervening period of more than three years if not before the Delhi Secretariat shifted to the Players' Building. The Department's reply is also silent about the reasons for not approving the drawings submitted by the Board nearly a year prior to the privatization of its distribution functions. It would appear *prima facie* that this issue was not pursued with the sense of urgency that it deserved. Failure to do so resulted in the investment of Rs. 90.48 lakh for the conversion of the overhead lines into underground feeder cables remaining idle for over two years. Besides, the estimates prepared during 1999-2000 may no longer be valid and additional investments could conceivably be necessary to remedy what is admittedly a hazardous situation.

The matter was referred to the Government in November 2002; their reply was awaited as of December 2002.

4.3 Avoidable additional payment on account of cost escalation.

Failure of the Department to adhere to the codal provisions and ensure unhindered execution of works by two contractors resulted in avoidable additional payments aggregating to Rs. 409.35 lakh on account of escalation in the cost of labour and materials.

Rules envisage that the Public Works Department should not issue tender notices unless all tender documents including complete set of architectural and structural drawings and sites free from encroachment and hindrance are available¹. The Department is also responsible for supplying these documents, drawings and stipulated materials to the contractors according to the schedule agreed upon in the contracts as well as for ensuring adequate coordination with various agencies involved for the unhindered and timely execution of works.

¹ Para 4.21 and 17.3.2 of CPWD Manual Vol.II.

Earlier Reports of the Comptroller and Auditor General of India² had highlighted instances of avoidable payments on account of cost escalation to contractors, attributable to inadequate preparatory work done by the Public Works Department.

The Executive Engineer, Public Works Division, XIV entrusted the following two works to contractors in September 1994 and January 1999 without ensuring these essential requirements before finalising the relevant contracts resulting in the works not being completed as stipulated:

Sl. No.	Particulars of work	Tendered cost (Rs. in lakh)	Date of completion		Extent of delay in completion (in days)
			Scheduled	Actual	
1.	Construction of 4 flyovers and sub-ways in Delhi ³	4080	21.01.2000	18.7.2001	545
2.	Re-construction of the existing bridge across Najafgarh Drain on Ring Road	351	06.10.1996	17.4.2001	1655

The slippages in the completion schedules in these two cases were primarily attributable to the Department, the reasons for which have been analysed in the following table:-

Sl. No.	Nature of delay	Construction of flyovers		Reconstruction of existing bridge	
		Extent of Delay		Extent of Delay	
		In Days	Percentage	In Days	Percentage
1.	Belated approval of drawings	190	35	1138	69
2.	Making available the site to the contractor	178	32	350	21
3.	Shifting of service lines	41	7	-	-
4.	Other reasons	141	26	167	10
	Total	550⁴		1655	

² Para No. 3.16, 3.12, 3.248 to 3.252 and 4.3 of Audit Report of Comptroller and Auditor General of India on Government of NCT of Delhi for the year ended 31 March 1996, March 1999, March 2000 and March 2001 respectively.

³ Subsequently during execution, the scope of the works to be executed was reduced as a result of deletion of one of the four sub-ways on account of site constraints and other administrative reasons.

⁴ Against this Extension of Time of 545 days was recommended.

Consequently, the two claimed additional payments, representing the difference in the cost indices of labour and materials on account of the delays attributable to the Department. Payments aggregating to Rs. 336.06 lakh and Rs. 73.29 lakh were resultantly made by the Department on account of cost escalation in respect of these two contracts upto 30 April 2001⁵ and 17 April 2001 respectively. These payments totalling Rs. 409.35 lakh could have been avoided had the Department adhered to the codal provisions and ensured the timely availability of the sites and drawings and coordinated with other agencies such as the Delhi Vidyut Board, Jal Board, Mahanagar Telephone Nigam Limited, Flood Control Department, etc.

The matter was referred to the Government in September 2002; their reply was awaited as of December 2002.

4.4 Avoidable financial burden

Failure to ensure timely availability of structural and architectural drawings to the contractor and enable the unhindered execution of the works delayed their completion and resulted in the Government having to bear an additional financial burden of Rs. 86.91 lakh, of which Rs. 42.91 lakh would otherwise have been reimbursed by the International Development Association in the form of a soft loan.

The Institute of Printing Technology in the campus of the Pusa Polytechnic of the Department of Training and Technical Education was to be established under the Second Technician Education Project funded by the World Bank (International Development Association).

Public Works Division-27 invited composite tenders covering the civil, electrical, air-conditioning and horticultural works in January 1997. The lowest tenderer failed to furnish the stipulated performance security. The contract for these works was therefore awarded in January 1998 to the second lowest tenderer at a cost of Rs. 171 lakh. The works were to commence on 17 February 1998 and were to be completed within a period of 12 months by 16 February 1999.

⁵ Though the works were completed only on 18 July 2001, payment was restricted only upto 30 April 2001 because the flyovers had been opened to traffic on 15 May 2001 pending the provision of electricity connection and the contractor had accepted that no loss had been suffered on this account.

The works were, however, completed only on 5 December 2000 after a delay of 658 days at a total cost of Rs. 214.98 lakh. Reasons for the time overrun were as follows:

Reason	Number of Days
Belated issue of various structural drawings by consultants and architects	446
Delay in arriving at decision in regard to colour scheme	44
Delay in deciding type of chips to be used	32
Other reasons	136

While the Department did not fix responsibility for these delays, the International Development Association agreed to reimburse only such expenditure as had been incurred up to 31 October 1999 and accordingly reimbursed a sum of Rs. 128.07 lakh, the remaining expenditure (Rs. 86.91 lakh) being borne by the State Government.

Audit scrutiny revealed that of the expenditure of Rs. 86.91 lakh borne by the State Government, an amount of Rs. 42.91 lakh was not reimbursed by the International Development Association because of the belated completion of the project, while the balance amount of Rs. 44 lakh represented the cost overrun attributable to changes in scope and deviations (Rs. 23 lakh), inclusion of additional items not provided for in the contract (Rs.11 lakh), substitutions (Rs. 3 lakh) and escalation in cost of materials and labour during the intervening period (Rs. 7 lakh). Considering the fact that the cost overrun attributable to factors other than escalation constituted 22 *per cent* of the original tendered cost, it would appear that the original estimates were not realistic or reliable.

Failure of the Department to ensure that all structural and architectural drawings were made available to the contractor in time and enable the unhindered execution of the works delayed their completion as stipulated and resulted in the Government having to bear an additional financial burden of Rs. 86.91 lakh, of which Rs. 42.91 lakh would otherwise have been reimbursed by the International Development Association as a soft loan repayable over a period of 25 years.

The matter was referred to the Government in September 2002; their reply was awaited as of December 2002.

4.5 Irregular expenditure on deployment of personnel

Unauthorised deployment, without competent authority's sanction, of personnel in excess of the sanctioned strength resulted in irregular expenditure of Rs. 38.16 lakh.

Public Works Division XXI is responsible for the upkeep and maintenance of the Ring Road from Raj Ghat to Ashram Chowk, Bhairon Road, Kisan Ghat Road, Delhi Sachivalya Road, S.A. Road and other PWD Roads within its jurisdiction.

The Finance Department of Government of NCT of Delhi had sanctioned only four posts of Chowkidars for the office premises of this Division. However, as many as 17 Chowkidars were in position, resulting in the deployment of 13 Chowkidars in excess of the sanctioned strength. Besides, a Works Assistant had also been deployed by the Division though the post had not been specifically sanctioned. Expenditure incurred by the Division on the pay and allowances of these personnel deployed unauthorisedly aggregated to Rs. 17.89 lakh during the period from April 2001 to August 2002.

Further, notwithstanding the availability of 13 Chowkidars in excess of the sanctioned strength, the Division also engaged the services of 40 private security guards during April 2001 to August 2002 and incurred expenditure of Rs. 20.27 lakh on their deployment without the approval of the Competent Authority. While no justification for engaging their services was available on record, the entire expenditure on their deployment in the Divisional office, Sub-divisions, Enquiry offices, various stores, ITO subway, etc. was irregularly classified as works expenditure.

The Executive Engineer stated that the competent authority had been approached for sanction to the 13 posts of Chowkidars and a post of Works Assistant. He added that the private security guards had been engaged for safeguarding the Government properties and stores under the jurisdiction of the division round the clock and that the expenditure on their deployment had been correctly classified as works expenditure.

However, in terms of paragraph 4.33 of the Central Public Works Department Manual, Divisional Officers are empowered to incur contingent expenditure only in respect of on-going works. Expenditure on regular watch and ward arrangements of Government properties can, by no means, be treated as works expenditure. Deployment of personnel in excess of the sanctioned strength and of private security guards without the approval of the competent authority resulted in irregular expenditure of Rs. 38.16 lakh.

The matter was referred to the Government in October 2002; their reply was awaited as of December 2002.

4.6 Unfruitful expenditure on construction of City Museum

On account of failure to foresee restrictions on construction activities in the vicinity of protected monuments, a prestigious project for the construction of a City Museum conceived more than fifteen years ago is yet to take off, resulting in expenditure of Rs. 30.85 lakh initially incurred remaining unfruitful and in the non-realisation of the objectives envisaged. More than 50 per cent of the land acquired for the purpose having been taken over in the meantime by the Delhi Metro Rail Corporation, the concept of the project itself may have to be reviewed and changes that may be necessary as a consequence in the scope of the project and the time overrun will have an inevitable impact on the project cost.

Based on a decision of the Lieutenant Governor in July 1986 to construct a City Museum in Delhi, a high level committee constituted for the purpose in June 1987 approved its location on a 22-acre plot at Kashmere Gate. The Sahitya Kala Parishad, an autonomous body under the Government, was responsible for financing the project considered to be a prestigious one.

In December 1990, the Sahitya Kala Parishad issued administrative approval and expenditure sanction for implementation of the project as a deposit work by the Public Works Department at an estimated cost of Rs. 4.95 crore, against which provision of funds amounting to Rs. 1.96 crore was approved. A sum of Rs. 98.50 lakh was also paid to the Department (Construction Division- XXV) earlier in May 1990 towards the preliminary works relating to the project.

On allotment of the land to the Sahitya Kala Parishad by the Land and Development Office and after obtaining approval of the local bodies, tenders were invited in May 1994. The lowest offer received in response to the tenders invited in May 1994 was Rs. 3.62 crore. While the offers were under consideration, the estimates in respect of phase I of the project were revised to Rs. 8.33 crore in October 1994 after excluding the auditorium, development of the area, etc. originally envisaged. In the absence of any assurance from the Sahitya Kala Parishad about its willingness to provide additional funds to meet the project cost, it was decided to execute the project as a Plan scheme. The tenders were therefore rejected in March 1995. In the meantime, the Construction Division had incurred expenditure aggregating to Rs. 30.85 lakh

on purchase of land, preparation of the layout plan, issue of advertisements, shifting of water supply lines, etc.

The preliminary estimates in respect of the project were again updated to Rs. 9.07 crore and modified further to Rs. 12.11 crore in July 1996. Tenders for construction of the Museum building at an estimated cost of Rs. 6.85 crore were, however, invited only more than four years later in November 2000.

The work, awarded in December 2000 at the tendered cost of Rs. 7.20 crore, was to commence in March 2001 and was to be completed by March 2003. An interest-bearing mobilisation advance of Rs. 30 lakh was paid to the contractor against a bank guarantee of Rs. 34 lakh provided by him. However, on commencement of the work and excavation of part of the foundation, the Archaeological Survey of India had issued a show cause notice to the Department pointing out that the construction of the building in a prohibited area in the vicinity of the adjoining protected monuments was unauthorised and illegal. As a result, the work had to be suspended and had not been resumed as of June 2002. In the meantime, the Delhi Metro Rail Corporation had taken over permanently 11.86 acres of the land for construction of the Metro. Details of the payment, if any, made on this account by the Corporation were not readily ascertainable.

The Division stated (June 2002) that an application for issue of a No Objection Certificate by the Archaeological Survey of India had been made immediately on receipt of the show cause notice and that this question was still under consideration of the latter. The Division added that the mobilisation advance paid to the contractor had not been recovered in anticipation of further execution of the work on receipt of the Certificate from the Archaeological Survey of India and that this will be adjusted from the contractor's on account bill that was yet to be paid.

In this milieu, the prestigious project conceived more than fifteen years ago is yet to take off and the expenditure of Rs. 30.85 lakh initially incurred on behalf of the Sahitya Kala Parishad has remained unfruitful and the objectives have remained unrealised. The mobilisation advance of Rs. 30 lakh is also yet to be recovered. The restrictions on construction activities in the vicinity of protected monuments should have also been foreseen. More importantly, as a result of more than 50 *per cent* of the land acquired for the purpose having been taken over by the Delhi Metro Rail Corporation, the concept of the project itself may have to be reviewed and revised even if the No Objection Certificate from the Archaeological Survey of India is obtained. Such changes as are introduced in the scope of the project and the time overrun will necessarily have an impact on the project cost.

The matter was referred to the Government in June 2002; their reply was awaited as of December 2002.

4.7 Non-recovery of outstanding dues from a defaulting contractor

Failure of the Department to initiate prompt and effective action to enforce recovery of Rs. 17.68 lakh from a defaulting contractor resulted in the dues remaining unrealized for nearly two years to the detriment of Government's financial interests.

According to the standard conditions of contract of the Central Public Works Department, if a contractor fails to complete the work entrusted to him within the stipulated time, the contract is to be rescinded and the balance work got executed through another agency or departmentally at the risk and cost of the defaulting contractor.

The Executive Engineer, PWD-XIV Division, awarded the work relating to the widening and strengthening of Road No.25 from its junction with Road No. 89 to 'R' Block, New Rajender Nagar, to a contractor in June 1995 at the tendered cost of Rs. 90.95 lakh, against the estimated cost of Rs. 1.18 crore. The work was stipulated to commence in June 1995 and was to be completed in June 1996. However, on account of slow progress, the Executive Engineer rescinded the contract at the risk and cost of the contractor in October 1998. The contractor had by then executed work valued at Rs. 58.38 lakh, and payment of Rs. 46.53 lakh had also been made to him.

The Executive Engineer awarded the remaining work valued at Rs. 36.27 lakh to another contractor in April, 1999 at the risk and cost of the first contractor at the tendered cost of Rs. 51.48 lakh. The remaining work was completed at a cost of Rs. 66.05 lakh in August 2000.

In terms of the risk and cost clause in the agreement, an amount of Rs. 21.34 lakh was determined to be recoverable from the first contractor. However, apart from informing the contractor in October 1999 and March 2001 of the amount recoverable from him under the 'risk and cost' clause, the Division did not take effective steps to enforce the recovery.

Additionally, the Superintending Engineer (DS&CM) levied compensation amounting to Rs. 11.83 lakh in May 2002 for disproportionate/slow progress of work, which was also held to be recoverable from him.

As against the aggregate amount of Rs. 33.17 lakh held to be recoverable from the contractor, a sum of Rs. 15.49 lakh only was available with the Department, representing the balance amount payable to him for works executed by him (Rs. 10.45 lakh), security deposit paid by him (Rs. 4.69 lakh) and security recovered from the running bills (Rs. 0.35 lakh). The balance amount of Rs. 17.68 lakh had not, however, been recovered as of June 2002.

On this being pointed out in audit, the Chief Engineer stated (June 2002) as follows:

- While details of the amount due from the contractor had been circulated to other Divisions in June 2002, the Division was also being advised to initiate a proposal for the appointment of an arbitrator to adjudicate the dispute as it was likely that the contractor might not respond to the communication sent to him.
- Since recovery of the compensation levied could not be referred to arbitration in the light of a Supreme Court judgement, the Executive and Superintending Engineers were being advised to make an immediate reference for filing a suit for its recovery in a competent court.

It would, therefore, be evident that effective action was not initiated promptly to enforce recoveries due from the defaulting contractor and to safeguard Government's financial interests. Details in this regard were also circulated to other Divisions only after the non-realization of the dues was pointed out in audit. Had prompt action been initiated, recoveries could have been effected and the necessity for arbitration and protracted litigation avoided.

The matter was referred to the Government in July 2002; their reply was awaited as of December 2002.

Chapter 5: Municipal Corporation of Delhi

Reviews

5.1 Provision of Basic Facilities in Primary Schools

This review focuses on the performance of the Municipal Corporation of Delhi in regard to the implementation of various schemes involving capital expenditure on expansion of primary education, welfare of children and the provision of basic infrastructure facilities in the schools. The review revealed that the Corporation could achieve only partially its objective of opening new schools and enrolment of additional children. Text books were provided to the students after considerable delays. While no uniforms were supplied in some years, winter jerseys were supplied at the end of the winter season. The Corporation also failed to provide adequate classrooms, replace tented accommodation with pucca or semi-pucca accommodation and provide other basic amenities like water, electricity and lavatory/ toilet facilities notwithstanding availability of funds. As against the requirement of 3,908 new classrooms, the Corporation could take up construction of only 1,849 classrooms during the last five years ending March 2002. At the same time in 41 schools, 354 rooms were constructed in excess of requirement. Audit also noticed instances of time overruns in completion of five school buildings. There was a delay ranging from 17 to 41 months resulting in cost overrun of Rs. 3.44 crore.

Highlights

Between 1997-98 and 2001-02 the Municipal Corporation failed to utilise funds totalling Rs. 56.60 crore meant for expansion of primary schools and welfare schemes.

The Corporation also failed to provide uniforms to the students during 1998-99 and 2001-02.

Planning for the construction of class rooms was neither realistic nor systematic. As against the requirement of 3,908 new classrooms, construction of only 729 classrooms was completed up to March 2002. While there was a shortage of rooms in some schools, 354 rooms were found to be in excess of requirement in 41 other schools.

There was a cost overrun of Rs. 3.44 crore besides time overrun of 41 months in five cases of construction of schools.

The Corporation incurred aggregate expenditure of Rs. 86.37 lakh on watch and ward arrangements and rent in respect of 25 buildings housing schools which were not functional for periods ranging from 2 to 34 years. This included rent of Rs. 23.63 lakh paid in respect of six buildings, five of the rented buildings having been declared dangerous, their continued renting lacked justification.

Number of schools were deficient in basic amenities such as toilets, drinking water, electricity, proper seating arrangements etc.

5.1.1 Introduction

Under the Delhi Municipal Corporation Act, 1957, primary education is an obligatory function of the Municipal Corporation. The Corporation provides educational facilities up to the primary classes for children in the age group of 5 to 11 years. The National Policy on Education emphasises that the thrust in elementary education should be on (i) universal enrolment and retention of children up to 14 years of age; and (ii) substantial improvement in the quality of education. With a view to achieving these objectives, the Corporation implements various schemes, involving capital expenditure, including those relating to the expansion of primary education, provision of various amenities in schools, welfare of children, etc.

5.1.2 Organisational set up

The Director, Primary Education, is responsible for the overall planning and implementation of various schemes undertaken by the Corporation in the Education Sector. He is assisted by an Additional Director, Deputy Education Officers and Assistant Education Officers. Construction activities are

entrusted to the Corporation's Engineering Wing headed by the Engineer-in-Chief, who is assisted by Chief Engineers, Superintending Engineers and Executive Engineers. The Director, Primary Education, and the Engineer-in-Chief work in close co-ordination under the overall control of the Commissioner, who is the Chief Executive Officer of the Corporation.

5.1.3 Scope of Audit

Records relating to the schemes were test-checked in the Directorate of Education, Engineering Wing and 10 of its 47 divisions and 156 schools with a view to assessing how effectively these schemes were planned, implemented and executed by the Corporation during the period from 1997-98 to 2001-02.

5.1.4 Financial Management

The Department of Urban Development, Government of NCT Delhi, releases lump sum grants-in-aid to the Corporation for implementation of various schemes in the education sector. In addition, the Government of India also provides grants-in-aid to the Corporation under the Basic Minimum Services Scheme for replacement of tented accommodation by pucca or semi-pucca accommodation. Details of the scheme-wise and year-wise allocation of funds, receipts of grant-in-aid for capital works and expenditure there against were as follows:

Table 5.1.1: Expansion of Primary Education and Welfare Schemes

(Rupees in crore)							
Sl. No.	Name of the scheme	1997-98	1998-99	1999-00	2000-01	2001-02	Total
1.	Expansion of Primary Education						
	Original allocation	9.35	13.67	18.46	25.30	34.50	101.28
	Revised allocation	9.35	11.20	18.75	23.85	12.60	75.75
	Expenditure	8.80	2.09	6.06	18.81	7.50	43.26
	Savings w.r.t. revised allocation	(-)0.55	(-)9.11	(-)12.69	(-)5.04	(-)5.10	(-)32.49
2.	Welfare Schemes						
	Original allocation	11.00	15.22	11.06	19.50	23.68	80.46
	Revised allocation	7.80	18.28	11.40	29.48	9.48	76.44
	Expenditure	4.70	4.19	11.19	24.41	7.84	52.33
	Savings w.r.t. revised allocation	(-)3.10	(-)14.09	(-)0.21	(-)5.07	(-)1.64	(-)24.11

Table 5.1.2: Grants-in-aid for capital works -Education Sector

(Rupees in crore)

Year	Grants received	Expenditure	Savings (-)
1997-98	22.00	25.95	(+) 3.95
1998-99	30.00	28.57	(-) 1.43
1999-00	33.50	25.70	(-) 7.80
2000-01	58.08	57.26	(-) 0.82
2001-02	57.60	46.09*	(-) 11.51

* Provisional

Table 5.1.3: Basic Minimum Services Scheme

(Rupees in crore)

Year	Opening Balance	Grants received		Expenditure	Closing Balance
		Received	Total		
1997-98	-	8.00	8.00	1.95	6.05
1998-99	6.05	8.00	14.05	5.85	8.20
1999-00	6.00*	8.00	14.00	4.52	9.48
2000-01	9.48	3.40	12.88	5.81	7.07
2001-02	7.07	3.40	10.47	8.21@	2.26

* Surrendered Rs. 2.20 crore to Government of NCT Delhi

@Provisional

Audit scrutiny revealed the following:

(a) The savings under the scheme for Expansion of primary education were attributable to the failure of the Corporation to enrol the targeted number of children as well as to open the targeted number of new schools. The savings under Welfare Schemes were on account of failure to supply uniforms to the school children.

(b) The Corporation failed to utilise the grants despite the fact that the Government of NCT Delhi had permitted the carry-forward of the unspent balances of the previous years to the subsequent years. Non-utilisation of grants was attributable to delays in implementation of works, absence of control mechanisms, administrative inefficiency and other lapses, which have been discussed in the subsequent paragraphs.

The Corporation failed to utilise the grants under Basic Minimum Services Scheme

(c) Diversion of funds

Test-check of the records of 10 divisions revealed that funds amounting to Rs. 54.03 lakh were either diverted or misutilised by five of the divisions as indicated below:

The Corporation spent Rs. 27.73 lakh on works not related to school buildings

(i) Four divisions (Division V and XXVIII and Divisions Rohini I and II) spent Rs. 27.73 lakh between 1996-97 and 1999-00 on works which were not related to school buildings such as provision of PVC panelling in office rooms, laying of ceramic tiles, construction of a road and stone masonry wall, provision of a gate to a dispensary, etc.

(ii) Between 1997-98 and 2000-01, Division VIII utilised Rs. 26.30 lakh for payment of salary and wages of its staff out of the funds earmarked for construction of schools.

(d) Provision for special repairs

Expenditure on repairs and maintenance during 1997-98 and 1998-99 was in excess of prescribed norm

A provision of 20 per cent of the total plan outlay was made for special repairs in the Ninth Five-Year Plan 1997-2002. The Corporation had not maintained separate accounts of expenditure on these works till March 2001. On this being pointed out in audit, the Corporation started maintaining separate accounts from the year 2001-02. In February 1999, the Corporation, had reported to the Government of NCT Delhi that 55 per cent and 48 per cent of the total expenditure for the years 1997-98 and 1998-99 respectively was incurred on special repairs. However, separate accounts of special repairs not having been maintained, the authenticity of these figures could not be verified in audit.

5.1.5 Implementation of Schemes

(a) Expansion of Primary Education

As against a target of 230 new schools to be opened and 1.3 lakh children to be enrolled during 1997-2002, the Corporation opened only 92 schools and enrolled 0.91 lakh children, representing shortfalls of 60 per cent and 30 per cent respectively.

The Corporation failed to achieve the targets despite availability of funds as mentioned earlier. The Government of NCT Delhi did not monitor the physical progress and achievements of the Scheme nor did the Corporation review the targets for each year in the light of the performance in the previous years.

(b) Welfare Schemes

The Corporation provides free text books and uniforms to the students as a welfare measure. It also provides scholarships to meritorious students.

(i) Physical targets and achievements

Year-wise details of the physical targets in respect of welfare schemes and achievements thereagainst during the period under review are tabulated below:

Table 5.1.4: Welfare Schemes: Physical Targets and Achievements

Particulars of scheme	1997-98		1998-99		1999-00		2000-01		2001-02	
	T#	A##	T#	A##	T#	A##	T#	A##	T#	A##
Free distribution of text books (number of students in lakh)	8.02	8.02	8.07	8.07	8.29	8.20	8.47	8.47	8.87	8.87
Supply of Uniforms (Number of students in lakh)										
(a) Cloth for skirt/koti/shirt/half pant	4.46	1.72*					8.50	8.50	8.70	-
(b) Jerseys			4.00	nil	4.00	3.90	5.13	5.14	6.10	nil
Number of students provided merit scholarships	14000	5430	14000	5699	11500	6299	12000	6598	7000	6592

T# : Targets, A## : Achievements, * Cloth was supplied only to boys for half pants

The Corporation failed to provide uniforms to the children on regular basis

The Corporation failed to procure cloth for skirts, shirts and kotis during 1997-98, while no cloth was provided for any of the uniforms in 1998-99, 1999-00 and 2001-02. Similarly, no jerseys were procured in 1998-99 and 2001-02. This was attributable to delays in framing proposals, procedural infirmities and non-finalisation of tenders. Thus, despite availability of funds, students belonging to the weaker section were denied the intended benefits.

The Corporation attributed the shortfall in providing merit scholarships to the poor performance of the students in the examination conducted for the purpose. The reasons for their poor performance were, however, not analysed by the Corporation with a view to initiating corrective measures.

(ii) Impelementaiton of welfare schemes

Certain points noticed in the implementation of various welfare schemes are mentioned in the following paragraphs.

(a) Delay in supply of uniforms

The Standing Committee of the Corporation directed the Commissioner in 1997-98 to provide jerseys in lieu of cloth before the onset of the winter season. However, abnormal delays in initiating the necessary action or in finalising the tenders for the purchase of winter jerseys during the period from 1999-00 to 2001-02 resulted in their belated procurement. Consequently they could be issued to the children only when the winter season was almost about to end defeating the very purpose.

(b) Excess expenditure on purchase of jerseys

In September 2000, the Director, Primary Education, invited tenders for the purchase of 5.13 lakh jerseys of sizes 70 cm, 75 cm and 80 cm. Based on the technical bids, 19 tenders were received. The Purchase Board and the Technical Committee short listed seven firms. The Board recommended the purchase of jerseys of 70 cm size in favour of the first and second lowest tenderers. However, instead of negotiating the purchase of 75 cm and 80 cm jerseys with all the seven shortlisted firms, the Corporation held negotiations only with five firms ignoring the first two lowest tenderers. The negotiated rates of Rs. 75.75 and Rs. 78.75 for 75 cm and 80 cm jerseys respectively were higher than the lowest quoted rates by Rs. 1.75 per piece.

As a result the Corporation not only violated the purchase procedures but also incurred avoidable excess expenditure of Rs. 5.37 lakh on the purchase of 3.07 lakh jerseys of 75 cm and 80 cm sizes.

(c) Delay in distribution of free text books

Free text books were required to be provided under the scheme to all the children immediately at the beginning of each academic year in April. However, the books were issued only after considerable delays to students of 66 schools during 2001-02 as indicated below:

The Corporation failed to provide free text books to the students in time

- ◆ Only 0.9 per cent of the 2.92 lakh books required to be issued were actually provided by 15 April 2001.
- ◆ 43 per cent of the books were provided after delays ranging from 15 to 30 days.
- ◆ 30 per cent of the books were provided after 30 to 90 days.
- ◆ The extent of delay ranged from 90 to 105 days in respect of 25.79 per cent of the books.

Further, text books were not issued to students in four schools even till September 2001, when the first term was sheduled to end.

The delays in supply of text books to the children defeated the objective of the scheme to improve the quality of education.

5.1.6 Replacement of accommodation in tents

One of the objectives of the Basic Minimum Services Scheme was to replace tented accommodation with pucca or semi-pucca accommodation. While formulating its annual plans, the Corporation took into consideration classes functioning in tents and the requirement of additional rooms on account of opening of about 20 new schools every year and the replacement of classrooms declared dangerous.

As of October 2001, 1,820 schools of the Corporation were functioning at 1,265 sites/locations. Of these, 51 schools were functioning only in tents, while classes had to be conducted partially in tents at 71 other sites/ locations.

Results of audit scrutiny of records are mentioned below:

(a) Though the objective of the scheme was to replace the tents in which schools were functioning or classes were conducted with pucca or semi-pucca accommodation, and adequate funds were also made available for the purpose, there was no perceptible improvement in the situation. On the contrary, accommodation provided in tents either for entire schools or for some of the classes increased during the period from 1997-98 to 2000-01. Relevant details are tabulated below:

Table 5.1.5: Schools/classes functioning in tents

Year	Number of sites/locations at which accommodation had been provided in tents	Number of schools functioning entirely in tents	Number of classes conducted partially in tents	Number of classes in those schools provided only tents for their functioning
1997-98	137	*	1008	*
1998-99	133	30	1010	376
1999-00	141	37	1154	452
2000-01	145	47	1264	630
2001-02	122	51	988	542

* Figures for the year 1997-98 not available

(b) In February 1999, two independent teams headed by the Additional Commissioner (Education) and the Director, Primary Education, inspected sites in which either entire school or classes were functioning in tents.

Despite sufficient funds, there was increase in the number of schools/classes functioning only in tents

The Corporation failed to provide suitable accommodation to the students

Of the 826 tents and 1,676 kanats provided at the 118 sites inspected by them, 162 tents and 267 kanats were found to be in an unsatisfactory condition. Further, shortage of 49 tents and 302 kanats was also detected at 34 sites. At 14 sites, 54 tents were also found to be only of single-ply though the agreements with the contractors concerned provided for the provision of double-ply tents. Besides, 28 tents and 78 kanats at 6 sites were provided only for periods ranging from two to six months instead of the entire academic year.

5.1.7 Capital works

(a) Physical targets and achievements

The Director, Primary Education is required to assess the requirements of classrooms, boundary walls and lavatory blocks to be constructed and project them to the Engineering Wing for execution. There was, however, no co-relation between these projections and the targets fixed in this regard by Engineer-in-Chief, which were invariably lower than the projected requirements. Even such lower targets were not achieved as will be evident from the data tabulated below:

Table 5.1.6: Capital Works : Physical Targets and Achievements

Year	Nature of facility	Projections made by Director, Primary Education, in Annual Plans	Target fixed by Engineer-in-Chief	Achievement	Percentage shortfall in achievement
1997-98	R	1,518	800	185	77
	L/TB	540	300	94	69
	BW	55	30	15	50
1998-99	R	3,385	800	426	47
	L/TB	263	400	78	80
	BW	187	30	6	80
1999-00	R	4,095	900	340	62
	L/TB	249	300	16	95
	BW	266	30	4	87
2000-01	R	2,240	950	425	55
	L/TB	1,320	310	76	75
	BW	145	145	18	88
2001-02	R	2,635	910	844	7
	L/TB	1,430	1,140	53	95
	BW	120	55	20	64
Total	R		4,360	2,220	49
	L/TB		2,450	317	87
	BW		290	63	78

R: Classrooms; L/TB: Lavatory and Toilet blocks; BW: Boundary walls

The Chief Engineer stated (April 2001) that the shortfall in achievements was attributable to the works being in progress and that these would be completed in the subsequent years. He added that, 20 per cent of the funds were also to be spent on maintenance as provided for in the Ninth Five Year Plan.

Achievement for construction of rooms fell short by 49 per cent

However, the completion of on-going works in the subsequent years is a regular phenomenon and the Department was also aware of the requirements for repairs and maintenance. Besides, as brought out earlier, expenditure on repairs and maintenance also exceeded the prescribed norm. On the contrary, audit scrutiny revealed that the shortfalls were attributable to diversion of funds, cost overruns, etc., some instances of which have been mentioned subsequently.

Against shortages of 3,908 rooms Engineer-in-Chief could provide only 729 rooms

Further, as against the requirement of 7,500 classrooms, 2,000 water closets and urinals and 200 boundary walls projected in the Ninth Five Year Plan, shortages of 3,908 classrooms, 243 lavatory/ toilet blocks and 56 boundary walls were actually reported during 1997-02. However, the Engineering Wing could only take up construction of 1,849 classrooms, 54 lavatory/ toilet blocks and 22 boundary walls. Of these only 729 classrooms, nine lavatory/ toilet blocks and nine boundary walls were actually completed as of March 2002.

(b) Construction of classrooms in excess of requirements

41 Schools had 354 classrooms in excess of their requirement

Planning for the construction of classrooms would not appear to have been realistic or systematic. While there was a shortage of classrooms in some schools, 41 schools located in the Rohini, Najafgarh, City and South Zones had 354 rooms in excess of their actual requirements as of March 2002. Of these, schools in 13 locations having 139 classrooms in excess of their requirements were constructed during the past 12 years. Expenditure incurred on construction of these classrooms served no purpose and would appear to lack adequate justification.

(c) Infertuous expenditure on vacant school buildings

Expenditure of Rs. 86.37 lakh was incurred on watch and ward arrangements and rent in respect of 25 buildings in which schools were not functioning for periods ranging from two to 34 years

As of March 2002, 25 buildings including seven rented ones, in which schools were functioning earlier, had not been utilised for the intended purpose for periods ranging from 2 to 34 years. These buildings were vacant for various reasons, such as insufficient space, poor enrolment of students, merger with other schools, the schools having been shifted to new buildings, the building housing the schools having been declared dangerous, etc. Nevertheless, expenditure aggregating to Rs. 86.37 lakh was incurred during 1997-02 on watch and ward arrangements (Rs. 62.74 lakh) and rent in respect six of the seven buildings (Rs. 23.63 lakh) information in respect of which was made available. Apart from the infertuous expenditure on watch and ward arrangements and rent, five of the seven rented buildings having been declared dangerous, their continued renting is open to question.

(d) Execution of capital works

Points noticed in the course of test-check of records relating to the construction of school buildings are mentioned in the following paragraph.

Time overruns in completion of buildings for five schools ranged from 17 to 41 months, the cost overruns aggregating to Rs. 3.44 crore

Construction of buildings for schools at Rani Bagh, Sheikh Sarai and Sri Nagar and for two schools at Tigri (Tigri-I and Tigri-II) was entrusted to contractors between November 1993 and November 1995. Though these were stipulated to be completed between May 1995 and June 1997, they were completed only between May 1997 and May 2000, the time overruns ranging from 17 to 41 months. In the process, the completion cost of these buildings also increased in relation to their contractual cost, the resultant cost overrun aggregating to Rs. 3.44 crore. Relevant details in this regard are tabulated below:

Table 5.1.7: Time and cost overruns

(Rupees in crore)							
Name of the work	Estimated cost	Contractual cost	Stipulated date of completion	Completion cost	Month of completion	Cost overrun	Extent of delay in month
Construction of school building at Tigri-I	0.66	0.63	May 1995	1.28	May 1997	0.65	24
Tigri-II	0.78	0.76	August 1995	1.53	June 1998	0.77	34
Rani Bagh (Boys)	1.00	0.98	May 1997	1.42	October 1998	0.44	17
Sri Nagar (Boys)	0.69	0.70	June 1997	1.19	November 1998	0.49	17
Sheikh Sarai II	0.87	0.71	December 1996	1.80	May 2000	1.09	41
Total						3.44	

5.1.8 Deficiencies in provision of basic amenities

In addition to providing safe structures for housing schools and an adequate number of classrooms, the Corporation was also responsible for the provision of basic amenities such as water supply, electricity, toilet facilities, appropriate seating arrangement, etc. Data in regard to the status of provision of these amenities in respect of 1,265 schools furnished by the Deputy and Assistant Education Officers of the Zones concerned in April 2002 and data collected by Audit in the course of test-check of the records of 156 schools in

Number of schools were deficient in basic amenities

98 sites, however, revealed a number of deficiencies as indicated in the following table:

Table 5.1.8: Deficiencies in provision of basic amenities

Sl. No.	Particulars	Information made available by Zones	Position in respect of 156 schools based on test-check by Audit
1.	No. of schools without toilet/lavatory blocks	6	Not applicable in respect of schools covered by test-check
2.	No. of schools in which toilets were less than requirements	122 lavatories in 119 schools	177 lavatory/toilet blocks in 58 schools
3.	Schools without water or in which septic tanks were choked	285 schools, 505 lavatory/toilet block	Not applicable
4.	Schools in which lavatory/toilet blocks had been declared unsafe	33 schools, 33 lavatory/toilet block	Nil
5.	No of schools in which electricity had been disconnected due to non payment of bills	21	two schools since 1991-92 due to non payment of bills. In addition, nine schools had no electricity
6.	No. of schools provided electricity connection unauthorisedly	None	Connections in six of the nine schools were unauthorised on account of non-payment of bills. Reasons for not obtaining authorised connections for the remaining three schools were not furnished to Audit.
7.	No of schools in which electricity wiring was defective	246	Not applicable
8.	No. of schools in which fans were not working	3,355 fans in 407 schools	1,321 fans in 95 of these schools were non-functional for periods ranging from six months to four years.
9.	No. of schools to which the students had to bring their own water	83	Not applicable
10.	No. of schools without proper seating arrangements for students	None	2,558 children in six of the schools had either to bring their own tat <i>patties</i> or sit on floors
11.	Shortages of chairs and tables	None	1,226 chairs and tables in 78 schools

The audit findings were referred to the Government in June 2002; their reply was awaited as of December 2002.

5.2 Functioning of the Slum and JJ Department

The Slum and JJ Department under the Municipal Corporation of Delhi, responsible for implementation of various schemes and programmes to provide minimum basic civic amenities and resettlement of squatter families located on project land required by the land-owning agencies, failed to provide the intended amenities and relocate the jhuggi dwellers due to its lax attitude. Priority criteria for shifting of clusters were not prescribed. No foolproof system existed in the department to verify the genuineness of ration cards, a pre-requisite for allotment of plots. The plots allotted to jhuggi dwellers changed hands in many cases. Licence fee due from dwellers of resettlement colonies was not recovered due to poor pursuance leading to accumulation of substantial arrears. The department needs to review its activities to streamline the procedures for effective implementation of schemes to ensure that the intended benefits reach the Slum and JJ dwellers.

Highlights

The Number of JJ clusters increased from 929 in 1990 to 1,100 in 2001, inspite of the adoption of a three-pronged strategy for relocation of existing JJ clusters.

Out of Rs. 141 crore received from land-owning agencies for relocation of JJ clusters, Rs. 70 crore were kept in fixed deposits and interest amounting to Rs.13.12 crore earned on these deposits was utilized for meeting non-plan expenditure.

Appropriate priorities and criteria for shifting the clusters were not fixed resulting in the land-owning agencies not being given vacant possession of their encroached upon land even after having deposited the relocation charges. As against the growth of 30,000 jhuggis annually, targets were fixed for development of 18,125 sites and service plots for relocation of jhuggis on an average and achievement was development of 4,817 sites and service plots only during 1997-02.

No foolproof system was devised to verify the genuineness of ration cards resulting in allotment of plots on the basis of fake or bogus ration cards. Plots allotted to slum dwellers were sold or changed hands in about 75 per cent of the cases. This resulted in a continual cycle of encroachment on public land, relocation of the jhuggi clusters and resale of allotted plots.

Failure to issue demand notices in 90 per cent of the cases resulted in accumulation of arrears of licence fee aggregating to Rs. 10.80 crore due from persons living in resettlement colonies which indicated slackness on the part of the department in effecting recoveries.

The Department failed to provide the intended minimum basic amenities like Jan Suvidha Complexes, potable water, Basti Vikas Kendras, Community Toilet/Bathrooms etc., to beneficiaries due to its lax attitude and achievement of targets ranged between 29 per cent and 42 per cent only.

5.2.1 Introduction

The Slum and JJ Department under the Municipal Corporation of Delhi operates under the frame work of the Slum Areas (Improvement & Clearance) Act, 1956. It is responsible for implementation of various schemes and programmes for the improvement of slums including the provision of minimum basic civic amenities to jhuggi dwellers and notified slum dwellers, resettlement of squatter families located on project lands required by the land-owning agencies, *in situ* upgradation of jhuggi clusters, etc. These schemes are primarily financed from plan resources made available by the Government of NCT of Delhi. Besides, Central assistance is also provided to the Department under the "Centrally Assisted Slum Development Programme" to accelerate the provision of basic amenities, community infrastructure and social amenities and to facilitate the environmental improvement of urban slums.

5.2.2 Organisational set up

The Department is under the overall charge of the Commissioner of the Corporation. The Additional Commissioner is responsible for implementation of various schemes. He is assisted by Deputy Commissioners, Directors, Joint Directors and other officers of the Engineering wing. The schemes are implemented by the Department in seven zones and sixteen divisions.

5.2.3 Scope of audit

Audit conducted a test-check of records maintained in the Headquarters of the Department, six of the 16 divisions and three zonal offices for the period from 1997-98 to 2001-02 with a view to assessing the effectiveness and impact of implementation of various schemes undertaken for improvement of slums.

5.2.4 Financial profile

The Government of NCT of Delhi releases grants-in-aid quarterly to the Department under Plan heads for implementation of various schemes. During the period from 1997-98 to 2001-02, the Department took up the execution of 15 schemes including the Centrally Assisted Slum Development Programme. The actual expenditure on these schemes was Rs. 212.79 crore as against the allotment of Rs. 205.44 crore. This included expenditure of Rs. 110.07 crore incurred against receipts of Rs. 109.10 crore for the Centrally Assisted Programme. Relevant details are tabulated below:

Table 5.2.1: Funds allocation and expenditure

(Rupees in lakh)			
Year	Receipts	Expenditure	(+) Excess (-) Saving
1997-98	3587.87	4042.09	(+) 454.22
1998-99	4129.34	4403.94	(+) 274.60
1999-00	4097.78	3793.74	(-) 304.04
2000-01	4763.25	5043.46	(+) 280.21
2001-02	3966.24	3995.59	(+) 29.35
Total	20544.48(a)	21278.82(b)	(+) 734.34

(a) Includes receipts of Rs. 10,909.61 lakh for the Central Programme.

(b) Expenditure on Central Programme: Rs. 11,006.55 lakh.

5.2.5 Scheme Implementation

A three-pronged strategy was adopted by the Government of NCT of Delhi with effect from 1990-91 and the objective was that no fresh encroachment would be permitted on public land and past encroachments, which had been in existence prior to 31 January 1990, would not be removed without providing alternatives. The strategy envisaged the following:

- (a) Relocation of JJ Clusters, where the land-owning agencies were in a position to implement their projects on the encroached land, would be done on receipt of requests from them and their contribution towards the resettlement cost.

(b) *In-situ* upgradation of JJ Clusters and informal shelters in the case of those encroached land pockets in respect of which the land-owning agencies issue No Objection Certificate to the Department for utilisation of the land.

(c) Extension of minimum basic civic amenities for community use under the scheme of environmental improvement in JJ Clusters, irrespective of the status of the encroached land till their coverage under one of the aforesaid two strategies.

Though the three-pronged strategy emphasized that no fresh encroachment should be permitted after 31 January 1990, the number of JJ dwellers had been increasing as can be seen from the following table:

Table 5.2.2: Number of JJ Clusters and jhuggis

Year	JJ Cluster	Jhuggi holds (in lakh)	No. of persons living jhuggis (in lakh)
1990*	929	2.60	-
1994*	1080	4.80	24
2001**	1100	6.00	30

* Based on survey of the department

** Based on estimates by the department

5.2.6 Relocation of JJ Clusters

The Department failed to maintain agency-wise accounts of money due and deposited by land-owning agencies

The strategy envisaged the resettlement of JJ dwellers by allotting plots of 18 or 12.5 square meter area to each squatter family. All squatter families in possession of ration cards as on January 1990 were eligible for resettlement. An amount of Rs. 44,000 is provided for relocation of a jhuggi dweller, which includes Rs. 29,000 from the land-owning agencies, Rs. 10,000 from Plan funds and Rs. 5,000 as contribution from beneficiaries.

The norm of Rs. 44,000 per plot, fixed in 1994, covers the cost of acquisition of land and development of plots. The norm was yet to be revised while the cost of acquisition of land and development of plots has increased manifold. Though the Department takes up the work of relocation/resettlement of JJ clusters on behalf of other land-owning agencies, it does not maintain individual agency-wise accounts. In their absence, the Department could not account for the relocation charges due from and those deposited by the land-owning agencies. Thus, while the cost of acquisition of land and development of plots continued to increase, the Department continued to meet the extra cost utilising non-plan funds. Certain points noticed in audit are mentioned in the following paragraphs.

(a) Receipt of relocation charges

Scrutiny of the register maintained by the Department revealed that relocation charges of Rs. 14161.64 lakh were received from different land-owning agencies during the years 1996-97 to 2001-02 as shown below:

Table 5.2.3: Relocation charges received from land-owning agencies

(Rupees in lakh)

Year	Amount
1996-97	1188.03
1997-98	2694.41
1998-99	330.20
1999-00	1130.01
2000-01	6659.71
2001-02	2159.28
Total	14161.64

(i) Of the deposits totalling Rs. 141.62 crore received from the land-owning agencies, the Department invested Rs. 70 crore in Fixed Deposit Receipts in various banks for 91 days. The Department did not furnish details of utilisation of the balance amount of Rs. 71.62 crore.

Interest earned on deposits was diverted to non-plan expenditure of the department

(ii) The amount invested in Fixed Deposit Receipts from time to time in the years 1996-97 to 2000-01 earned interest of Rs. 13.12 crore. This was treated as revenue receipt and utilized for non-plan expenditure.

(b) Land acquisition for relocation of clusters

It was noticed that funds allotted under the Plan head for acquisition of land as well as contributions from the land-owning agencies were deposited with various agencies for allotment of land. The Department paid a sum of Rs. 7980.01 lakh to different agencies like Land and Building Department, Delhi Development Authority, Jaunpur Gram Sabha and acquired land measuring 513.1912 acres from them during the years 1997-98 to 2001-02.

Advances for land acquisition were made without proper reconciliation

Details of the payments made and land acquired by the Department from these

agencies are as follows:

Table 5.2.4: Acquisition of land and payments therefor

Year	Agency	Areas of land acquired (in acre)	Payment made (Rupees in lakh)
1997-98	DDA	32.163	-
	Gram Sabha	-	373.21
	Land and Building Department	-	1887.75
1998-99	DDA	34.43	-
	Land and Building Department	40.16	1630.00
1999-00	DDA	89.4925	-
	Land and Building Department	29.1250	400.00
2000-01	DDA	63.5607	1372.65
	Land and Building Department	12.01	1116.40
2001-02	Land and Building Department	244.413	1200.00
	Total	545.3542	7980.01

However, the Department had not reconciled the accounts of the lands acquired and the payments made to different agencies from whom the land was acquired.

(c) Targets for relocation of JJ clusters

Targets fixed for development of sites/ service plots for relocation of jhuggis were unrealistic

No survey was conducted after 1994 to ascertain the actual number of JJ Clusters and people living therein. However, according to the estimates of the Department, there were 1,100 JJ Clusters in the year 2001 with a population of 30 lakh. The annual rate of growth of jhuggis was 0.30 lakh. The basis for this estimate was not available on record. The Government of NCT of Delhi also released funds regularly to the Department only on the basis of the rough estimates without insisting on a detailed survey being carried out. Consequently, targets were fixed without ascertaining the real magnitude of the problem, the following table contains details of targets for development of sites and service plots for relocation of jhuggis and

achievements thereagainst:

Table 5.2.5: Sites and service plots: Targets and Achievements

Sl. No.	Year	Target	Achievement
1.	1997-98	22,000	2,504
2.	1998-99	16,500	1,201
3.	1999-00	4,000	4,218
4.	2000-01	30,000	11,345
	Total	72,500	19,268

The targets fixed by the Department were unrealistic because they were not based on the number of jhuggis existing or their growth pattern, or determined with reference to the requests received from the land-owning agencies and the money deposited by them. Further, the achievements against the targets so fixed were also poor partly because there was no scientific basis underlying the targets.

(d) Absence of Prioritisation

The Department did not determine priorities for relocation of JJ Clusters based either on the relocation charges deposited by a particular land-owning agency or the period for which a particular cluster was in existence.

The Department did not fix priorities for relocation of JJ Clusters

Audit scrutiny revealed that while clusters in some cases were shifted without receiving the relocation charges from the land-owning agencies, no action was taken in certain other cases despite the receipt of relocation charges. Some instances are cited below:

- (i) Jhuggis of Rajiv Gandhi Camp, C.G.O. Complex, were shifted in the year 2000 without recovering the charges amounting to Rs. 3.14 crore in advance from the Land and Development Office. The relocation charges were yet to be received as of August 2002.
- (ii) Similarly, eight JJ Clusters in Mansarovar Garden and the Tilak Vihar area were relocated on the request of the General Wing of the Corporation during 2001-02 without recovering in advance the relocation charges of Rs. 1.5 crore.

- (iii) DDA had paid an amount of Rs. 1123.45 lakh during the years 1995-96 to 2001-02 towards relocation of ten JJ Clusters on their land. Of these, only four clusters were shifted during 1999-02. The remaining six clusters for which DDA had paid an amount of Rs. 520.54 lakh during 1995-02 were yet to be shifted.
- (iv) The Forest Department paid a sum of Rs.10.70 crore to the Department for the shifting of jhuggis from Bhatti Wildlife sanctuary in September 1996. The Department had not, however, shifted the jhuggis, as of December 2002.

(e) Allotment of plots on bogus ration cards

No foolproof system existed in the department to verify the genuineness of ration cards

According to the terms and conditions, governing allotment of plots, these would be formally allotted after verification of ration cards issued in 1990 as proof of residence of the jhuggi dweller. The relocation on the basis of ration cards was being done by the Department without verification of the genuineness of the documents prior to September 2001. On receipt of a complaint that plots were being allotted on the basis of fake/ bogus ration cards, the Department forwarded 53 cases to the Food and Supply Officer, Minto Road, for ascertaining the genuineness of the documents. Of these, 29 ration cards were reported to be fake/bogus. This sample verification thus proved unjustified allotment in more than 50 *per cent* of the cases that were referred. The relocation made in 59,622 cases during 1990-91 to 2001-02 was made without proper verification of documents relating to the jhuggi dweller. The Department also admitted in February 2002 that there was no system for cross verification of documents prior to 2001.

As a result of these cases having come to notice in September 2001, the Department adopted a practice of forwarding the joint survey lists containing the particulars of ration cards to the respective Food and Supply Officers for verification of the genuineness of the claimants for relocation. In about 50 *per cent* of these cases, their genuineness could not be verified by the Food and Supply Officers.

It will therefore be necessary for the Department to strengthen the system of verification and devise a foolproof mechanism for the purpose.

(f) Illegal sale of plots

As per the terms and conditions of allotment of plots, sale and purchase of the plots is illegal and the allottee has no ownership right on the plot. Allotment of the plot would be cancelled automatically if it is found to be used by any person other than the allottee or his/her family. The Department did not, however conduct any survey on a regular basis to detect such cases nor did any mechanism exist to curb/control the illegal sale of such plots. As per the

plan documents for the year 1997-98, a survey conducted by the Department in Jahangirpuri JJ Resettlement Colony revealed that the plots were not occupied by the original allottees in 50 *per cent* of the 20,000 cases. The purpose of relocation was defeated, violating the provisions of the scheme.

Plots allotted to slum dwellers were sold/changed hands in about 75 *per cent* of the cases

The position of plots allotted to jhuggi dwellers in respect of one cluster was examined in February 1999 by the Department. It was found that over 75 *per cent* of the plots had been sold by the original allottees to property dealers which was illegal and would only encourage fresh encroachments. The Department needs to curb/control the illegal sale of relocated plots which ultimately leads to further encroachment and expenditure on resettlement. This also violates the spirit of the scheme of the resettlement of JJ dwellers.

(g) Outstanding licence fee

Poor recovery of licence fee from residents of resettlement colonies resulted in accumulation of arrears

The Department rehabilitated JJ dwellers at various resettlement colonies. The dwellers so rehabilitated were required to pay a monthly licence fee of Rs. 8. Licence fee due from about 2.5 lakh properties was pending recovery as of March 2002 due to laxity of the Department in not recovering the licence fee by issuing demand notices regularly.

Two zones reported that demand notices were not issued in about 90 *per cent* of the cases. One zone stated that demand notices were not issued in many cases and the remaining four zones did not furnish any specific information. However, the zones reported in May and December 2002 the following approximate demands as outstanding for the period from 1997-98 to 2001-02.

Table 5.2.6: Outstanding Licence fee

(Rupees in lakh)		
Sl. No.	Name of zone	Amount
1.	Jawalapuri	257.35
2.	Jahangirpuri	91.22
3.	Seelampur	144.17
4.	Dakshinpuri	148.63
5.	West	174.47
6.	Kalyanpuri	85.59
7.	Shakurpur*	18.27
	Total	919.70

** figures pertain only to the year 2001-02*

The following observations will be of relevance:

- (i) The outstanding balances reported by the zones did not accurately represent the magnitude of the outstanding amount as the total number of properties in each zone and the number of times a property changed

hands were not available with them. Further, demand and collection registers had not been updated for the last 10 to 15 years. Therefore, the authenticity/ correctness of balances could not be vouchsafed in audit.

- (ii) It was also observed that 5,535 of the 26,304 property files in the West zone and 2,349 of 17,286 files in Shakurpur zone were missing. Other zones did not furnish relevant information in this regard.
- (iii) Though each zone is provided the necessary staff including an Assistant Director and an Accountant, adequate action to initiate recovery of licence fee was not taken by the zonal authorities, resulting in large accumulation of arrears of licence fee.
- (iv) Since the Department has about 2.5 lakh properties in all the seven zones, it could earn a sum of Rs. 20.00 lakh every month as licence fee. However, it was able to recover only Rs. 2.00 lakh per month. Thus, the total outstanding amount for the years 1997-98 to 2001-02 is estimated to be Rs. 10.80 crore, presuming that no property has changed hands, thereby attracting a higher rate of licence fee as damages.

5.2.7 Extension of minimum basic amenities

The Department is required to provide basic amenities like potable water, Jan Suvidha Complexes, etc. to the Slum dwellers.

(a) Targets and achievements

Details of the targets and achievements relating to the provision of various amenities are tabulated below:

Table 5.2.7: Minimum basic amenities: Targets and Achievements

Year	Construction of pay & use Jan Suvidha Complexes		Construction of Basti Vikas Kendras	
	Target	Achievement	Target	Achievement
1997-98	1100	630	10	3
1998-99	800	350	5	4
1999-00	300	50	5	WIP*
2000-01	350	130	10	3
2001-02	200	N.A	4	N.A
Total	2750	1160	34	10
Percentage of achievements		42		29

* Work in progress

<p>Total budget provision for minimum basic amenities was utilised but beneficiaries were deprived of desired amenities</p>	<p>Over a period of four years, the Department utilized the entire funds of Rs. 19.49 crore on these activities. Achievements, however, ranged only from 29 <i>per cent</i> to 42 <i>per cent</i>. The reasons for such poor performance were not analysed.</p>
<p>Proper inspections were not prescribed for maintenance of works assigned to NGOs</p>	<p>(b) Execution of works relating basic amenities</p> <p>In order to provide basic civic amenities to JJ Dwellers, the Department assigned the work of construction of 169 Jansuvidha complexes to different Non-Government Organisations during the years 1994-95 to 2000-01. The Jansuvidha complexes were to be completed in five months in respect of toilets with 30 seats and in seven months in respect of those with 30 to 60 seats. Information made available by six of the 16 divisions revealed that there were delays in construction of these complexes in 78 cases ranging from 6 to 57 months. In 19 cases, the work could not be executed due to court cases and disputes over sites and the Department could not recover the advances of Rs. 19.41 lakh given to the organisations concerned for execution of these works.</p> <p>The construction and subsequent maintenance of these toilet complexes were assigned to Non-Government Organisations on certain terms and conditions such as completion of work as per the drawings and specifications, successful functioning of tube well, etc. However, no inspections/checks were prescribed to ensure proper functioning. The Additional Commissioner of the Department also observed that these complexes were not functioning properly in the absence of an effective control mechanism to oversee the maintenance of the complexes.</p>
<p>Basti Vikas Kendras were poorly managed</p>	<p>(c) Basti Vikas Kendras</p> <p>The Department provides multipurpose community facility complexes as well as Basti Vikas Kendras in JJ Clusters within upgraded slums, informal shelters and squatter resettlement areas. The multipurpose complexes are designed to bring about social cohesiveness in the community and to meet its requirement for organising social and cultural functions.</p> <p>Since the inception of the scheme, 126 Kendras were constructed in various JJ Clusters and upgraded slums. These units were allotted to Non-Government Organisations on provisional and temporary basis on a nominal annual licence fee of Rs. 100 payable to the Department for undertaking social activities. The annual maintenance of the building rests with the Department. However, the actual electricity and water consumption charges are to be borne entirely by the organisation concerned.</p>

Test-check of records relating to 33 of the 332 organisations that were allotted accommodation for socio-economic or health activities revealed that the annual licence fee was not paid by 25 organisations. In two cases, allotment was made without submission of the mandatory documents. No action to inquire into the reasons for non-adherence to the prescribed terms and conditions or to cancel the allotments was taken.

The Department had not evolved system and procedures in regard to the duration of allotments, periodical visits/inspections, etc. to ensure that the specified activities were properly undertaken for the intended beneficiaries.

(d) Extension of undue favour to Building Centres

The Department failed to recover outstanding advances amounting to Rs. 64.89 lakh

In order to accelerate the provision of basic amenities, the Department paid an advance of Rs. 120.80 lakh to five Building Centers during the period 1988-89 to 1991-92 in connection with the construction of prefab toilets, Jan Suvidha Complexes, Night Shelters, etc. Of these, two Centres at Nizamuddin and Shahdara were paid advances of Rs. 88.50 lakh and Rs 10.00 lakh respectively. Even after the lapse of ten years, these Centres were not able to provide the required facilities. As of July 2002, advances of Rs. 56.89 lakh and Rs. 8.00 lakh respectively were outstanding against these two centres. Apart from the objective of providing basic amenities being defeated, the advances could not be recovered so far from the centres in the absence of formal agreements.

5.2.8 Centrally Assisted Slum Development Programme

Achievement of targets under the Centrally Assisted Programme were not realistic

Over and above the normal assistance, Government of India provided funds for slum development from the year 1997-98 onwards under this scheme. The components of the scheme included provision of basic amenities such as water supply, drainage, community latrines, community baths, etc. These overlapped with the existing schemes of the Department. The Department did not fix any targets for this programme during the initial year 1997-98. However, targets and achievements for the years 1998-99 to 2001-02 were as

follows:

Table 5.2.8: Targets and Achievements under Centrally Assisted Programme

	Community Bathrooms		Community Toilets		Brick flooring and Drains for slum dwellers		Basti Vikas Kendras		Shishu Vatika	
Years	T#	A##	T#	A##	T#	A##	T#	A##	T#	A##
1998-99	Nil	Nil	1900	1256	62500	100000	15	21	20	53
1999-00	Nil	676	1500	1984	50000	113096	19	20	30	59
2000-01	Nil	141	1200	875 196*	75000	51790	40	38	50	45
2001-02	Nil	150	1200	800 420*	Targets & achievements not shown in terms of facility to dwellers		40	33	40	23 **

T# : Targets, A## : Achievements

* In addition to the Community toilets, 196 and 420 Mobile Toilet Vans were also provided during 2000-01 and 2001-02 respectively.

** Of these, 11 vaticas were renovated.

It was observed that there was no correlation between the targets and achievements since the achievements registered under the respective main schemes were also included in this Programme. Separate accounts of each scheme under the programme were required to be maintained, which was not done.

5.2.9 Slum Katra Properties repair/renewal programme

The Department incurred an expenditure of Rs. 2.00 crore under the Plan allocation annually during the years 1997-98 to 2001-02 on repairs to Slum Katras/ Properties as detailed below:

Table 5.2.9: Expenditure on Slum Katras

Year	Expenditure incurred (Rupees in lakh)	No. of Katras
1997-98	198.58	284
1998-99	200.00	370
1999-00	202.20	210
2000-01	199.13	202
2001-02	197.37	65
Total	997.28	1131

Survey of Slum properties was inadequate

While the Department was incurring expenditure annually on repairs to and renewal of Katra buildings, the occupants were not paying even the meagre licence fee, ranging from Re. 1 to Rs. 20 per month as prescribed. On an average, licence fee of Rs. 8.00 lakh was due to be recovered each year but an

amount of only Rs. 43.65 lakh was recovered up to 1998-99. The balance of Rs. 82.20 lakh remained outstanding. The Department had informed the Chief Auditor of the Corporation in February 1999 that though efforts were made to recover the outstanding dues, 70 to 80 *per cent* of the properties in the Kātras had changed hands and that the unauthorised occupants of these properties were not willing to deposit the dues of the original licencees till the receipts were issued in their names.

Records of the Department revealed that 2,750 slum properties were located in 17 wards of the city, comprising 10,202 licencees. The Department conducted a survey of 226 properties comprising 1,744 units in only one ward (No. XV). The position that emerged was as follows:

- (i) There were 1,287 unauthorised occupants.
- (ii) 675 occupants were using the properties for commercial purposes.
- (iii) Licence fee of Rs. 31.00 lakh up to April, 2002 was due for recovery in this ward alone.

No action had been initiated against the unauthorized occupants. It is also evident that if systematic surveys are carried out in all the wards, the problem may be of much larger magnitude. In the absence of details, it was not possible to ascertain the recurring loss of revenue from these properties or to assess the extent of misuse/ illegal occupation.

5.2.10 Unauthorised occupancy

Flats were under unauthorised occupation due to slackness in allotment

The records of the Department revealed that 1,016 flats which were constructed between the years 1974-75 and 1980 under the Slum Clearance Scheme had been occupied by trespassers during the last 18 years as detailed below:

Table 5.2.10: Flats under unauthorized occupancy

Sl. No.	Area	Year of construction	Flats under unauthorised occupancy	Period of unauthorised occupancy	Details of occupants
1	Jahangirpuri	1980	980	503 Flats since May 1987 477 Flats since 1984	Punjab Migrants Riot victims
2.	New Ranjit Nagar	1974-75	17	1982	Turkman Gate evictees
3.	Jahangirpuri/ Inderlok/ Ranjit Nagar	-	19		Details not furnished

Failure of the Department to allot these flats in time led to their being occupied unauthorisedly. Apart from the loss of revenue in terms of licence fee, genuine beneficiaries were also deprived of the accommodation.

5.2.11 Unfruitful expenditure on Enforcement Divisions

Enforcement Divisions failed to perform the assigned function

Enforcement Divisions in all the three Circles headed by an Executive Engineer were created in May 2000 and these started functioning since May 2001. They were exclusively responsible for protecting land, preventing unauthorised construction/encroachment and to keep a proper check on the assets of the Department.

Test-check of the records of Enforcement Divisions, Circles 1 and 2, revealed that no assets or properties were transferred to them and no work of encroachment removal or protection of land was ever undertaken by the divisions during the last one year. Therefore, the expenditure of Rs. 14.56 lakh (approx.) incurred by the Department on the pay and allowances of the newly created posts of two Executive Engineers and other staff proved unfruitful and the purpose for which the divisions were created remained unfulfilled.

Chapter 6: Revenue Receipts

6.1 Sales tax demands raised and pending

Details of demands raised during the last three years but pending at the end of each year as furnished by the Department are given below:

Table 6.1: Sales tax demands raised and pending

(Rupees in crore)

	1999-00	2000-01	2001-02
Demands awaiting recovery at the beginning of the year	4718.04	5527.56	6616.58
Demands raised during the year	1118.68	1241.20	623.16
Tax collected during the year	53.83	61.22	63.89
Adjustment on account of reduction and remission of demands during the year	255.33	90.96	176.48
Demands pending at the end of the year	5527.56	6616.58	6999.37

Demands pending at the end of each of the last three years have been showing an increasing trend and tax recoverable has increased from Rs. 5527.56 crore in 1999-00 to Rs. 6999.37 crore in 2001-02.

6.2 Arrears in assessment

The assessment cases pending at the beginning of the year, cases becoming due for assessment during the year, cases disposed of during the year and number of cases pending finalisation at the end of each year during 1999-00 to 2001-02 as furnished by the Sales Tax Department are given below:

Table 6.2: Disposal and pendency of assessment cases of Registered Dealers

Financial Year	Opening Balance	Cases due for assessment during the year	Total cases to be assessed	Cases assessed during the year	Balance at the end of the Year	Pendency in percentage
1	2	3	4	5	6	7
1999-00	649927	296440	946367	415202	531165	56.13
2000-01	531165	312885	844050	521884	322166	38.17
2001-02	322166	308109	630275	313913	316362	50.19

6.3 Cost of collection of tax revenue

The gross collection in respect of major revenue receipts, expenditure incurred on their collection and the percentage of such expenditure to gross collection

during the years 1999-00, 2000-01 and 2001-02 along with the relevant all India average percentage of expenditure are given below:

Table 6.3: Collection of tax-revenue

(Rupees in crore)

Head of revenue	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All India average percentage for the year 2000-01
Sales tax	1999-00	2347	22.49	1.0	1.31
	2000-01	3388	22.24	0.7	
	2001-02	3704	22.97	0.6	
State excise	1999-00	566	3.93	0.7	3.10
	2000-01	557	3.49	0.6	
	2001-02	606	3.87	0.6	
Stamp duty and registration fees	1999-00	190	5.08	2.7	4.39
	2000-01	192	5.21	2.7	
	2001-02	283	8.95	3.2	
Taxes on motor vehicles	1999-00	161	9.48	5.9	3.48
	2000-01	142	9.53	6.7	
	2001-02	167	10.54	6.3	

6.4 Analysis of collection

The break up of the total sales tax collections at the pre-assessment stage and after regular assessment during the year 2001-02 and the corresponding figures for the preceding two years as furnished by the Department are given below:

Table 6.4: Analysis of collection

(Rupees in crore)

Year	Amount collected at pre-assessment stage	Amount collected after regular assessment	Amount refunded	Total collection	Percentage of column 2 to 5
1	2	3	4	5	6
1999-00	2292.01	55.54	0.95	2346.60	97.67
2000-01	3318.37	71.62	2.13	3387.86	97.94
2001-02	3626.47	79.31	1.77	3704.01	97.91

The collection of revenue at pre-assessment stage ranged between 97.67 per cent to 97.94 per cent of total collection during the last three years. The collection during 2001-02 recorded an increase of 9.33 per cent vis-à-vis the collection in 2000-01.

6.5 Outstanding Inspection Reports and Audit observations

Audit observations on incorrect assessments, short levy of taxes, duties, fee and defects in initial records noticed during audit and not settled on the spot are communicated to the heads of offices and other departmental authorities through inspection reports. The important irregularities are reported to the heads of Departments and Government. The heads of offices are required to furnish replies to the inspection reports through the respective heads of departments within a period of two months.

The number of inspection reports and audit observations relating to revenue receipts issued upto 31 March 2002 which were pending settlement by the departments as on 30 June 2002, along with corresponding figures for the preceding two years are given below:

Table 6.5: Outstanding objections

		1999-00	2000-01	2001-02
1.	Number of inspection reports pending settlement	881	943	1022
2.	Number of outstanding audit observations	7978	8544	9290
3.	Amount of revenue involved (in crore of rupees)	381.47	418.98	662.82

6.6 Response of the Departments to Draft Paragraphs

Drafts Paragraphs are forwarded to the Principal Secretary Finance, and the concerned Commissioners of the Department through Demi Official letters drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the Departments are invariably indicated at the end of each sub paragraph included in the audit report.

6.7 Results of Audit

Test check of records of Sales Tax, State Excise, Motor Vehicles Tax and other revenue earning Departments of the Government of National Capital Territory of Delhi during the year 2001-02 revealed under assessment/short levy/loss of revenue amounting to Rs. 376.78 crore in 812 cases.

This chapter contains 11 paragraphs and one review involving Rs. 148.45 crore, which illustrates some of the major points noticed by audit.

Review

6.8 Branch transfer under Central Sales Tax Act, 1956

Highlights

Deduction of Rs. 1.62 crore incorrectly allowed to four dealers resulted in under assessment of Rs. 60.07 lakh.

Acceptance of invalid declarations for branch transfer aggregating Rs. 5.21 crore from five dealers resulted in non-realisation of revenue of Rs. 2.04 crore.

Acceptance of incomplete declarations in form 'F' for branch transfer aggregating Rs. 122.31 crore resulted in non-realisation of revenue of Rs. 18.39 crore.

Non/short accounting of goods of Rs. 4.38 crore on account of branch transfer resulted in under assessment of Rs. 1.39 crore

Deduction aggregating Rs. 196.59 crore allowed to one dealer without prescribed declaration forms/ despatch particulars resulted in revenue loss of Rs. 98.21 crore.

Short accountal of Gross Turn Over of Rs. 4.48 crore by two dealers resulted in revenue loss of Rs. 1.42 crore.

Incorrect exemption on fake declaration forms resulted in revenue loss of Rs. 83.60 lakh.

6.8.1 Introduction

Under the Central Sales Tax Act 1956 and rules framed thereunder, no tax is payable by a registered dealer on movement of goods to other states which is not by way of sale, and is by reasons of transfer of stock to other places of his

business or to his agent or principal. For claiming exemption, the dealer is to furnish to the assessing authority a declaration in form 'F' duly filled and signed by the principal officer of the other place of business or his agent as the case may be alongwith evidence of despatch of goods. However, if on verification, it is found that the goods had not actually moved out of the State, the dealer is liable to pay taxes at the rates applicable in the State alongwith the interest at the rate of 1.5 *per cent* per month and penalty not exceeding 1.5 times of the taxable amount.

6.8.2 Organisational set up

The Commissioner of Sales Tax is head of the Sales Tax Department who is assisted by Four Additional Commissioners and Six Deputy Commissioners. There are ten zones each headed by an Assistant Commissioner and 106 wards each headed by a Sales Tax Officer to ensure compliance with the provisions of Delhi Sales Tax Act, 1975 and Central Sales Tax Act, 1956.

6.8.3 Scope of Audit

A test check of assessment records of 39 out of 106 wards covering eight zones of the Office of the Commissioner, Sales Tax for the years 1995-96 to 2000-01 was conducted during April 2002 to July 2002 to verify the adequacy of the system and procedures adopted for allowing exemption from sales tax on account of stock transfer of goods. The results of the findings are given in the following paragraphs:

6.8.4 Registration Certificates

(a) *Incorrect allowance of transfer of goods to places not included in the Registration Certificate*

Under the Central Sales Tax Act, 1956 and the rules made thereunder, a dealer seeking registration is required to specify in his application the places of his business in the other States alongwith the address of such place and particulars of registration so that the same are mentioned in the Registration Certificate.

In assessment cases of eight dealers it was noticed that goods were exempted from payment of tax by assessing authority on branch transfer of goods supported by form F amounting to Rs. 4.02 crore during 1996-97 to 1999-00 to places other than those specified in the Registration Certificates of the dealers. This resulted in underassessment of tax of Rs. 23.47 lakh, interest of

Rs. 14.97 lakh and penalty of Rs. 35.22 lakh, as per details given below:

Table 6.6: Incorrect allowance of transfer of goods to places not included in the Registration Certificate

(Rupees in lakh)

Sl. No.	Ward No	RC/LC Number	Nature of business	Assessment year	Value of goods under - assessed	Under - assessment of tax	Interest	Penalty	Total
1.	95	193902	Computer parts	1999-00	80.27	8.03	3.97	12.04	24.04
2.	95	139144/ 1089	Washing machines	1999-00	35.96	4.31	2.14	6.47	12.92
3.	102	020463/ 0781	Pesticides	1996-97	149.43	2.99	3.09	4.48	10.56
				1997-98	57.04	1.14	0.98	1.71	3.83
4.	103	146464/ 1190	Iron & Steel	1997-98	2.51	0.25	0.21	0.38	0.84
				1998-99	25.66	2.57	1.73	3.85	8.15
5.	09	198037/ 0897	Tractor parts	1997-98	14.24	1.42	1.22	2.14	4.78
6.	100	183350/ 1095	Electrical goods	1996-97	23.88	1.43	0.97	2.15	4.55
7.	95	133535/ 1288	Electric & Electro mechanical & Electronics goods	1999-00	10.01	1.00	0.49	1.50	2.99
8.	95	150365/ 0491	Resale & manufacture of power supply AC/DC stabilizers	1999-00	2.79	0.33	0.17	0.50	1.00
				Total	401.79	23.47	14.97	35.22	73.66

(b) Transfer of goods to agents prior to registration

In four assessment cases, it was noticed that four dealers were allowed deduction aggregating Rs. 1.62 crore from the turnover of sales on account of goods consigned to agents outside the State prior to their obtaining Registration Certificates in those States. This resulted in underassessment of tax of Rs. 17.77 lakh, interest of Rs. 15.64 lakh and penalty of Rs. 26.66 lakh,

as per details given below:

Table 6.7: Transfer of goods to agents prior to registration

(Rupees in lakh)

Sl. No	Ward No.	RC/LC Number	Nature of business	Assessment year	Value of goods under assessed	Under assessment of tax	Interest	Penalty	Total
1.	93	190128/0966	Sports shoes & Garments	1996-97	79.45	9.53	9.87	14.30	33.70
2.	16	178212	Diamond & Jewellery	1997-98	36.70	3.67	3.14	5.50	12.31
3.	07	022608/1176	Medicines	1999-00	38.93	3.89	1.93	5.84	11.66
4.	87	081989/1051	Furniture, Locks, Typewriters	1996-97	6.81	0.68	0.70	1.02	2.40
				Total	161.89	17.77	15.64	26.66	60.07

6.8.5 Defective 'F' forms

The Central Sales Tax (Registration and Transfer) Rules, 1957 provide that a single declaration may cover transfer of goods effected during a period of one calendar month by a dealer to any other place of his business or to his agent or principal outside the State as the case may be. The declaration in form F should contain full particulars of the goods, mode of transport and date on which delivery was taken by the transferee.

(a) Acceptance of invalid declarations

Assessment records of five dealers for the period 1996-97 to 1998-99 revealed that transfer of goods of Rs. 5.21 crore was supported by declarations in form F which covered transactions for periods ranging from two to nine months. As such, these declarations were invalid and the turnover was liable to be taxed. This resulted in under-assessment of tax of Rs. 61.27 lakh, interest of Rs. 51.11 lakh and penalty of Rs. 91.92 lakh as per details given below:

Table 6.8: Acceptance of invalid declarations

(Rupees in lakh)

Sl. No.	Ward No.	RC/LC Number	Nature of business	Assessment year	Value of goods under-assessed	Under - assessment of tax	Interest	Penalty	Total
1.	60	173801	Electronics	1997-98	376.25	45.20	38.64	67.80	151.64
2.	97	128126/1180	Computer Software	1997-98	106.40	12.77	9.19	19.15	41.11
3.	69	154409/1191	Ferrous & Non Ferrous Metals	1996-97	18.27	1.28	1.32	1.92	4.52
4.	94	023482/0980	Pharmaceuticals	1996-97	12.25	1.22	1.27	1.84	4.33
5.	71	192605/0397	Ayurvedic / Medicated Oil	1998-99	8.04	0.8	0.69	1.21	2.70
				Total	521.21	61.27	51.11	91.92	204.30

(b) Exemptions on defective 'F' forms

Assessment records of 52 dealers revealed that transfer of goods valued at Rs. 122.31 crore was exempted from payment of tax for the periods falling between 1995-96 to 2000-01 on the basis of incomplete and defective F forms. In these cases declaration did not contain prescribed particulars such as names of transferors/ transferees, their registration certificate numbers with date of validity, invoice number and date, railway receipt number, goods receipt number and date, description of goods, quantity of goods, despatch particulars and acknowledgement thereof etc. Acceptance of defective declarations resulted in non-realisation of tax of Rs. 10.56 crore and interest of Rs. 7.83 crore, as detailed in Annex-I.

(c) Excess exemption granted on F forms

Verification of assessment records of eight dealers revealed that the assessing authority had allowed exemption on stock transfer in excess of amount shown in F-forms furnished by transferee. This resulted in excess exemption of Rs. 4.38 crore and underassessment of tax of Rs. 43.45 lakh, interest of Rs. 30.86 lakh and penalty of Rs. 65.17 lakh, as per details given below:

Table 6.9: Excess exemption granted on 'F' forms

Sl. No	Ward No	LC/RC Number	Nature of business	Assessment year	Value of goods under assessed	Under – assessment of tax	Interest	Penalty	(Rupees in lakhs)	
									Total	
1.	96	189753/0996	Food products	1999-00	247.60	24.76	12.26	37.14	74.1	
2.	91	049194/0271	TV & their components	1996-97	158.75	15.87	16.42	23.81	56.1	
3.	93	170429	Sewing machine	1996-97	12.61	1.26	1.31	1.89	4.4	
4.	83	215803/0899	Films of different types	1999-00	12.47	1.00	0.49	1.50	2.9	
5.	81	194252/0497	Dyes & Chemicals	1998-99	2.10	0.21	0.14	0.32	0.6	
6.	03	025334/0167	Electric motors	1999-00	2.01	0.20	0.10	0.30	0.6	
7.	69	154409/1191	Ferrous & Non Ferrous Metals	1996-97	1.81	0.13	0.13	0.19	0.6	
8.	81	089844/1081	Food products	1999-00	0.50	0.02	0.01	0.02	0.6	
				Total	437.85	43.45	30.86	65.17	139.	

**(d) Allowance of deduction without prescribed declaration forms/
despatch particulars proof**

Under Section 6A of CST Act, 1956, when a dealer claims exemption of tax on the ground that the movement of such goods from one State to another was on account of stock transfer, the onus of proof shall be on the dealer. For this purpose he may furnish declaration in 'F' form with complete information. If he fails to produce form 'F', then he is required to produce other evidence like goods receipt, challans, stock register, evidence of material received by the branch and sales tax assessment order pertaining to the branch.

It was noticed that a dealer was allowed exemptions of Rs. 196.59 crore during the period 1995-96 to 1997-98 on account of transfer of goods to branch not supported by F forms. However, there was no other evidence on record such as goods receipt, challans, stock register etc. with the returns furnished by the dealer to show that the assessing authority had satisfied itself about the actual despatch of goods before allowing the exemption. This resulted in a loss of tax of Rs. 27.52 crore, interest of Rs. 29.40 crore and penalty of Rs. 41.29 crore.

(e) Concealment in stock transfer

(i) Assessment records of a dealer for the period 1999-00 revealed that the dealer accounted for goods valued at Rs. 26.83 crore received against form F from outside the State whereas as per the details of the declarations material valued at Rs. 30.06 crore was received. Thus, the stock of Rs. 3.23 crore was concealed. This resulted in short levy of tax of Rs. 32.62 lakh, in addition interest of Rs. 16.14 lakh and penalty of Rs. 48.92 lakh was also leviable.

(ii) Assessment records for the period 1993-94 to 1999-00 of a dealer revealed that the dealer received finished goods valued at Rs. 22.46 crore from his factories situated at Thane and Ratnagiri (Maharashtra). Out of this, dealer sold goods worth Rs. 20.35 crore. Accordingly, closing balance of finished goods in Delhi branch should have been Rs. 2.11 crore but as per balance sheet for the year 1999-00 closing stock was shown as Rs. 86 lakh. Thus, the dealer had concealed stock worth Rs. 1.25 crore. This resulted in loss of tax of Rs. 15 lakh ; in addition interest of Rs. seven lakh and penalty of Rs. 22 lakh was leviable.

6.8.6 Incorrect exemption on fake declaration forms

Office of the Commissioner of Sales Tax was requested to intimate the procedure adopted to verify the authenticity of form F on which exemption of tax on account of transfer of goods to branch was allowed. The department, however, intimated that no such system of cross verification was in existence.

Cross verification of form F of some dealers by Audit with assessment records of dealers concerned in other states revealed that forms submitted by three dealers for the year 1996-97 to 1999-00 amounting to Rs. 2.57 crore were either fake as the firms did not exist or were for lower amount. This resulted in incorrect exemption of tax of Rs. 25.72 lakh. Besides, interest of Rs. 19.29 lakh and penalty of Rs. 38.59 lakh was also leviable as detailed below:

Table 6.10: Incorrect exemption on fake declaration forms

							(Rupees in
Sl. No	Name of the dealer and RC No.	Excess exemption allowed	Tax	Interest	Penalty	Total	Remarks
1.	M/s K.K. International LC/81/194252/0497	62.34	6.23	5.33	9.35	20.91	Firm does not exist in Palwal and Hanuman Garh
		134.06	13.41	9.05	20.12	42.58	
		20.08	2.01	1.00	3.02	6.03	
2.	Adidas India Pvt. Ltd. LC/93/190128/0996	24.16	2.42	2.50	3.62	8.54	Firm does not exist in Calcutta, West Bengal.
3.	M/s Taj Trade and Transport Co. Ltd. LC/98/024396/0479	16.51	1.65	1.41	2.48	5.54	Form 'F' submitted for lower amount.
Total		257.15	25.72	19.29	38.59	83.60	

6.8.7 Conclusion

Thus, revenue amounting to Rs. 123.63 crore could not be realised by the Government of NCT of Delhi due to acceptance of invalid/incomplete declarations, allowing exemption of amounts higher than shown in forms, exemption on stock transfer of goods to agents prior to their registration, exemption without prescribed declaration forms, concealment of stock transfer, and non-existence of procedure for cross verification of forms. This is indicative of weak and inefficient internal control mechanism in the department.

Annex – I
(Reference to in paragraph 6.8.5 (b))

(Rupees in lakh)

Sl. No.	Ward No.	LC/RC Number	Nature of business	Assessment year	Value of goods under assessed	Under assessment of tax	Interest	Total
1.	07	021274/1069	Medicines, Cosmetics	1998-99	1215.31	145.84	98.44	244.28
2.	86	183304/1095	Electronics goods	1996-97	826.15	49.57	51.30	100.87
				1997-98	910.45	54.63	46.71	101.34
3.	103	139554/0689	Electrical goods & Consumer products	1997-98	844.15	84.41	72.17	156.58
4.	53	031583/0476	Scooters & spare parts	1998-99	836.69	83.67	56.48	140.15
5.	100	173963/0494	Plastic goods	1996-97	468.01	32.76	33.91	66.67
				1997-98	520.61	36.44	31.16	67.60
6.	07	020581/0868	Welding electrodes	1997-98	459.73	32.18	27.51	59.69
				1998-99	421.01	33.68	22.73	56.41
7.	07	020608/1176	Medicines	1999-00	721.70	72.17	35.72	107.89
8.	62	169084/0993	Soap & Detergents powder	1995-96	106.56	7.46	9.06	16.52
				1996-97	203.99	14.28	14.78	29.06
				1997-98	353.67	24.76	21.17	45.93
9.	08	049411/0960	Cosmetics & Pharmaceuticals	1998-99	53.99	6.48	4.37	10.85
				1999-00	426.79	42.68	21.13	63.81
10.	53	031583/0476	Scooter & spare parts	1999-00	473.02	37.84	18.73	56.57
11.	81	194252/0497	Dyes & Chemicals	1998-99	98.84	9.88	6.67	16.55
12.	07	020681/115	Addressing Machine	1998-99	222.65	22.27	15.03	37.30
				1997-98	68.06	8.17	6.98	15.15
13.	93	170429	Sewing Machine	1996-97	306.14	21.43	22.18	43.61
14.	65	162930/0193	Medicines, Cosmetics, Drugs, Pharmaceuticals	1996-97	115.00	11.50	11.90	23.40
				1997-98	87.79	8.78	7.51	16.29
				1998-99	6.07	0.61	0.41	1.02
				1999-00	1.26	0.13	0.06	0.19
15.	39	037713/1173	Resale of Match boxes	1996-97	117.51	11.75	12.16	23.91
				1999-00	58.59	5.86	2.90	8.76
16.	98	024396/0479	Books, Magazines, Periodicals, Fabrics, Photos, Films	1996-97	12.38	1.24	1.28	2.52
				1997-98	125.88	12.59	10.76	23.35
17.	102	204295/0697	Scanner cum printer parts	1998-99	171.80	17.18	11.60	28.78
18.	91	049194-0271	T V & Components	1996-97	110.20	11.02	11.40	22.42
19.	02	160932/1192	Watches	1996-97	51.39	5.14	5.32	10.46
				1997-98	25.96	2.60	2.22	4.82
				1998-99	28.40	2.84	1.92	4.76
20.	92	080114/1083	Electrical components	1998-99	31.95	3.83	2.59	6.42
				1999-00	151.72	6.07	3.00	9.07

21.	39	036774/ 0682	Resale of Motor & Tractor parts	1997-98 1998-99 1999-00	25.07 33.60 31.08	3.00 4.03 3.73	2.57 2.72 1.84	5.57 6.75 5.57
22.	02	022177	Chemicals & Yarn	1998-99	89.00	8.90	6.01	14.91
23.	08	130846/ 0188	Iron steel sheets	1998-99	86.90	8.69	5.87	14.56
24.	56	182752/ 0695	Dairy products	1999-00	95.96	9.59	4.75	14.34
25.	71	183758/ 1095	Acrylic sheet	1998-99 1999-00	47.49 42.20	4.75 4.22	3.21 2.09	7.96 6.31
26.	102	183774/ 0895	Medicines & Confectionery	1998-99	111.22	7.79	5.25	13.04
27.	24	012486/ 0260	Hardware and Mill store	1999-00	87.77	8.78	4.34	13.12
28.	93	190128/ 0996	Sports shoes & Garments	1996-97	72.68	8.72	9.03	17.75
29.	24	0132120 /0672	Hardware and Mill store	1999-00	77.15	7.72	3.82	11.54
30.	91	162114/ 0392	Soft drink	1998-99	59.33	5.93	4.01	9.94
31.	92	118145/ 1086	PVC Pipes	1999-00	75.70	6.06	3.00	9.06
32.	02	082534/ 1068	--do--	1999-00	112.90	5.65	2.79	8.44
33.	08	185784/ 0596	Resale of tools machinery & machinery parts	1998-99 1999-00	24.83 23.29	2.48 2.33	1.68 1.15	4.16 3.48
34.	102	055278/ 0768	Medicines	1998-99	83.05	4.15	2.80	6.95
35.	01	025996	Medicines	2000-01	38.72	4.65	1.46	6.11
36.	44	181958/ 0895	Electricals & electronic items	1998-99	25.57	3.07	2.07	5.14
37.	88	171061/ 1093	Pneumatic (Hydraulic) and Engineering goods	1999-00	22.88	2.29	1.13	3.42
38.	103	146464/ 1190	Medicines	1999-00	20.23	2.02	1.00	3.02
39.	16	003592/ 1062	Yarn	1998-99	87.46	1.79	1.21	3.00
40.	01	132275	Readymade garments	1999-00	19.06	1.91	0.94	2.85
41.	62	179192	Sale of timber	1997-98	21.03	1.47	1.26	2.73
42.	02	0832534 /1068	Medicines	1999-00	14.90	1.49	0.74	2.23
43.	22	128698/ 0488	Dry Fruits & Kirana	1997-98 1998-99 1999-00	28.39 10.61 1.87	0.85 0.32 0.04	0.73 0.21 0.02	1.58 0.53 0.06
44.	02	136674/ 0289	Medicines	1998-99	23.87	1.19	0.81	2.00
45.	16	17213/1 194	Mineral powder	1999-00	19.13	1.34	0.66	2.00

46.	81	089844/ 1081	Food products	1997-98	2.20	0.11	0.09	0.20
				1998-99	4.68	0.14	0.09	0.23
				1999-00	24.87	0.75	0.37	01.12
47.	83	200350/ 0497	Burners & spares	1998-99	8.56	0.86	0.58	1.44
48.	103	144775/ 0890	Iron & Steel	1999-00	22.64	0.9	0.45	1.35
49.	81	206275	Kiryana goods	2000-01	9.71	0.97	0.23	1.20
50.	44	181958/ 0895	Electrical & electronic items	1999-00	4.58	0.55	0.27	0.82
51.	87	081989/ 1051	Furniture locks, Typewriter	1996-97	2.71	0.27	0.28	0.55
52.	65	147034/ 0890	Insulation material	1999-00	3.03	0.30	0.15	0.45
53.	02	022756	Paper & Board	1999-00	1.81	0.18	0.09	0.27
			Total		12231.15	1055.72	783.03	1838.75

Paragraphs

6.9 Short accountal of purchase/sales/stock

Exemption of tax on sale of goods made by one registered dealer to another on the basis of statutory forms (ST-I and ST-35) furnished by the purchasing dealer to the selling dealer is permissible under Delhi Sales Tax Act, 1975. However, if the dealer conceals particulars of his sales, he is liable to pay interest at the prescribed rate and penalty not exceeding two and a half times the amount of tax avoided in addition to tax.

- (a) It was noticed (between August 2001 and April 2002) that 14 dealers purchased goods valued at Rs. 32.16 crore without payment of tax during the years 1995-96 to 1998-99 on the strength of statutory forms and accounted for purchases amounting to Rs. 26.98 crore only in their books of accounts, thereby concealing purchases aggregating Rs. 5.20 crore. The assessing authorities while finalizing the assessments between July 1999 to February 2001 failed to detect the suppression of corresponding sales of Rs. 5.34 crore after including margin of profit which resulted in short levy of tax of Rs. 32.05 lakh. In addition, interest of Rs. 21.13 lakh and penalty of Rs. 80.16 lakh were also leviable. (March 2002)
- (b) Audit noticed (between April 2001 and March 2002) that while finalizing (February 2000) four assessment cases of four dealers for the assessment years 1996-97 to 1998-99 the assessing authority assessed only Rs. 68.04 crore of turnover as against the sales turnover of Rs. 72.50 crore. This resulted in under assessment of sales amounting to Rs. 4.46 crore, with a short levy of tax of Rs. 23.06 lakh. In addition, interest of Rs. 12.62 lakh and penalty not exceeding Rs. 57.66 lakh was also leviable. (March 2002)
- (c) Audit noticed (between April 2001 and March 2002) that in one case for the assessment year 1997-98, assessed between July and September 2000, the closing stock, for the year 1996-97 was shown as Rs. 57.29 lakh whereas the dealer had shown the opening stock for the year 1997-98 as Rs. 3.35 lakh. While finalizing the assessment, the assessing authority failed to detect the mistake. Thus, purchases valued at Rs. 53.94 lakh were not accounted for leading to suppression of sale valued at Rs. 79.04 lakh (including profit margin) which

resulted in short levy of tax of Rs. 7.90 lakh, interest of Rs. 5.47 lakh, and penalty of Rs. 19.75 lakh. (March 2002)

These cases were referred to the Government in May/ June 2002; their reply was awaited as of December 2002.

6.10 Irregular grant of exemption on tax paid sale/purchases

Under Delhi Sales Tax Act 1975, sale/ purchase of tax paid goods made by one registered dealer to other dealer is to be allowed as a deduction from the turnover of the dealer. This can be claimed by furnishing returns alongwith complete details of tax-paid sale/ purchases etc duly supported by declaration in prescribed forms. In case a dealer conceals the particulars of his sales/purchases, he is liable to pay tax in addition to interest.

Audit noticed (between April 2001 and March 2002) that two dealers for the assessment years 1997-98 to 1998-99 claimed and were allowed exemption on tax paid sale/ purchases for Rs. 10.90 crore without production of any proof that such purchases were tax paid. This resulted in short levy of tax amounting to Rs. 60.83 lakh and interest of Rs. 36.56 lakh was also leviable.

These cases were referred to the Government in May 2002; their reply was awaited as of December 2002.

6.11 Non levy of tax on sale of Replenishment Licence

Import Replenishment (REP) Licence, Exim Scrips and Exim Certificates which are granted by the Director General of Foreign Trade (DGFT) in recognition of export of certain products, can be transferred by way of sale without endorsement by the Licencing Authority.. It has been judicially held* that Replenishment Licence/Exim Scrips are goods and the premium or price received by the holder by the transfer thereof to another person is liable to sales tax.

It was noticed (between April 2001 and March 2002) that in seven cases, the dealer sold Replenishment Licences for Rs. 1.17 crore during 1995-96 to 1998-99. The assessing officers while finalising the assessments between February 2000 and January 2001 failed to levy tax. This resulted in short levy of tax amounting to Rs. 8.16 lakh. Besides, interest of Rs. 5.93 lakh was also leviable.

* *Vikas Sales Corporation Vs Commissioner of Commercial Taxes (STI 1996- SC 100)*

These cases were referred to the Government in May 2002; their reply was awaited as of December 2002.

6.12 Irregular grant of exemption on export

Under the Central Sales Tax Act, sale or purchase of goods shall be deemed to take place in the course of export of goods out of the territory of India only if (i) the sale or purchase either occasions such exports or (ii) sale is effected by transfer of documents of titles of goods after goods have crossed the customs frontier of India. Further, deductions on account of sale value of goods exported out of India shall be available on the production of a certificate from the Chartered Accountant or the export documents i.e., Export invoices/ Bill of lading/ Air cargo bills duly stamped by the customs authorities etc.

(a) Audit noticed (between April 2001 and March 2002) that in 19 cases assessed between February 2000 to September 2000 for the assessment years 1996-97 to 1998-99 the assessing authorities allowed tax exemption on export turnover of Rs. 64.09 crore on the basis of deficient/incomplete certificates from Chartered Accountants or even without any certificate. This resulted in non-levy of tax of Rs. 6.55 crore and interest of Rs. 4.72 crore.

(b) Audit noticed (between April 2001 and March 2002) that dealers in five cases assessed between July 1998 and July 2000 were granted exemption on export amounting to Rs. 95.27 crore related to the year 1995-96 to 1998-99 which was not supported by relevant/proper documents. The goods were either loaded on the ships prior to the date of delivery of goods to the shipping agencies or no documentary evidence was available in assessment records to prove that export was actually made. This resulted in non-levy of tax of Rs. 1.22 crore and interest of Rs. 63.95 lakh.

(c) Audit also noticed (between April 2001 and March 2002) that dealers in 5 cases assessed during 1996-97 to 1998-99 were allowed export exemption against ST-49 forms (two cases), H Form (one case) and High Sea Sale (two cases) amounting to Rs. 1.54 crore but details of export transactions viz. description of goods, quantity, value of goods, number and date of Airways bill etc in favour of the claims were not available in the assessment records. This resulted in non-levy of tax of Rs. 10.51 lakh and interest of Rs. 7.13 lakh.

These cases were referred to the Government in April/May 2002; their reply was awaited as of December 2002.

6.13 Non levy of tax on sale of assets

The Supreme Court* of India decided, in 1973 that sale of scrap, old motor cars, obsolete machinery etc purchased by dealers for their business purpose is liable to sales tax.

Audit noticed (between April 2001 and March 2002) that nine dealers sold plant and machinery, vehicles etc for Rs. 2.13 crores during the period 1996-97 to 1998-99. The assessing officers failed to levy tax while finalizing the sale assessments between September 2000 to March 2001. The tax leviable worked out to Rs. 16.87 lakh, besides interest of Rs. 10.78 lakh was also leviable.

These cases were referred to the Government in May 2002; their reply was awaited as of December 2002.

6.14 Concessional rate of tax/Exemption allowed against defective forms (C, D, ST-I & ST-35)

(a) Under the Central Sales Tax Act 1956, inter state sale to registered dealer or Government departments is taxable at concessional rate of four *per cent* when such sale is supported by declaration in form 'C' or 'D'. The dealer can claim deduction from his turnover in respect of sales against declaration forms by furnishing the original portion of the declaration form showing the registration certificate/authorisation number etc duly signed by him.

Audit noticed (between April 2001 and March 2002) that 31 dealers were allowed concessional rate of tax on the basis of 'C' forms on turnover of Rs. 148.80 crore, during the years 1995-96 to 1998-99 assessed between January 2000 and September 2000. However, declaration forms pertaining to sales of Rs. 24.69 crore were defective on account of multiple transactions, duplicate 'C' form, absence of Registration No. of the purchasers, sale prior to registration of the purchaser etc. This resulted in incorrect exemption of tax of Rs. 1.37 crore, besides interest of Rs. 96.98 lakh was leviable.

(b) Under the provisions of Delhi Sales Tax Act 1975 and the rules framed there under, sale of goods made by one registered dealer to another is exempt from tax if such sale is duly supported by prescribed declarations in form ST-1 or ST-35. However, if a dealer conceals the particulars of his sales, tax is leviable and in addition interest is also leviable.

* *State of Tamil Nadu Vs. Burmah shell oil storage and distribution company (1973-31 STC 4 to 6 SC)*

Audit noticed (between April 2001 and March 2002) that 34 registered dealers for the assessment years 1995-96 to 1998-99 were allowed exemption of sales tax on turnover of Rs. 25.21 crore on the basis of defective forms, with defects such as (i) the forms were duplicate, (ii) registration/authorisation numbers were not mentioned, (iii) the forms not signed by the purchasing dealers, (iv) description of goods not mentioned and (v) forms valuing more than Rs. 20 lakh had multiple transactions without purchase order. This resulted in short realisation of sales tax amounting to Rs. 1.33 crore and interest amounting to Rs. 90.43 lakh.

These cases were referred to the Government in April/ May 2002; their reply was awaited as of December 2002.

6.15 Incorrect application of rate of tax

(a) The Delhi Sales Tax Act 1975 specifies the rates of tax on goods or classes of goods payable by a dealer specified in various schedules appended to the Act. Interest is also payable on the amount of tax due under the Act.

Audit noticed (between April 2001 and March 2002) that in five cases, for the assessment years 1996-97 and 1997-98 the assessing authority (February 2000 to March 2001) levied tax on industrial chain, chemicals, perfumes, jewellery & handicraft and iron wire at a rate lower than that prescribed, resulting in short levy of tax of Rs. 19.53 lakh and interest of Rs. 14.62 lakh.

(b) Central Sales Tax Act, 1956 specifies rates of tax payable by a dealer on sale of goods or classes of goods in the course of inter-state trade or commerce. Interest is also payable on the late deposit of amount of tax due under the Act.

It was noticed in audit (between April 2001 and March 2002) that in three cases pertaining to assessment years 1996-97 to 1998-99, assessing authority while assessing between December 1999 and March 2001 levied tax at a lower rate instead of prescribed rate resulting in short levy of tax of Rs. 4.22 lakh and interest of Rs. 2.62 lakh.

These cases were referred to the Government in May/ September 2002; their reply was awaited as of December 2002.

6.16 Irregular grant of exemption

Under the Delhi Sales Tax Act, 1975, and Rules made thereunder, sales of goods made by one registered dealer to other registered dealers are to be allowed as deduction from turnover of the selling dealer, subject to furnishing of returns, alongwith a complete list of such sales duly supported by prescribed declarations in form ST-35. The deduction is allowed from the date on which authorisation in form ST-37 is issued to the selling dealer.

It was noticed (between April 2001 and March 2002) in audit that four dealers assessed during December 1999 to March 2001 were granted exemption of Rs. 1.51 crore from their gross turnover for the years 1996-97 to 1998-99 on the sale/purchase, made on ST-35 form. However, these were not authorised on ST-37 form. Thus the exemption allowed by the assessing authority was irregular and resulted in short levy of tax for Rs. 9.08 lakh and interest of Rs. 5.90 lakh.

These cases were referred to the Government in May 2002; their reply was awaited as of December 2002.

6.17 Irregular grant of exemption on unauthorised sale/Purchase without authorisation in Registration Certificate

Under the provisions of Delhi Sales Tax Act 1975 and the rules framed thereunder, sale/ purchase of goods made by one registered dealer to another is exempt from tax on his furnishing alongwith his returns, a complete list of such sales/purchase which is duly authorised in Registration Certificate for sale/purchase by the dealer.

It was noticed in Audit (between April 2001 and March 2002) that three dealers sold and purchased goods valued at Rs. 1.34 crore and Rs. 69.87 lakh respectively, during the period from 1995-96 to 1998-99. These transactions were not covered under their certificate of registration. The assessing authority failed to detect the misrepresentation while finalising the assessment (April 1998 to September 2000). This resulted in non levy of tax of Rs. 9.41 lakh, interest of Rs. 7.51 lakh and penalty of Rs. 31.72 lakh.

These cases were referred to the Government in May 2002; their reply was awaited as of December 2002.

6.18 Incorrect grant of exemption from tax under Delhi Sales Tax Act

Under the Delhi Sales Tax Act, and rules made 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 alongwith his returns, complete list of such sales duly supported by prescribed declarations in forms ST-1 or ST-35 or embassy certificates obtained from the purchasing dealers/diplomatic missions. In case a dealer conceals the particulars of his sales, tax is leviable in addition to interest for non-payment of tax with returns/delayed payments.

It was noticed in audit (between January 2000 and March 2001) that in four cases for the assessment years 1996-97 to 1998-99, the dealers were allowed exemption on sales of Rs. 2.89 crore against production of statutory forms for Rs. 2.38 crore. Thus, the dealers were granted excess exemption of Rs. 51.15 lakh. This resulted in short realisation of tax amounting to Rs. 3.76 lakh and interest of Rs. 2.58 lakh.

These cases were referred to the Government in May 2002; their reply was awaited as of December 2002.

6.19 Under-assessment of Luxury Tax

As per Delhi Tax on Luxuries Act, 1996, tax on the turnover of the receipts of a hotelier is levied at the rate of 10 *per cent*. Besides, in addition to the charges for luxury provided in a hotel, service charges are levied and appropriated by the hotelier and not paid to the staff, then such charges would be deemed to be part of the charges for luxury provided in the hotel. In addition, if luxury provided to any person (not being an employee of the hotel) is not charged at all or is charged at concessional rate even then tax at the full rate for such luxury would be levied. Besides rate of interest is leviable at 2 *per cent* of the amount of such tax for each month after the last date by which he should have paid such tax. The penalty leviable is a sum not exceeding the amount of the tax payable by the hotelier for the period during which he carried on business.

A scrutiny of the assessment records for the year 1997-98 of luxury tax revealed that in one case turnover was assessed at Rs. 3.47 crore against the taxable turnover of Rs. 5.41 crore as per profit & loss account of Hotel Ashok Yatri Niwas resulting in short levy of Rs. 19.48 lakh, besides interest of Rs. 18.31 lakh and penalty of tax Rs. 19.48 lakh was payable.

Similarly, in respect of seven units of Indian Tourism Development Corporation there was under assessment of luxury tax due to differences in the figures in the schedule of profit & loss account of the hotels and the figures in the summary sheets on the basis of which tax was assessed by the assessing authority. This resulted in short recovery of Rs. 1.27 crore, which included tax of Rs. 43.37 lakh interest of Rs. 40.76 lakh and penal interest of Rs. 43.37 lakh. Thus total short levy on account of luxury tax worked out to Rs. 1.85 crore.

These cases were referred to the Government in September 2002; their reply was awaited as of December 2002.

Chapter 7: Government Commercial and Trading Activities

Overview of Government Companies and Statutory Corporations

7.1 Introduction

As on 31 March 2002, there were 12 Government companies (all working companies) and 3 Statutory corporations as against 5* Government companies (all working companies) and 3 Statutory corporations (all working) as on 31 March 2001 under the control of Government of NCT of Delhi. 6 new companies** viz., Delhi Power Company Limited (DPCL), Indraprastha Power Generation Company Limited (GENCO), Delhi Power Supply Company Limited (TRANSCO), Central-East Delhi Electricity Distribution Company Limited (DISCOM-1), South-West Delhi Electricity Distribution Company Limited (DISCOM-2) and North North-West Delhi Distribution Company Limited (DISCOM-3) were incorporated during the year 2001-02. The accounts of the Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors appointed by the CAG as per provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provisions of Section 619 of the Companies Act, 1956. The audit arrangements of Statutory corporations are as shown below:

Table 7.1: Audit arrangements of Statutory Corporations

Sl. No	Name of the Corporation	Authority for audit by the CAG	Audit arrangement
1.	Delhi Vidyut Board (DVB)	Section 69(2) of the Electricity (Supply) Act, 1948	Sole audit by CAG
2.	Delhi Transport Corporation (DTC)	Section 33(2) of the Road Transport Corporations Act, 1950	Sole audit by CAG
3.	Delhi Financial Corporation (DFC)	Section 37(6) of the State Financial Corporations Act, 1951	Chartered Accountants and Supplementary Audit by CAG

* Audit of Pragati Power Corporation Limited incorporated on 9 January 2001 was entrusted to the Accountant General (Audit), Delhi in April 2002, hence could not be included in previous year report

** Six new Shell Companies viz. DPCL, GENCO, TRANSCO, DISCOM-1, DISCOM-2 and DISCOM-3 were incorporated in view of unbundling of Delhi Vidyut Board (DVB) (July 2002). Distribution Companies viz. DISCOM-1, DISCOM-2 and DISCOM-3 have been transferred to Private Sector in July 2002

In addition, the State had formed Delhi Electricity Regulatory Commission audit of which is also being conducted by the Comptroller and Auditor General of India.

7.2 Working Public Sector Undertakings

7.2.1 Investment in working PSUs

The total investment in 15 working PSUs¹ (12 Government companies and 3 Statutory corporations) and 8 working PSUs (5 Government companies and 3 Statutory corporations) at the end of March 2002 and March 2001 respectively was as follows:

Table 7.2: Investment in working PSUs

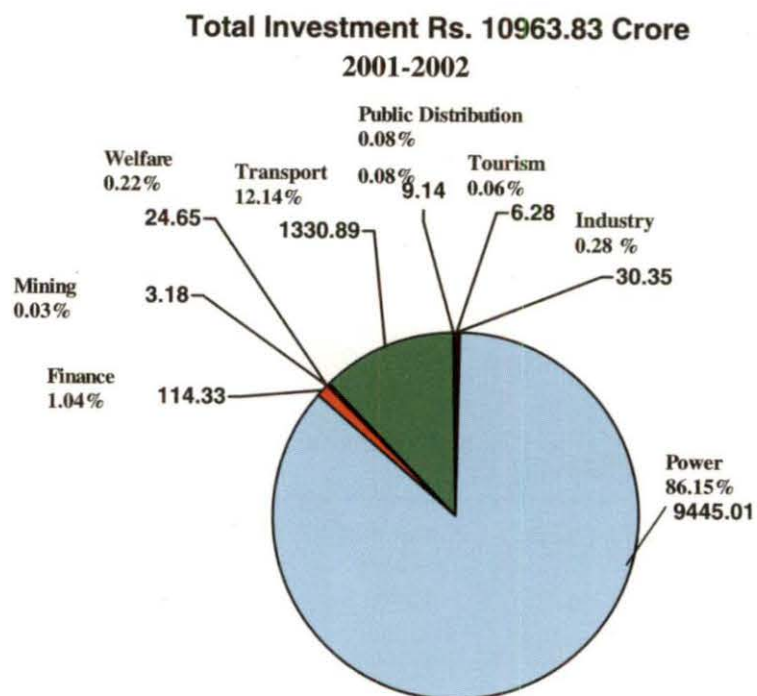
(Rupees in crore)

Year	Number of working PSUs	Investment in working PSUs			
		Equity	Share application money	Loan	Total
2000-01	8	192.90	2.70	9039.38	9234.98
2001-02	15	193.20	12.70	10757.93	10963.83

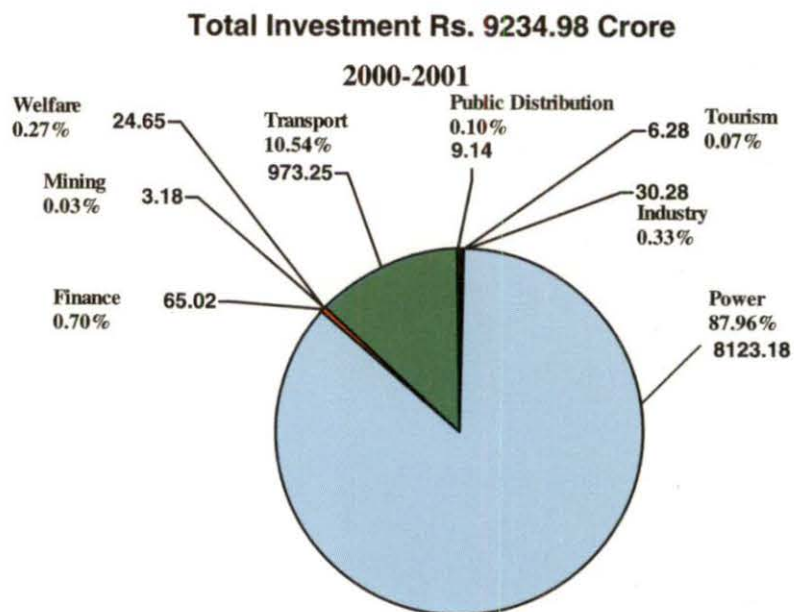
The investment (equity and long term loans) in various sectors and percentage thereof at the end of 31 March 2002 and 31 March 2001 are indicated below

¹ Public Sector Undertakings

in the pie charts:



(Figures indicate investment in Rupees in crore)



(Figures indicate investment in Rupees in crore)

7.3 Working Government Companies

The total investment in 12 working Government companies and 5 working Government companies at the end of March 2002 and March 2001 respectively was as follows:

Table 7.3: Investment in working Government Companies

Year	Number of working Government Companies	Investment in working Government Companies (Rupees in crore)			
		Equity	Share application money	Loan	Total
2000-01	5	62.97	-	10.56	73.53
2001-02	12	63.32	-	436.15	499.47

The summarised statement of Government investment in working Government companies in the form of equity and loans is detailed in Appendix – IX.

As on 31 March 2002, the total investment of working Government companies comprised 12.68 *per cent* of equity capital and 87.32 *per cent* of loans as compared to 85.64 *per cent* and 14.36 *per cent* respectively as on 31 March 2001. Due to long term loan availed by Pragati Power Corporation Limited during 2001-02 the debt equity ratio increased from 0.17:1 in March 2001 to 6.89:1 in March 2002 of all Government companies.

7.3.1 Working Statutory Corporations

The total investment in three working Statutory corporations at the end of March 2002 and March 2001 was as follows:

Table 7.4: Investment in Statutory Corporations

Name of Corporation	2000-2001		2001-02	
	Capital (Including share application money)	Loan	Capital (Including share application money)	Loan
Delhi Vidyut Board	NIL	8123.18	NIL	9019.14
Delhi Transport Corporation	117.00	856.25	117.00	1213.89
Delhi Financial Corporation	15.63	49.39	25.58	88.75
Total	132.63	9028.82	142.58	10321.78

The summarised statement of Government investment in working Statutory corporations in the form of equity and loans is detailed in Appendix -IX.

7.3.2 *Budgetary outgo, grants/subsidies, guarantees, waiver of dues and conversion of loans into equity*

The details regarding budgetary outgo, grants/subsidies, guarantees issued waiver of dues and conversion of loans into equity by State Government to working Government companies and working Statutory corporations are given in Appendix – IX and XI.

The budgetary outgo (in the form of equity capital and loans) and grants subsidies from the State Government to working Government companies and working Statutory corporations for the three years up to 31 March 2002 are given below:

Table 7.5: Budgetary outgo to Government Companies and Statutory Corporations

	1999-2000				2000-01				2001-02			
	Companies		Corporations		Companies		Corporations		Companies		Corporations	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Equity capital outgo from budget	2	1.50	1	0.05	-	-	-	-	7	0.35	-	-
Loans given from budget	-	-	2	1369.81	-	-	2	1991.57	1	295.52	2	-
Grant/Subsidy towards												
(i) Projects/ Programmes/ Schemes	1	0.55	-	-	1	0.71	-	-	-	-	-	-
(ii) Other subsidy/grants	2	3.56	-	-	2	2.19	1	1.73	2	1.27	1	-
(iii) Total subsidy	3	4.11	-	-	3	2.90	1	1.73	2	1.27	1	-
Total outgo	3	5.61	3	1369.86	3	2.90	2	1993.30	9	297.14	2	-

During the year 2001-02 the Government of NCT, Delhi had not give guarantees against the loans obtained by any of the Government companies and Statutory corporations. During the year no Government dues had been waived by the Government. There was no case of conversion of loans into equity capital either in case of Government companies or Statutory corporations.

7.3.3 *Finalisation of accounts by working PSUs*

The accounts of the companies for every financial year are required to be finalised within six months from the end of relevant financial year under Section 166, 210, 230, 619 and 619-B of the Companies Act, 1956 read with

Section 19 of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. They are also to be laid before the Legislature within nine months from the end of financial year. Similarly, in case of Statutory corporations their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

However, as could be noticed from Appendix-X, out of 12 working Government companies, only one company had finalised its accounts for the year 2001-2002 and out of 3 working Statutory corporations only 2 corporations have finalised their accounts for the year 2001-02, within stipulated period. During the period from October 2001 to September 2002, five working Government companies finalised seven accounts for previous years. Similarly, during this period one working Statutory corporation finalised one account for previous year.

The accounts of 11 working Government companies and one Statutory corporation were in arrears for period ranging from one year to nine years as on 30 September 2002 as detailed below:

Table 7.6: Arrears in accounts

Sl. No.	Number of working Companies / Corporations		Year from which accounts are in arrears	Number of years for which accounts are in arrears	Reference to Sl. No. of Appendix - X	
	Government Companies	Statutory Corporations			Government Companies	Statutory Corporations
1.	1	-	1993-94 to 2001-02	9	3	-
2.	1	-	2000-01 to 2001-02	2	2	-
3.	9	1	2001-02	1	1,4,6,7,8,9, 10,11& 12	13*

The administrative departments have to oversee and ensure that the accounts are finalised and adopted by the PSUs within prescribed period. Though the concerned administrative departments and officials of the Government were apprised half yearly by the Audit regarding arrears in finalisation of accounts, no effective measures have been taken by the Government and as a result, the investments made in these PSUs could not be assessed in audit.

* Erstwhile Delhi Electric Supply Undertaking was converted into Delhi Vidyut Board vide Government Gazette notification No. FN(10) 92/LSG/PF(i) dated 24 February 1997. Delhi Vidyut Board has finalized its accounts up to 2000-01. Draft SARs of accounts for the years 1996-97 to 1999-2000 have been issued to Management/Government of NCT Delhi and replies are awaited. Audit for the year 2000-2001 has since been completed and Draft Audit Report is under issue to Management/Government.

7.4 Financial position and working results of working PSUs

The summarised financial results of working PSUs (Government companies and Statutory corporations) as per latest accounts are given in Appendix-X. Besides, statement showing financial position and working results of individual working Statutory corporations for the last three years are given in Appendix-XII and XIII respectively.

According to latest accounts of five working Government companies and three working Statutory corporations, one company viz. Delhi State Civil Supplies Corporation Limited and two corporations viz. Delhi Vidyut Board and Delhi Transport Corporation had incurred an aggregate loss of Rs. 1.08 crore and Rs. 1336.44 crore, respectively. Four companies and one corporation earned an aggregate profit of Rs. 17.12 crore and Rs. 5.57 crore, respectively.

7.4.1 Working Government Companies

(a) Profit earning working companies and dividend

Out of 12 working Government companies, one company, Delhi Tourism and Transportation Development Corporation Limited had finalised the accounts for 2001-02 by September 2002 and earned profit of Rs. 5.45 crore and declared dividend of Rs. 0.63 crore. The dividend as percentage of share capital in the above profit making company worked out to 10 *per cent*. The total return by way of above dividend of Rs. 0.63 crore worked out to 1.22 *per cent* in 2001-02 on total equity investment of Rs. 51.45 crore by the State Government in all Government companies as against 0.61 *per cent* in previous year.

Similarly out of five working Government companies, which finalised their accounts for previous years by September 2002, four companies earned an aggregate profit of Rs. 17.12 crore and all these four companies earned profit for two or more successive years. However, no dividend was declared by these companies.

(b) Loss incurring working Government Companies

The only loss incurring working Government company i.e. Delhi State Civil Supplies Corporation Limited incurred loss of Rs. 1.08 crore, during the year ended March 2001. However, the company was having accumulated profits of Rs. 3.27 crore as on 31 March 2001.

7.5 Working Statutory Corporations

7.5.1 Profit earning working Statutory Corporations and dividend

Out of 3 working Statutory corporations, two corporations have finalised their accounts for the year 2001-02, by September 2002, one corporation i.e. Delhi Financial Corporation earned a profit of Rs. 5.57 crore, but did not declare any dividend.

7.5.2 Loss incurring working Statutory Corporations

Of the two loss incurring working Statutory corporations, one corporation i.e. Delhi Transport Corporation which finalised its accounts for the year 2001-02 by September 2002 had accumulated losses aggregating Rs. 1082.14 crore which had far exceeded its paid up capital of Rs. 117.00 crore.

Despite poor performance resulting in complete erosion of paid up capital, the State Government continued to provide financial support to the Corporation in the form of further grant of loan. The financial support so provided by the State Government by way of loans during 2001-02 to the Corporation amounted to Rs. 333.54 crore.

7.6 Operational performance of working Statutory Corporations

The operational performance of the working Statutory corporations is given in Appendix-XIV.

Corporation-wise important observations are as under:

(i) Delhi Vidyut Board

Revenue (excluding subsidy) per kilo watt hour had increased by 2.54 *per cent* only in 2000-01 when compared to the previous year whereas the expenditure per kilo watt hour had increased by 7.06 *per cent* during the above period.

(ii) Delhi Financial Corporation

The percentage of amount overdue for recovery had increased from 2.91 in 2000-01 to 5.11 in 2001-02. Further, the number of applications pending at the close of year had increased from 26 as on 31 March 2001 to 844 as on 31 March 2002 thereby registering an increase of 3146 *per cent* due to less number of loans sanctioned in 2001-02.

7.6.1 Return on capital employed

As per the latest finalised accounts (up to September 2002), the capital employed* worked out to Rs. 111.71 crore in five working companies and total return** thereon amounted to Rs. 16.22 crore which is 14.52 per cent compared to total return of Rs. 6.99 crore (7.90 per cent) in the previous year. Similarly, the capital employed and total return thereon in case of working Statutory corporations as per the latest finalised accounts (up to September 2002) worked out to Rs. 4650.02 crore and (-) Rs. 916.28 crore respectively against the total return of (-) Rs. 679.22 crore in previous year. The details of capital employed and total return on capital employed in case of working Government companies and Statutory corporations are given in Appendix-X.

7.6.2 Reforms in Power Sector

7.6.2.1 Delhi Electricity Regulatory Commission

DERC² was formed on 3 March 1999 under Section 17 of the Electricity Regulatory Commissions Act, 1998 (Act) with the object of determining Electricity Tariff, advising in matters relating to electricity generation, transmission and distribution in the State, etc. The Commission is a body Corporate and comprises of one member only who is appointed by the Government of National Capital Territory of Delhi. The audit of accounts of the Commission has been entrusted to the Comptroller and Auditor General of India under Section 34 of the Act, *ibid*.

Though the Commission was required to prepare its separate accounts as per the provisions of the Act, *ibid*, the Commission had not prepared its first accounts so far (September 2002).

7.6.2.2 Status of implementation of memorandum of understanding signed between the Government of NCT of Delhi and Central Government

No memorandum of understanding had been signed between the Government of NCT of Delhi and Central Government so far (September 2002).

* Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in finance companies and corporations where it represents a mean of aggregate of opening and closing balances of paid-up capital, free reserves, bonds, deposits and borrowings (including refinance).

** For calculating total return on capital employed, interest on borrowed funds is added to net profit/subtracted from the loss as disclosed in the profit and loss account

² Delhi Electricity Regulatory Commission

7.7 Non working Public Sector Undertakings

There was no non working Public Sector Undertaking under the control of the State Government.

7.8 Status of placement of Separate Audit Reports of Statutory Corporations in Legislature

The following table indicates the status of placement of various Separate Audit Reports on the accounts of Statutory corporations issued by the CAG of India in the Legislature by the Government:

Table 7.7: Placement of SARs in the Legislature

Sl. No.	Name of Statutory Corporation	Years up to which SARs placed in Legislature	Years for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in the Legislature
1.	Delhi Transport Corporation	1999-00	2000-01	14.8.2002	Under process of placement
2.	Delhi Financial Corporation	1998-99	1999-00 2000-01	5.7.2001 Under process	Not furnished

Note: Certification of accounts of DVB is in arrear from 1996-97 onwards.

7.9 Results of audit by Comptroller and Auditor General of India

During the period from October 2001 to September 2002, the audit of accounts of five Government companies (all working) and two Statutory corporations (all working) were selected for review. As a result of the observations made by CAG, one company and one corporation revised their accounts. The net impact of the important audit observations as a result of review of the PSUs was as follows:

Table 7.8: Decrease/ increase in profit as a result of audit by C&AG

Details	Working Government Companies	
	No. of accounts	Rupees in lakh
(i) Decrease in profit	3	260.52
(ii) Decrease in loss	-	5.28
(iii) Non disclosure of material facts	2	133.66

Some of the major errors and omissions noticed in the course of review of annual accounts of some of the above companies and corporations are mentioned below:

7.9.1 Errors and omissions noticed in case of Government Companies

(a) Delhi Tourism and Transportation Development Corporation Ltd. (2001-02)

1. Application of funds

Capital work-in-progress: Rs. 4.14 crore (Schedule-3)

The Company has worked out its capital work-in-progress on cash basis. Non maintenance of the above accounts on accrual basis by ascertaining the actual work done to determine the extent of liability due on this account resulted in understatement of work-in-progress and estimated liability by Rs. 31.63 lakh.

2. Profit & Loss Account

Other income: Rs. 12.63 crore (Schedule 15)

As per Government of India order, Rs. 5/- per bottle sold of country liquor needs to be transferred to Transportation Infrastructure Utilisation Fund. DTTDC³ was obliged to carry forward the unspent money on this account together with interest which may accrue or already accrued, for the dedicated construction of flyover and other pedestrian facilities up to 31 March 2003 as custodian of the government money.

The Company invested Rs. 77.11 crore in various banks including fund of TIUF⁴. The amount was invested on quarterly compound basis. The Company made combined investments of surplus funds. The amount of interest transferred to TIUF was calculated on simple interest whereas on investment it earned quarterly compound interest from banks. This resulted in overstatement of profit by Rs. 0.60 crore for the year 2001-02 and understatement of current liabilities to that extent.

³ Delhi Tourism and Transportation Development Corporation Limited.

⁴ Transportation Infrastructure Utilisation Fund

(b) Delhi State Civil Supplies Corporation Limited (2000-01)

1. Balance Sheet

Application of funds

Capital work-in-progress Rs. 2.74 crore

This includes a sum of Rs. 15.81 lakh spent on repair of old shed. This should have been charged to Profit & Loss account. This has resulted in understatement of loss for the year by Rs. 15.81 lakh and overstatement of Capital work-in-progress to the same extent.

2. Profit and Loss Account

Loss for the year Rs. 1.03 crore

The Supreme Court ordered phasing out of 20 years old commercial vehicles from 2 October 1998 from NCT of Delhi. The Delhi Government accordingly decided that the additional cost of transportation for lifting of specified food articles due to replacement of vehicles to be borne by the Corporation would be reimbursed by the Delhi Government. The Company lodged the claims of Rs. 2.07 crore of additional cost of transportation for the period from October 1998 to December 1999. The claim was rejected by the Finance Department of Delhi Government in September 2002 on the ground that the *ad hoc* transportation charges were high and not justified and such losses should be borne by the Corporation itself. Neither provision was made nor was this fact adequately disclosed.

This resulted in understatement of loss for the year by Rs. 2.07 crore and provisions to the same extent.

(c) Delhi State Mineral Development Corporation Limited (1999-00)

Profit and Loss Account

Administration and other expenses (Schedule 14) – Rs. 9.87 lakh

A reference is invited to notes regarding Revenue recognition and transfer of staff of the Company to Delhi State Industrial Development Corporation Limited. The Company while recognising the income from land mining operations did not make provision for staff payments of Rs. 1.18 crore (Rs. 1.25 crore during previous year) nor suitably disclose the quantum of expenditure.

7.9.2 Errors and Omissions noticed in case of Statutory Corporation

(a) Delhi Transport Corporation (2000-01)

i) Statement of Funds & Reserves (Schedule C)

Reserve against re-appropriation of interest earned on Equity Capital - Rs.10.19 crore

The above is understated to the extent of Rs. 11.37 crore on account of interest earned on equity capital released by Government of NCT, Delhi during the year 1997-98 and 1998-99 and treated as revenue income. On being pointed out by Audit, the interest income for 1999-00 to 2000-01 was appropriated to capital reserve but the interest earned on earlier years has not been re-appropriated to capital reserve. Management stated in this regard that after approval of Government the interest income for the earlier years has been transferred to revenue account as per accounting practice. However, the complete effect of revised accounting policy has not been given for interest earned on equity capital which resulted in understatement of (i) capital reserve by Rs. 11.37 crore and (ii) Net deficit carried to Balance Sheet by like amount.

ii) Current Liabilities (Schedule D)

Outstanding Liabilities Rs. 54.23 crore

Above is understated to the extent of Rs. 3.63 crore on account of non-provision of liability in accordance with provision contained in Section 140(2) of Motor Vehicle Act 1988 in respect of 1061 accident cases which occurred prior to 1999-00. Management has stated that the claims preferred by the individuals cannot be taken into account. The plea of the Management is not acceptable in view of the fact that provision should have been made as per the provision of Motor Vehicle Act 1988.

iii) Advances and Deposits

A Advances to staff Rs. 0.58 crore

Above does not include a sum of Rs. 1.75 crore recoverable from ex-employees towards excess payment made under Voluntary Retirement Scheme (VRS). Non inclusion of this recoverable amount in the accounts has resulted in understatement of receivable and grants-in-aid (VRS) to the extent of Rs. 1.75 crore.

B Advances to suppliers: Rs. 5.65 crore

Above includes an amount of Rs. 0.55 crore given, as advances to various suppliers prior to 1989-90 for which no supporting documents are available.

Management stated that the agenda items are being submitted for placing before the DTC Board for write off. Non provision against advances resulted in overstatement of advances and under statement of provisions to that extent.

**iv) Current Liabilities (Schedule-D) – Outstanding Liabilities –
Rs. 54.23 crore**

Above does not include a sum of Rs. 232.20 crore towards interest payable on ways and means loans @ 18.50 per cent. Corporation has neither provided for interest nor disclosed it suitably.

v) Fixed Assets (Schedule-E)

Above is overstated to the extent of Rs. 5.32 crore on account of non amortisation of different leasehold lands since their procurement dates to 31.3.2001. This has resulted in overstatement of land and understatement of loss to the extent of Rs. 5.32 crore.

(b) Audit assessment of the working results of Delhi Vidyut Board

- (i) The Delhi Vidyut Board was formed on 24 February 1997 under Section 5(1) of the Electricity (Supply) Act, 1948 by taking over the functions of the erstwhile Delhi Electric Supply Undertaking and the books of Accounts of DESU⁵ are being treated in perpetuity. The audit certificate and Report on the annual accounts of DESU for the year 1992-93 issued by Chief Auditor, Municipal Corporation of Delhi stated that accounts did not completely give a true and fair view of the state of affairs of the undertaking for that year on account of the observations/revelations made in his report.
- (ii) The accounts for the year 1993-94 to 1995-96 have not been certified by the Chief Auditor, MCD⁶. In absence of receipts of certified accounts, authenticity of the opening balances adopted for preparation of accounts for the year 1996-97 could not be commented upon.

7.10 Response to Inspection Reports, Draft Paras and Reviews

Audit observations noticed during audit and not settled on the spot are communicated to the heads of PSUs and concerned departments of State Government through Inspection Reports. The heads of PSUs are required to furnish replies to the Inspection Reports through respective heads of departments within a period of six weeks. Inspection Reports issued up to

⁵ Delhi Electric Supply Undertaking

⁶ Municipal Corporation of Delhi

March 2002 pertaining to seven PSUs disclosed that 116 paragraphs relating to 35 Inspection Reports remained outstanding at the end of September 2002. Of these, 5 Inspection Reports containing 25 paragraphs had not been replied for more than two and half years. Department-wise break-up of Inspection Reports and Audit Observations outstanding as on 30 September 2002 is given in Appendix-XV.

Similarly, draft paragraphs and reviews on the working of PSUs are forwarded to the Principal Secretary/ Secretary of the administrative department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. It was, however, observed that six draft paragraphs and two draft reviews forwarded to the various departments during October 2001 to September 2002, as detailed in Appendix-XVI had not been replied to so far.

It is recommended that (a) the Government should ensure that procedure exists for action against the officials who failed to send replies to Inspection Reports/draft paragraphs/reviews as per the prescribed time schedule, (b) action to recover loss/outstanding advances/overpayment in a time bound schedule and (c) revamping the system of responding to the audit observations.

7.11 Position of discussion of Audit Reports (Commercial) by the Committee on Government Undertakings

The position of discussion of Audit Reports (Commercial) by COGU⁷ of reviews and paragraphs pending for discussion in the COGU at the end of March 2002 is shown below:

Table 7.9: Position of discussion of Audit Reports (Commercial) by the COGU

Period of Audit Report	No. of reviews and paragraphs appeared in the Audit Report		No. of reviews/paragraphs selected for discussion		No. of reviews/paragraphs pending for selection	
	(2)	(3)	(4)	(5)	(6)	(7)
	Reviews	Paragraphs	Reviews	Paragraphs	Reviews	Paragraphs
1996-97	1	2	1	-	-	2
1997-98	-	4	-	1	-	3
1998-99	2	8	-	7	2	1
1999-00	2	7	2	Not yet selected	-	7
2000-01	1	9	Not yet selected	1	1	8

⁷ Committee on Government Undertakings

COGU did not make any recommendation during 2001-02. The Audit Report for the year 2000-01 was placed before the State Legislature on 28 March 2002.

Reviews

Delhi Vidyut Board

7.12 Material Management and Inventory Control

Highlights

The procurement and inventory operations of DVB suffered from various system/procedural deficiencies including improper assessment, non preparation of material budget, absence of ABC or other scientific analysis of inventory.

Purchase of cables and transformers at higher rates resulted in extra expenditure of Rs. 11.53 crore.

Bulk purchases of cables, meters and conductors in excess of immediate requirements led to locking up of funds of Rs. 5.86 crore with consequential loss of interest of Rs. 3.38 crore.

DVB incurred extra expenditure of Rs. 10.32 crore due to delay in decision making after inviting tenders for purchase of HT Cables.

Excess inventory holdings burdened DVB with annual carrying cost of Rs. 30.41 crore.

The poor performance of grinding sets in coal mills resulted in excess consumption of nine pairs of grinding sets valued at Rs. 1.02 crore.

1478 Transformers of various capacities valued at Rs. 35.18 crore failed during guarantee period and 6432 transformers valued at Rs. 62.49 crore were awaiting repair/disposal at the end of March 2002.

7.12.1 Introduction

The DVB⁸ was formed in February 1997 under Section 5(1) of Electricity (Supply) Act, 1948 by taking over the functions of the erstwhile Delhi Electric Supply Undertaking. It was responsible for purchase, generation, transmission, and distribution of power to domestic, commercial and industrial consumers in NCT of Delhi including Delhi Cantonment Board and New Delhi Municipal Council. The Board operated two Thermal Power Stations namely Rajghat Thermal Power Station and Indraprastha Thermal Power Station with aggregate capacity of 320 MW⁹ and Gas Turbine Stations with aggregate capacity of 265 MW. As against the average budget provision of Rs. 843 crore, towards purchase of stores, actual expenditure (average) per annum was Rs. 636 crore. While percentage of stores budget to total budget during the period ranged from 14 *per cent* to 23 *per cent*, the actual expenditure on stores ranged from 10 to 17 *per cent* of the total budget estimates.

7.12.2 Organisational set-up

For the upkeep and maintenance of generating stations, and transmission and distribution network, the Board maintained 36 stores/sub stores, eight generation stores and 28 transmission and distribution stores. The procurement of material and inventory control in the DVB was centralised. The Chief Engineers of the respective Power houses were responsible for procurement of fuel. The Additional Chief Engineer, Generation, was responsible for procurement of generation items other than fuel. The Chief Engineer, Material Management was responsible for procurement of stores and spares other than generation stores.

7.12.3 Scope of Audit

Audit reviewed the activities of maintenance stores and power generation stores for the five years ended March 2002. The emphasis was on evaluation of assessment, planning, procurement, storing and utilisation of materials. Besides examination of purchase cases, 12 out of 36 stores representing 33 *per cent* of total stores have been audited. The inventory held by these 12

⁸ Delhi Vidyut Board

⁹ Mega Watt

stores valued at Rs. 265.85 crore was 59 *per cent* of the total inventory of Rs. 447.90 crore as on 31 March 2002.

7.12.4 Purchase procedure

Generation items such as coal, furnace oil, natural gas, Light Diesel Oil, etc., are purchased from PSUs at prices fixed by Government of India.

Procurement of other stores is centralised. Stores purchase department initiates action for procurement on the basis of indents received from consuming units. As per stores purchase manual, a list of approved contractors and suppliers is to be maintained by the stores purchase department. However, no such list was prepared. A list of black listed tenderers only was maintained. If the offers received from new tenderers are technically acceptable, trial orders would be placed for 10 *per cent* of the tendered quantity for each new tenderer subject to overall ceiling of 20 *per cent* for all the new tenderers. For tenders valued above Rs. five crore negotiations could be held at Chairman's level. For tenders valued at Rs. one crore to Rs. five crore, the Member (Technical) would be the Chairman of the negotiation committee. The Executive Engineers and Superintending Engineers were authorised to make local purchases subject to prescribed limits.

7.12.5 Procurement of material and system/procedural deficiencies

The following general deficiencies relating to material management were noticed during the course of audit.

- Non preparation of material budget, non-collection of market information regarding price trend and forecast on price trend.
- Non maintenance of vendor list according to performance of suppliers/contractors.
- Absence of ABC or other scientific method of analysis to control the inventory holding.
- Non utilisation of material within guarantee period and consequent loss in the form of slow and non moving items leading to scrap.
- Lack of scientific system for fixation of minimum, maximum and reorder levels of inventory.

The above deficiencies resulted not only in purchases at higher rates, untimely purchases without assessment of requirements leading to blocking of funds and consequent loss of interest but also increased inventory carrying cost due

to excess holdings. Few such instances are summarized below and have also been discussed in succeeding paragraphs.

Table 7.12.1: System/procedural deficiencies in procurement of material

Sl. No.	Nature of deficiencies	No. of cases	Financial implication (Rs. in crore)	Para Nos.
1.	Procurement of material at higher rate	2	11.53	7.12.5.1 (a) & 7.12.5.1 (b)
2.	Avoidable bulk purchases leading to blocking of funds	3	9.24	7.12.5.2 (a) to 7.12. 5.2 (c)
3.	Delay in decision making	2	10.32	7.12.5.3 (a) & 7.12.5.3 (b)
4.	Delay in risk purchase action	2	0.62	7.12.5.4 (a) & 7.12.5.4 (b)
	Total	9	31.71	

7.12.5.1 Procurement of material at higher rate

(a) Purchase of HT XLPE cables

Against the requirements of Chief Engineer (D) I & II for the year 1996-97, DVB initiated action for bulk purchases of 200 kilometers of HT XLPE cables of 3x240 sq. mm, in September 1995. Orders were placed for purchase of 200 km of HT XLPE cable of 3X240 sq. mm at a uniform rate of Rs 11.84 lakh per km with the three suppliers in April 1996 with directions to commence delivery within 2-4 months and to complete the same by 6-8 months. All the suppliers completed delivery of the material (202.417 kms.) within the scheduled period.

The stock of the material (including supplies to be received against pending orders) available with DVB on the date of purchase order was 42.156 km, sufficient to meet the requirement for 12 months, considering past consumption pattern for preceding 3 years. The consumption of the material for subsequent three years i.e. 1996-97 to 1998-99 was 237.88 kms indicating that the material received (till December 1996) against the purchase order (April 1996) had to be retained in stock even up to 31 March 1999.

The risk purchase case was initiated (September 1995) simultaneously with action for bulk purchase. As the prices were rising, risk purchase action was deferred to help the defaulting supplier and ultimately action for risk purchase was taken when prices had come down and finally no recovery was effected as the procurement had been made at lower prices. Whereas the Management

prudently deferred procurement action against risk purchases citing rising prices, same care was not taken for procurement of materials against bulk requirement on own account.

Management's action of bulk purchases against September 1995 tender (i) without realistic assessment of actual requirement, (ii) evaluating the lead time required vis-a-vis consumption pattern and (iii) during the time prices were known to be rising, lacked justification. This procurement needs to be viewed from the fact that Management resorted to risk purchases only in January 1997, when the prices declined.

Procurement of cables at higher rates without proper assessment of requirement resulted in extra expenditure of Rs. 10.70 crore.

Thus, procurement of cables at higher rates without proper assessment of requirement, price trends and consumption pattern resulted in extra expenditure of Rs. 10.70 crore.

The Management stated in January 2002 that the suppliers quoted lesser rates for risk purchase cases with a view to avoid penalties and comparing risk purchase rate with regular purchase rate was not a justified criteria. It is untenable as the prices serve as indicators of market trend and further considering the past consumption pattern, procurement of cables without assessment of requirement at higher rates was unwarranted and unjustified.

(b) *Rejection of lowest offer in procurement of 100 MVA power transformers*

On the basis of an urgent requirement, a limited tender was floated in February 1999 to four parties for three transformers having dual secondary ratio (item-I) and one transformer having special percentage impedance (item-II) of 100 MVA¹⁰ rating. Subsequently, it was decided in April 1999 to issue a short-term tender against which eight parties submitted their offers. The lowest offer of M/s. Apex Electricals Ltd. at the rate of Rs. 1.67 crore for item-I and Rs. 1.48 crore for item-II was rejected on the ground of lack of experience. As per NIT¹¹, the tenderer was required to prove that the transformers supplied by them worked satisfactorily at least for five years with the customers to whom they had supplied the transformers. M/s. Apex Electricals had supplied one 100 MVA power transformer to Gujarat State Electricity Board in 1994 against supply order received in November 1993. DVB did not enquire about the performance of the said transformer from GSEB¹². It was observed in audit during May 2002 that the above firm had assured DVB in November 1999 of five years warranty against one year warranty required under this tender and stated that their 100 MVA power transformers were functioning successfully in various SEBs. The SPC after

¹⁰ Million Volt Ampere

¹¹ Notice Inviting Tender

¹² Gujarat State Electricity Board.

negotiating with others, recommended in December 1999 purchase of three power transformers at the rate of Rs. 1.82 crore (item-I) and one power transformer at the rate of Rs. 1.72 crore (item-II) being the lowest negotiated rate.

Accordingly, purchase orders were placed in February/June 2000 on M/s. Emco, Crompton & Greaves and Bharat Heavy Electricals Limited for one transformer each (item-I). Order for one transformer (item II) was also placed on BHEL¹³. Under quantity variation clause, order for one additional transformer (item-I) was placed on BHEL on 11 December 2001.

Avoidable expenditure of Rs. 0.83 crore due to rejection of lowest offer.

Non Consideration of lowest offer of M/s. Apex Electricals on the grounds of lack of experience, without verifying whether 100 MVA transformers of the party were running successfully in various SEBs, was not justifiable. Thus, by placing order at higher rates, DVB incurred extra expenditure of Rs. 0.83 crore.

7.12.5.2 Avoidable bulk purchases leading to blocking of funds

(a) Purchase of 66 KV HT cables

The avoidable bulk purchase resulted in blocking of Rs. 3.17 crore for seven years.

The DVB procured 59.26 km of 66KV¹⁴ HT cables of 1 X 630 Sq.mm during April 1994 to March 1997 at a total cost of Rs.6.96 crore and stored at Lawrance Road store. There was no consumption of material during the three years up to 1997-98. The average annual consumption in subsequent years was around 20 km. Untimely bulk purchase of the material resulted in blockage of funds of Rs.3.17 crore on account of excess average inventory held for seven years. Interest loss on the blocked funds at 12 *per cent* worked out to Rs.2.66 crore up to March 2001.

The Management admitted in January 2002 that the materials were purchased on the basis of the indents from the planning department of DVB for specified schemes, which could not be implemented and the material had to be consumed under different schemes.

(b) Purchase of LTCT meters

On the basis of an urgent indent received in May 1999 from the Chief Engineer (Commercial) for 25000 Nos. of 3x 100/5A rating and 6000 Nos. of 3x 200/5A rating LTCT¹⁵ meters, procurement action was initiated. The

¹³ Bharat Heavy Electricals Limited

¹⁴ Kilo Volt

¹⁵ Low Tension Current Transformer

comparative rates of tenderers as analysed by SPC were as follows:

Table 7.12.2 : Purchase of LTCT meters

Sl. No.	Name of tenderer	Computed Rates (Rs.)	Remarks
1.	BHEL New Delhi	1159.67	Sought time to supply samples
2.	Contimeters & Electricals	1390.40	Trial party
3.	Capital Power System	1390.40	Trial party not started supply against previous order in May 1999
4.	Capital meters	1390.40	Party not started supply against previous order in May 1999
5.	Elymer Elect.	1390.40	Poor supply against pending order

Ignoring offer of the lowest and a reputed supplier resulted in extra expenditure of Rs. 0.72 crore.

It is evident from above that compared to the lowest computed rate of BHEL the rates quoted by others were higher by 20 *per cent*. They had also defaulted in supplying the quantities ordered earlier except Contimeters and Electricals. The Member (Finance) brought this to the notice of the Board. However, the Chairman observed that the purchase was urgent. Accordingly, the Board decided on 10 August 1999 to place purchase orders on Contimeters and Electricals, Capital Meters Ltd. and Elymer Electric in the ratio of 2:4:4 at a computed rate of Rs.1390.40 per meter. The total cost of the material worked out to Rs.4.31 crore. By ignoring BHEL offer DVB incurred extra expenditure of Rs. 0.72 crore. Further, DVB failed to utilise bulk of stock though the purchases were made on grounds of urgency. Even after 2 months out of 31000 meters procured, 17270 meters representing 56 *per cent* of total purchases were still not installed as on 18 April 2002, thus blocking Rs. 2.40 crore. The interest loss on this blocked amount at 12 *per cent* for two years worked out to Rs. 0.58 crore.

The Management stated in January 2002 that the procurement was made in anticipation of applications for enhanced load from the consumers in view of the policy of liberalisation of DVB. However, the anticipation alone does not justify the decision to place purchase orders at much higher rates on suppliers with unsatisfactory record, without waiting for the samples of a reputed supplier whose rate was the lowest.

(c) Purchase of Zebra conductors

In April 1998 despite availability of 127.32 km of Zebra conductors valued Rs.1.03 crore in stock, DVB issued purchase orders, on four parties for purchase of 200 km of the conductors at a total cost of Rs. 2.84 crore. The supplies though started in October 1998 had to be postponed for want of storage space.

Out of 140.422 km of conductors received in stock against these orders 20.30 km was still in stock as on March 2002. The amount blocked and the

interest loss on the same worked out to Rs.28.83 lakh and Rs.13.84 lakh, respectively.

The Management stated in January 2002 that the schemes for which the purchases were made got delayed due to unforeseen reasons and that above quantity being small could be consumed against maintenance work. However, this reply does not justify prioritising of bulk purchase when substantial quantity of the material was already available in stock.

7.12.5.3 Delay in decision making

(a) Purchase of HT cables 3x300 sq. mm

The Chief Engineer (Stores) issued NIT in February 1999 for procurement of 400 kms of 11 KV XLPE armoured cable of size 3 X 300 sq. mm specifying that the manufacturing process "could be dry cured with inert gas process". This specification was given in the NIT for the first time though there was no evidence to prove that this manufacturing process was superior to the prevalent 'Sioplas' technology. Two cable suppliers of DVB viz. Plaza Cables Industries Ltd. and Hindustan Vidyut Products objected to the specified manufacturing process and obtained the orders of High Court to participate in the tender without specifying the process. The comparative list of the first four out of the 11 tenders received was as given below:

Table 7.12.3 : Delay in decision making

Sl. No	Name of tenderer	Computed cost per km. (Rs. in lakh)	Quantity offered (Km)
1.	Plaza Cables Industries	6.35	400
2.	Hindustan Vidyut Products	6.94	100
3.	Universal Cables Ltd	7.30	90
4.	Cable Corporation of India Ltd.	7.32	80

Placing orders on L3 resulted in extra expenditure of Rs. 0.73 crore.

The Chairman held negotiation only with Universal Cables Ltd. on 18 May 1999 while no negotiations were held with other parties who quoted less or similar rates. Orders for purchase of 90 km of the cable at a negotiated rate of Rs.7.16 lakh per km. were issued to them in July 1999 and entire quantity was received by December 1999. This negotiated price was higher than the evaluated rate of the lowest quoted tenderer by Rs.0.81 lakh per km and resulted in an extra expenditure of Rs.0.73 crore. The Management was aware of the fact that the cost of inputs for manufacture of the material was going up but failed to take timely decision on the purchase of the balance quantity. The case was again tendered (June 1999) and the tenders opened on 22 February 2000.

The price quoted ranged between Rs.10.38 lakh and Rs.10.54 lakh per km and on negotiations, it was brought down to Rs.10.07 lakh per km. During March 2000 to December 2000, the DVB placed orders for 295 km of the material with two suppliers viz. M/s. Torrent Cables Ltd. and Uniflex Cables Ltd. At Rs.10.07 lakh per km. Against which they supplied 299.80 km of cable.

Delay in decision making and re-tendering resulted in extra expenditure of Rs. 8.72 crore.

Thus, delay in decision making and repeated retendering resulted in an extra expenditure of Rs.8.72 crore as compared to the rates offered in February 1999.

The Management stated in January 2002 that though the re-tender would have increased the price, the decision to do so was taken to break the cartelisation of the regular suppliers. The attempt to break the cartel did not succeed as evidenced by purchases made at still higher rate.

(b) Purchase of HT Cables 3x150 sq.mm

The DVB invited tenders in (April 1999) for procurement of 100 km of 11 KV XLPE insulated armoured cables of 3X150 sq. mm. The Store Purchase Committee recommended in August 1999 for purchase of 80 km of the material from Central Cables. (lowest tenderer) at the computed rate of Rs.4.35 lakh per km. The Board turned down the recommendations of the SPC¹⁶ on the plea that the supplier was debarred in December 1996 for a period of three years for supply of cables due to unsatisfactory performance. Audit scrutiny, however, revealed that the debar was only for supply of cables above 11 KV but the Board had decided not to place any order on this party for any category of cables. After the expiry of validity of tender, in October 1999, the DVB called for the minimum prices at which the suppliers could supply the material, from suppliers, including the debarred supplier, but no supplier responded.

The bar on the supplier was revoked in December 1999. The stock position of the material went critical and a short tender for purchase of 100 km. of the material was floated in February 2000. The Central Cables again quoted the lowest computed rate of Rs.6.44 lakh per km, which was reduced to Rs.6.18 lakh per km during discussions. The DVB placed purchase orders for 70 km of the material and repeat orders of 17.5 km. on quantity variation clause in May 2000 on Central Cables and Hindustan Vidyut Products in the ratio of 1:1.

Delay in decision over a debarred tenderer resulted in an extra expenditure of Rs. 1.60 crore.

The DVB delayed the decision on the tender floated in April 1999 by 13 months (ten months were taken in the processing of the case for revocation of the bar on the debarred party) to facilitate the debarred tenderer to bag a

¹⁶ Store Purchase Committee

purchase order of substantial quantity at 142 *per cent* of the originally quoted rate resulting in an extra expenditure of Rs.1.60 crore to DVB.

The Management admitted in January 2002 that the delay in decision making was due to its unsuccessful efforts to break the cartelisation by the suppliers.

7.12.5.4 Delay in risk purchase action

As per the general terms and conditions of purchase orders, if the tenderers fail to make timely supply of the materials, DVB can make alternate purchases at the risk and cost of the defaulted suppliers. However, DVB failed to pursue such cases and safeguard its interest as can be seen from the cases discussed below.

(a) Purchase of ACSR Dog conductors

Risk purchase amount of Rs. 0.41 crore could not be recovered from defaulting supplier.

The DVB initiated risk purchase action against Priya Cables in November 1997, for failure to supply 361.86 kms of ACSR DOG conductors, at Rs. 23,100/- per kilometer out of 400 kms ordered in December 1992. Accordingly, orders for purchase of 361.86 km of the conductors at Rs. 34,500/- per km were issued on three tenderers in February 1999 and Priya Cables was directed in May 1999 to deposit the risk purchase amount of Rs. 41.25 lakh being the difference between the original rate and the risk purchase rate. The DVB failed to pursue the matter and consequently could not recover the amount so far.

The Management stated in January 2002 that the case was with the arbitrator and that the arbitrator was being requested to expedite the same.

(b) Purchase of insulators

The DVB placed a purchase order in December 1992 on M/s. Insulators and Electricals Company for supply of 11KV Disc insulators of 160KN¹⁷ (20,400) and 90 KN (6,900) at the rate of Rs 231.37 and Rs 134.74 per piece respectively. As per delivery schedule, both the items were to be supplied by June 1993. The party supplied 90 KN Disc insulators against the order. But 160 KN Disc insulators were not supplied on the plea that payment for item 90 KN was delayed. After a lapse of over three years DVB cancelled the order in February 1997. However, DVB took another three years in effecting the risk purchase of above item and placed the order in January 2000 on two firms at the rate of Rs 331.59 per piece. The risk purchase amount of Rs. 20.44 lakh has not yet been recovered from the defaulting supplier. Finance wing of DVB pointed out in March 2000 that reasons for delay in cancelling the order and further delay in effecting risk purchase be

¹⁷ Kilo Newton

investigated and responsibility fixed on erring official. The Management stated in January 2002 that efforts were being made to recover the amount by legal means. The latest position regarding recovery of the amount and fixing responsibility on erring official, if any, was not furnished to Audit.

7.12.6 Inventory control

The DVB had not fixed any norm for minimum, maximum and reorder levels of inventory as had been done by number of other State Electricity Boards with a view to avoid excess inventory holdings and its carrying costs. The Andhra Pradesh State Electricity Board had fixed the inventory holding limit of not more than three months consumption at any point of time. Further, poor control over inventory had caused excessive inventory holdings and its carrying costs as discussed in succeeding paragraphs.

7.12.6.1 Excess inventory holdings

The table given below indicates the value of inventory handled by DVB during the 5 years ended 2001-2002.

Table 7.12.4: Excess inventory holdings

(Rupees in crore)						
Sl. No.	Particulars	1997-98	1998-99	1999-00	2000-01	2001-02
A.	Generation Items					
1.	Opening stock	5.01	31.54	28.09	24.70	28.06
2.	Purchase	365.16	311.08	359.10	394.49	407.40
3.	Consumption	338.63	314.53	362.49	391.13	399.89
4.	Closing stock	31.54	28.09	24.70	28.06	35.57
B	Other than Generation Items					
1.	Opening Stock	243.87	215.19	237.76	308.90	342.35
2.	Purchase	176.45	260.17	273.02	248.21	387.13
3.	Consumption	205.13	237.60	201.88	214.76	281.58
4.	Closing Stock	215.19	237.76	308.90	342.35	447.90
5.	Closing stock in terms of months value of consumption	13.00	12.00	18.00	19.00	19.00

No minimum, maximum and reordering levels were fixed. Annual purchases ranged between 109 and 137 per cent of the average annual consumption.

In the absence of minimum, maximum and reordering level of inventory, no control could be exercised on inventory holding. The closing stock of stores other than generation items in terms of month's consumption ranged between 12 months and 19 months. The average annual purchase of store other than fuel as compared to the average annual consumption ranged between 109 per cent and 137 per cent (except for the year 1997-98) and thus the closing stock continued to accumulate. The accumulation of total stores registered an increase of Rs. 234.59 crore during a span of five years from Rs. 248.88 crore as on 1 April 1997 to Rs. 483.47 crore as on 31 March 2002.

Excess inventory holdings caused annual carrying cost of Rs. 30.41 crore.

Taking three months consumption as stock holding limit as followed by APSEB¹⁸, the excess investment in stock (other than generation items) ranged from Rs. 163.91 crore (1997-98) to Rs. 377.50 crore (2001-02). Interest charges for this average excess inventory holding at the rate of 12 *per cent* worked out to Rs. 30.41 crore per annum. DVB is yet to evolve a plan to make purchases as per actual requirements.

It was further observed in audit that the closing stock figures were arrived at as a balancing figure and not on the basis of actual value. The audit contention is substantiated by the following facts.

- (i) The DVB did not conduct annual physical stock verification of the stores regularly. No physical verification was carried out during five years up to March 2001 in transformer workshop.
- (ii) During test check, delay in inspection of materials received in stores ranging from 9 days to 85 days was noticed in 5 stores. Cases of non-lifting of rejected materials by the suppliers from the stores, issue of materials without indents, etc., were also noticed during the course of audit.
- (iii) Shortages, pending investigation, as on 31 March 2002 were Rs. 0.52 crore.

Figures compiled by costing department were not reconciled.

The statement prepared by store costing department of DVB does not agree with the statement of closing stock as per the accounts, as shown below:

Table 7.12.5 : Closing stock as per accounts vis-a-vis store costing records

(Rupees in crore)						
Sl. No.	Particulars	1997-98	1998-99	1999-00	2000-01	2001-02
1.	Closing stock as per accounts	215.19	237.76	308.90	342.35	447.90
2.	Closing stock as per store costing department	84.13	74.39	99.47	85.74	Not available
3.	Difference (1) -(2)	131.06	163.37	209.43	256.61	-

The data maintained by the costing department is expected to be an important link in the management information system. The DVB has not reconciled the difference between the two statements.

7.12.7 Consumption of materials

In order to achieve economy in consumption of materials, the overall and item wise consumption should be checked from time to time to know the consumption pattern and to take remedial action by the Management in case

¹⁸ Andhra Pradesh State Electricity Board.

of excess consumption. Norms for consumption of chemicals for demineralization of water of generating stations have not been laid down by DVB as discussed in the succeeding paragraph.

7.12.7.1 Consumption of water demineralisation chemicals

Three water purification plants with a combined capacity of 180 Kilo litre per shift were commissioned at the ITPS¹⁹ of DVB for demineralisation of Yamuna water so as to utilise the same in the boilers. The major chemicals used for water demineralisation are (a) alum and chlorine to settle the impurities (b) Hydrochloric acid or Sulphuric acid in the cation exchangers and (c) Caustic Soda in the anion exchangers. No norms for utilisation of these chemicals have been fixed by DVB. During the five years ending 2001-02 an amount of Rs. 5.09 crore (approx.) was incurred towards the purchase of these items. In the absence of any norms, reasonability of the expenditure and consumption could not be assessed in Audit.

7.12.7.2 Utilisation of grinding sets

To make available the required quantity of coal in powder form to be fed into the furnaces of units 2,3 and 4 of the ITPS of DVB, four grinding mills continuously work throughout the year. Each grinding mill contains a set of grinding media having an upper and lower grinding rings and 9+1 grinding balls with a maximum diameter of 21 inches. The composition of the balls should be either of Nickel Chrome Alloy Steel or of High Chrome Iron. The Power House uses both the types of the balls. The balls in one set should be of the same composition. The alloy steel balls were guaranteed to give a minimum satisfactory performance of 7000 hours and the high Chrome Iron balls were guaranteed for a minimum performance of 8500 hours. The minimum guaranteed performance of a pair of sets thus works out to 15500 hours. The suppliers of the sets were required to make free replacement of the materials or compensate for the loss in case the performance was below the satisfactory minimum guaranteed.

During the period 1997-1998 to 2001-2002, the maximum number of grinding sets required for the continuous running of all the four grinding mills throughout the period, based on minimum guaranteed performance, worked out to around 11.5 pairs (i.e. 23 sets) (24 hours x 365 days x 5 years x 4 sets/15500). However, during this period, 16 pairs or 32 grinding sets were consumed in the mills, which indicates that the performance of the sets was 39 per cent below the guaranteed satisfactory minimum. DVB did not take any action either to get free replacement of the materials, which gave performance below the guaranteed minimum or to recover compensation for the loss incurred on account of the same. The value of nine excess grinding

Performance of grinding sets below guaranteed level led to excess expenditure of Rs. 1.02 crore.

¹⁹ Indraprastha Thermal Power Station

sets consumed to compensate for the loss on account of performance below the guaranteed minimum at the rate of Rs. 11.30 lakh per set worked out to Rs. 1.02 crore.

7.12.8 Transformer management

Transformers are required for regulation of power in the distribution system. The average annual utilisation of new/ repaired distribution transformers of the capacities 100 KVA²⁰, 400 KVA, 630 KVA and 1000 KVA during 1997-98 to 2000-01 was around 2300 Nos.

7.12.8.1 Transformers failed during guarantee period

The manufacturers guaranteed satisfactory working of the transformers for a period of 12 months from the date of commissioning or 18 months from the date of dispatch whichever was earlier. The transformers failed during the guarantee period were required to be lifted by them and returned to Okhla store free of cost after repair, within 45 days.

Transformers valued at Rs. 35.18 crore failed during guarantee period.

According to supply order with the manufacturers, the transformers failing during guarantee period were to be jointly inspected before dismantling, to assess the reasons for failure. As on 31 March 2002, 1478 transformers of the four capacities mentioned supra, which failed during guarantee period were awaiting repair by the manufacturers. The value of these transformers worked out to Rs. 35.18 crore.

7.12.8.2 Repair of damaged transformers

All damaged transformers other than those failed during the guarantee period are brought to the repair workshop at Okhla for repair by cannibalisation. The process involves assembling of salvaged components of the damaged transformers of identical rating to produce healthy transformers. The other transformers having estimated cost of repair below 40 per cent of the computed cost of a new transformer of similar rating are sent to manufacturers for repair. The remaining transformers are treated as uneconomical and scrapped for sale.

Transformers are sent for repair without collecting adequate security.

The DVB sent 2780 transformers for repair during 1998-99 to 2001-02. Of these 2171 were returned after repair, 176 were returned as uneconomical and 433 numbers were yet to be repaired. The value of the transformers yet to be repaired worked out to Rs.7.84 crore. The DVB had not obtained adequate security from the manufacturers for their timely repairs.

²⁰ Kilo Volt Ampere

Failed/damaged transformers valued at Rs. 62.49 crore if repaired timely were sufficient to meet three years requirement.

Further, 2499 number of damaged transformers of four different capacities were lying in store as on March 2002. The minimum value of these transformers at the rate applicable for scrap worked out to Rs. 9.24 crore.

In addition, 3500 damaged transformers (approximately) were awaiting dismantling and repair as on March 2001, at different sites of DVB. The value of these transformers worked out to Rs.45.41 crore.

Thus, 6432 damaged transformers (433+2499+3500) the value of which has been assessed as Rs.62.49 crore were awaiting repairs/disposal.

If timely action had been taken to repair the failed/damaged transformers, purchase of new transformers could have been minimised to that extent and savings effected. While admitting the Audit contentions on accumulation of damaged transformers and consequent erosion of revenue, the Management stated in January 2002 that limited space and inadequate capability of staff in repair workshops were the major constraints. Identification of the required manpower and proper utilisation of the same would ensure overall cost reduction.

7.12.9 Materials at site

7.12.9.1 Materials issued for capital works

Materials at Site Register not maintained.

As at the end of July 2001, 6940 capital works started in 1982-83 to 2000-01 were pending completion. The materials lying unutilised at various sites are subjected to the vagaries of nature besides being prone to theft. DVB is not maintaining a "Materials at Site" account. The materials issued from the stores are debited straight way to the respective works. On a test check of seven unfinished works in connection with erection and commissioning of 220 KVA sub-station started during 1986-87 to 1998-99, Audit noticed that out of the material valued at Rs. 45.61 crore (including power transformers, transformer accessories, transformer oil, etc.) issued for the works, materials worth Rs. 8.46 crore were still lying at site as of May 2002. In the absence of physical verification and inspection of these materials lying at site, the extent of loss due to theft, pilferage, deterioration, etc., could not be ascertained.

7.12.9.2 Material for operation and maintenance

Materials required for giving new connections and for the maintenance of distribution system are issued from stores on the basis of indent received from the district offices. These materials are kept under the custody of Assistant Engineers of various zones within the jurisdiction of the district offices. As per rule, a "Material at Site Register" is to be maintained by custodian and annual physical verification of the stock is to be conducted and certified.

A test check of the records relating to the material at various zones in five district offices of the DVB revealed that proper account of materials at site was not being maintained. Therefore, loss due to mishandling, excess use, wastage, shortages due to theft, pilferage, etc., go unnoticed and responsibility for the same is not fixed.

7.12.10 Advances to suppliers

Huge advances amounting to Rs. 387.05 crore were pending with suppliers at the end of March 2002.

For supplies of 'Operation and Maintenance' stores 90 *per cent* of payments are made on receipt of materials and remaining 10 *per cent* payment is released after acceptance of the materials. A review of annual accounts of the DVB for the five years ended March 2002 revealed that huge amounts are shown as advances outstanding against the suppliers. Even after setting of the liabilities for 'Operation and Maintenance' stores, there were excess advances available with the suppliers as indicated below:

Table 7.12.6 Advances to suppliers

(Rupees in crore)						
Sl. No.	Particulars	March 1998	March 1999	March 2000	March 2001	March 2002
1.	Advances to suppliers	575.48	812.51	811.90	328.96	387.05
2.	Less liability of suppliers	372.78	528.42	512.76	26.40	83.06
3.	Excess advances available with the suppliers	202.70	284.09	299.14	302.56	303.99

The following points deserve mention:

- (i) The total amount of advances with the suppliers over and above the total liability for material purchased and pending adjustment has gone up from Rs. 202.70 crore at the end of March 1998 to Rs. 303.99 crore at the end of March 2002.
- (ii) The DVB is not maintaining any age wise details of the advances paid to suppliers.
- (iii) In the absence of adequate information regarding the suppliers against whom the advances are pending, DVB is not in a position to recover the advances.

The Management stated in January 2002 that directions were being issued for proper maintenance of age-wise details of advances pending adjustments. It was also stated that most of the advances as per the books were payments pending adjustments due to non-receipt of acknowledgements and efforts were being made to nullify the amounts.

Conclusion

DVB's annual spending on power generation stores and other stores was around Rs. 636 crore. The Audit observations discussed above include certain representative samples indicating the Management's failure to properly streamline the material management resulting in untimely and avoidable purchases, blocking of funds, purchase of substandard materials, failure to invoke guarantee clause for performance below minimum guaranteed, excess consumption of materials, etc. Efficient and scientific material management and inventory control with a professional touch is urgently required at DVB.

These observations were referred to the Government and Management in June 2002; their replies were awaited as of December 2002.

7.13 Performance of Rajghat Thermal Power Station.

Highlights

The percentage of actual generation to possible generation with reference to hours actually run ranged between 61.47 and 90.75 during 1996-97 to 2001-02, which resulted in generation loss of 1254.23 MUs of power valued at Rs. 386.81 crore. Further, excess auxiliary consumption of power reduced the availability of power by 95.15 MUs and deprived the Board of potential revenue of Rs. 29.50 crore.

Per unit cost of generation ranged between 223 paise and 309 paise during 1997-98 to 2001-02. This was higher by 39 paise to 69 paise compared to the per unit cost of Thermal Power Station, Faridabad of Haryana Power Generation Corporation Ltd. and Dadri Thermal Power Station of NTPC.

Excess time in regular overhauling of both the units of RTPS resulted in generation loss of 184.38 MUs valued at Rs. 60.60 crore.

Frequent flame failure, drum level high/low leakage in wall tube in boiler, electric jerks in turbine and generator and non availability of Coal Mill resulted in shut down of Power Station for 4584.45 hours during 1996-97 to 2001-02 thereby causing generation loss of 309.2 MUs valued at Rs. 97.59 crore.

Due to unsatisfactory functioning of Air Compressors initially supplied with the plant and despite incurring heavy expenditure of Rs. 1.17 crore RTPS had to be stopped for 487.15 hours with generation loss of power of 32.88 MUs worth Rs. 10.65 crore.

During the six years up to 2001-02 excess consumption of coal and furnace oil (LSHS) compared to norms worked out to 171007 tonnes valuing Rs. 26.90 crore and 17642.19 MT valued at Rs. 11.63 crore, respectively.

As against the sanctional strength of 491 for operation and maintenance of RTPS, the staff deployed ranged from 620 to 83 between 1996-97 and 2001-02 resulting in extra expenditure of Rs. 19.99 crore. Despite deployment of excess staff OTA totalling to Rs. 12.26 crore was paid during the six years up to 2001-02.

Emission level of SPM continued to be in excess of prescribed limit in both the units.

7.13.1 Introduction

Rajghat Thermal Power Station comprises of two generating units with a total installed capacity of 135 MW. The unit No. II and unit No. I with a capacity of 67.5 MW each were commissioned in May 1989 and February 1990 respectively. The total cost as on 10 January 2002 of these units was Rs. 263.38 crore including Rs. 25.61 crore on account of interest during construction but excluding land cost.

7.13.2 Organisational set-up

The Chairman, Delhi Vidyut Board was overall incharge of Power Station. The day-to-day affairs of the Power Station are looked after by Engineer-in-Chief posted at RTPS²¹ under charge of Member Technical-II. He is assisted by three Superintending Engineers i.e. Electrical, Mechanical and Operation and the Executive Engineers incharge of stores, operations and maintenance including boiler and turbine, control and instrumentation, coal handling including other civil works and personnel management. The administrative control of the civil wings of RTPS, however, vests with the Engineer-in-Chief (civil).

7.13.3 Scope of Audit

The present review covers the operational performance of both the units of RTPS for the last six years ending March 2002 including purchases and maintenance.

7.13.4 Performance of the Power Station

Against the total installed capacity of 135 MW of both the generating units,

²¹ Rajghat Thermal Power Station

the performance of RTPS for the last six years ending 2001-02 was as under:

Table 7.13.1 : Performance of the Power Station

Sl. No.	Particulars	Units	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
1.	Installed capacity	MW	135.00	135.00	135.00	135.00	135.00	135.00
2.	Total hours available in a year	Hrs.	17520.00	17520.00	17520.00	17568.00	17520.00	17520.00
3.	Generating capacity	MUs	1182.60	1182.60	1182.60	1185.80	1182.60	1182.60
4.	Actual running hours	Hrs.	15149.50	12926.30	12904.10	15380.35	14209.05	11572.55
5.	Possible generation with reference to hours actually run	MUs	1022.59	872.53	871.00	1038.14	959.11	781.15
6.	Actual generation	MUs	705.04	536.34	617.08	942.09	790.59	699.15
7.	Shortfall in generation	MUs	317.55	336.19	253.92	96.05	168.52	82.00
8.	Percentage of actual generation to possible generation	%	68.95	61.47	70.85	90.75	82.43	89.50
9.	Actual generation (units) per KW	KW	5223.00	3973.00	4571.00	6978.00	5856.00	5179.00
10.	Plant load factor	%	59.62	45.35	52.18	79.45	66.85	59.12
11.	Auxiliary consumption (MUs)	MUs	81.50	65.92	76.59	101.73	92.61	91.02
12.	Percentage of auxiliary consumption to actual generation	%	11.56	12.29	12.41	10.80	11.71	13.02
13.	Average sale rate Rs. (excluding electricity tax)	Per unit	2.64	3.24	3.11	3.22	3.27	3.54

From the above, it would be observed that:

- There was shortfall in generation of power
- (i) The percentage of actual generation to possible generation with reference to hours actually operated during 1996-97 to 2001-02 ranged between 61.47 *per cent* and 90.75 *per cent*, which resulted in shortfall in generation of power aggregating 1254.23 MUs²² valued at Rs. 386.81 crore.
 - (ii) The generation of power per KW ranged between 3973 units and 6978 units as compared to the average standard of 5350 units laid down in the revised cost estimates (November 1989). The generation per KW during the four years 1996-97, 1997-98, 1998-99 and 2001-02 has

²² Million Units

been below the average standard. This resulted in loss of 331.31 MU valued at Rs. 105.69 crore during 1996-97 to 1998-99.

- (iii) Plant load factor during 1996-97 to 2001-02, varied between 45.35 *per cent* and 79.45 *per cent* as compared to all India average ranging from 60 *per cent* to 64.7 *per cent*. The PLF during the years 1996-97 to 1998-99 was below the All India Average. It improved during 1999-00 and 2000-01.

The plant load factor during 1997-98 and 1998-99 was 45.35 *per cent* and 52.18 *per cent* and below the all India average of 60 *per cent*. The reasons for low PLF²³ during these two years were shutting down of the plant for 188 days during 1997-98 and 191 days in 1998-99 as referred to in para 7.13.7.

The reasons for the hours lost for operation were attributed by the Management in general to flame failure, drum level high low and tube leakages in boiler, electric jerks, trippings in turbine and generator, etc. These causes have been further analysed/ discussed in detail under 'Plant outages planned as well as forced'.

7.13.5. Cost appraisal

The table below indicates the unit cost of generation of electricity by the RTPS during 1996-97 to 2001-02:

Table 7.13.2 : Cost appraisal

SI No.	Particulars	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
1.	a) Gross generation (MU)	705.04	536.34	617.08	942.09	790.59	699.15
	b) Auxiliary consumption (MU)	81.50	65.92	76.59	101.73	92.61	91.02
	c) Power available for sale (MU)	623.54	470.42	540.49	840.36	697.98	608.13
2.	Total cost of generation (Rs. in crore)	N.A.	130.77	151.88	187.40	173.80	188.13
3.	Cost per unit available for sale (Paise)	N.A.	278.00	281.00	223.00	249.00	309.00
4.	Cost per unit of other RTPS (Paise)						
	a) Faridabad TPS of HSEB	232.00	227.00	242.00	N.A.	N.A.	N.A.
	b) Dadri TPS of NTPC	N.A.	N.A.	N.A.	169.00	180.00	N.A.

²³ Plant Load Factor

Average generation cost per unit of RTPS was much higher as compared to Faridabad TPS of HSEB and Dadri TPS of NTPC

It would be observed from above that the cost per unit of power available for sale fluctuated between 223 paise and 309 paise during 1997-98 to 2001-02. The per unit cost of RTPS was much higher as compared to Faridabad Thermal Power Station of Haryana State Electricity Board during the years 1997-98, 1998-99 by 51 paise and 39 paise. It was also higher by 54 paise and 69 paise during 1999-2000 and 2000-01 as compared to Dadri TPS²⁴ of NTPC²⁵. Reasons for high cost of generation were not analysed by Management. However, as analysed by Audit main reasons were as under:

- (i) Low plant load factor during 1996-97 to 1998-99 (refer para 7.13.7.1.(a) and 7.13.7.2.(a) and 7.13.7.2.(b) infra).
- (ii) Excess auxiliary consumption (refer para 7.13.6 infra).
- (iii) Excess LSHS²⁶ consumption due to non-availability of coal mill (refer para 7.13.12 infra).

Management has not furnished details of apportionment of cost between fixed cost like depreciation, interest and management expenses, etc., and other variable costs on account of fuel, coal and oil consumed and operational and maintenance expenses.

7.13.6 Auxiliary consumption

Auxiliary consumption exceeded projected norms

Some of the energy generated in a power station is consumed in its auxiliaries and is not available for sale. The auxiliary consumption is the total electricity generated plus electricity imported minus electricity sent out. The auxiliary consumption takes place in auxiliary equipments and common services in the plant. However, no meter was installed plant-wise/equipment-wise to measure the electricity consumed in the auxiliary equipments and by common services. The actual auxiliary consumption during six years up to March 2002 ranged between 10.80 per cent and 13.02 per cent against norms of nine per cent of actual generation mentioned in the revised cost estimates of November 1989, resulting in excess consumption of 123.25 MU, which

²⁴ Thermal Power Station

²⁵ National Thermal Power Corporation Limited

²⁶ Low Sulphur Heavy Stock

deprived the Board of potential revenue of Rs. 39.45 crore as detailed below:

Table 7.13.3 : Auxiliary consumption

Year	Actual generation MU	Auxiliary consumption as per norm MU	Actual consumption MU	Excess consumption MU	Value in crore (Rs.)
1996-97	705.04	63.45	81.507 (11.56)	18.05	4.77
1997-98	536.34	48.27	65.918 (12.29)	17.65	5.72
1998-99	617.08	55.54	76.58 (12.41)	21.04	6.54
1999-00	942.09	84.78	101.727 (10.80)	16.94	5.45
2000-01	790.59	71.14	92.614 (11.71)	21.47	7.02
2001-02	699.15	62.92	91.02 (13.02)	28.10	9.95
			Total	123.25	39.45

The reason of high auxiliary consumption as analysed in audit was the low PLF and frequent tripping of plant, which took some time to restart and caused avoidable auxiliary consumption during that period.

Management stated that the auxiliary consumption taken as nine *per cent* in the project estimates was theoretical value, which did not include electricity consumption for common services like coal handling plant, ash plant, AC plant, water treatment plant, etc.

The reply is not tenable as all the above common services were included in the package of BHEL (Mechanical works – Annexure-VIII of project estimates refers) while working out the nine *per cent* auxiliary consumption.

7.13.7 Plant outages

The table below indicates the hours available, actual hours operated and

outages during the six years up to 2001-02:

Table 7.13.4 : Plant outages

Sl No.	Particulars	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
1.	Total hours available	17520.00	17520.00	17520.00	17568.00	17520.00	17520.00
2.	Actual hours operated	15149.50	12926.30	12904.10	15380.35	14209.05	11572.55
3.	Availability rate in percentage (2/1)	86.46	73.78	73.65	87.55	81.10	66.05
4.	Shutdown hrs./days						
a)	Planned shutdown	1051.00 (44)	2446.45 (102)	3490.50 (145)	1250.50 (52)	1431.00 (60)	5041.45 (210)
b)	Forced shutdown	1319.10 (55)	2062.45 (86)	1117.50 (46)	935.00 (39)	1879.55 (78)	905.20 (38)
c)	Maintenance	-	84.00	7.10	1.35	-	-
5.	Percentage of						
a)	Planned shutdown to available hours	6.00	13.96	19.92	7.12	8.16	28.78
b)	Forced shutdown to available hours	7.52	11.77	6.38	5.32	10.73	5.17

Note: Figures in bracket indicate number of days.

The reasons for outages forced as well as planned as analysed in audit are discussed below:

7.13.7.1 Planned outages

(a) Increase in planned shutdown

There are no norms for planned outages. The planned outages fluctuated during 1996-97 to 2001-02 from 1051.00 hours in 1996-97 to 5041.45 hours in 2001-02.

The main reasons for increase in planned shutdown during 1997-98 (102 days) were heavy leakages in boiler tubes, turbine steam, economiser header, non availability of coal mill, etc., and time taken for synchronising the plant to the grid time and again after each shutdown. During October/November 1997, Unit I was synchronised after loss of 509.10 hours (21 days) of operation. The reasons as analysed by Audit for increase in planned outages during 2001-02 were overhauling of turbo generator and boiler of unit-I & II, the outages booked in planned instead of forced like desynchronising the plant due to butter fly valve of circulating water system for 148.10 hours (7 days) due to governing system for 41.40 hours (2 days), due to leakage in main oil pump for 611.40 hours (25 days), due to leakage in turbine for 988.40 hours (41 days).

(b) Avoidable loss of Rs. 46.86 crore

During the period under review, both units of RTPS were shutdown twice for overhauling by BHEL, the original supplier. Table below indicates the excess time taken by BHEL than stipulated in the agreement for overhauling of turbo generators as well as boilers:

Table 7.13.5 : Avoidable loss

(Rupees in crore)

Sl. No.	Particulars	Year/month of award of work	No. of days/hours stipulated	Actual No. of days/hours taken	Excess hours of shutdown	Generation loss for the excess period of shutdown MU	Value
1.	Overhauling of turbo generator unit-II. Overhauling of boiler unit-II	1997-98 December 1997	45-50 (1200)	76 (8.8.98 to 22.10.98) (1816.55)	616.55	41.61	13.48
2.	Overhauling of turbo generator as well boiler unit-I	1998-99 February 1999	50 (1200)	65 (2.3.99 to 5.5.99) (1516.30)	316.30	21.35	6.64
3.	Overhauling of turbo generator as well as boiler of unit I & II	2000-01 February 01 2001-02	45 days for each (1080)	67 (19.3.01 to 24.5.01) (1596.50)	516.50	34.86	11.40
4.	- do -	2001-02	- do -	73 (15.7.01 to 26.9.01) (1775.50)	695.05	46.92	15.34
				Total	2145.20	144.74	46.86

Excess time taken in regular overhaulings resulted in generation loss

BHEL took 2145.20 hours in excess of the period stipulated in the work order which resulted in loss of 144.74 MU of power valued at Rs. 46.86 crore to DVB. In the absence of a penalty clause with BHEL, DVB could not recover any amount whatsoever from BHEL.

Had the period stipulated in the agreement with BHEL for each of the work order been adhered to loss of Rs. 46.86 crore could have been avoided.

In reply, Management stated that after dismantling of the machines, certain works viz. replacement of broken blades in the turbines, distortion in the matching surface of the parting plane of upper and lower casing of the turbine, oil flushing of complete lubricating oil system, teething problems in the turbine governing system etc., took much more time than expected/scheduled. During overhauling in the year 2000-01, certain works viz. replacement of door seals of butterfly valves, bank tubes (unit-I), the work of arresting leakages of flue gas of boiler (unit-II) were taken for the first time, hence it took extra time.

Reply of the Management is not convincing as citing similar reasons for overhauling for both the years 1997-98 and 2000-01 would mean that the quantum of work/defects identified during previous overhauling were not taken care of while framing time estimates for the subsequent overhauling. The works undertaken for the first time were actually included in the scope of work of overhauling period, as per agreement with the BHEL.

7.13.7.2 Forced outages

(a) Higher outages in unit-I against norms

The Central Electricity Authority in its Annual Electricity Power Survey (1977) had indicated that forced outages should not exceed 10 per cent of the available hours. Against this, actual percentage of forced outages in unit-I of RTPS ranged between 10.90 per cent and 19.34 per cent during 1996-97, 1997-98 and 2000-01 whereas the percentage of forced outages in unit-II was within the limit of 10 per cent during the last six years ending 2001-02. The loss of generation due to forced outages (unit-I) in excess of 10 per cent worked out to 79.17 MU valued at Rs. 25.39 crore as per details given below:

Table 7.13.6 : Higher outages in unit I

(Rupees in crore)

Year	Available hours per unit	Actual outages/percentage (in hours)		Excess outages hours		Loss of generation (MU)		Value	
		Unit-I	Unit-II	Unit-I	Unit-II	Unit-I	Unit-II	Unit-I	Unit-II
1996-97	8760	954.45 (10.90)	364.25 (4.16)	78.45	-	5.30	-	1.40	-
1997-98	8760	1694.10 (19.34)	368.35 (4.20)	818.10	-	55.22	-	17.89	-
1998-99	8760	569.35 (6.50)	548.15 (6.50)	-	-	-	-	-	-
1999-00	8760	444.05 (5.07)	490.55 (5.60)	-	-	-	-	-	-
2000-01	8760	1152.30 (13.15)	727.25 (8.30)	276.30	-	18.65	-	6.10	-
2001-02	8760	464.05 (5.30)	441.15 (5.03)	-	-	-	-	-	-
	Total	5279.10	2940.50	1173.25		79.17		25.39	

Higher outages in respect of unit-I were attributed by the Management to fire incidents during 1996-97 and 1997-98 and turbine tripping, breakdown of main oil pump and grid failure, etc.

The reasons for occurrence of fire as well as other forced outages were, however, not analysed by the Management as commented in succeeding paragraphs 7.13.7.2 (b) and 7.13.7.2.(c).

(b) *Avoidable loss of Rs. 97.59 crore*

Total forced outages of 8220.00 hours during 1996-97 to 2001-02 were mainly attributed to flame failure, (943 hours) drum level high/ low (519.35 hours), electric jerks (593.30 hours), tube leakages (1748.00 hours) non-availability of coal mill (780.40 hours) and miscellaneous reasons (3635.15 hours).

It was observed in audit that out of total forced outages of 8220.00 hours, outages for 4584.45 hours valued at Rs. 97.59 crore could have been avoided/ minimised had the preventive action been taken by the Management as discussed below:

(i) *Flame failure*

The loss on account of flame failure was 943 hours, which resulted in loss of 63.65 MU amounting to Rs. 19.67 crore during 1996-97 to 2001-02.

The Management failed to record the various parameters of the boiler, like furnace pressure for both alarm as well as tripping level, main steam pressure, main temperature, etc. Similarly, some parameters in turbine and generator were not maintained and some were recorded arbitrarily and not on actual basis. The log book and other records relating to various parameters were not reviewed for taking preventive action resulting in frequent tripping of the plant. Non maintenance of these records is a very serious lapse. Had these records been maintained occurrence of mishaps could have been avoided or responsibility could have been fixed.

(ii) *Drum level high/low.*

The loss on account of drum level high or low was 519.35 hours, 35.03 MUs valued at Rs. 11.76 crore. The data relating to drum level high or low of (+/-) 100 and (+/-) 175 mmwc²⁷ for alarm and tripping level was not maintained since 1997. As a result, Management failed to take any preventive action in order to reduce the tripping of plant on account of drum level high or low.

²⁷ Millimeter Water Column

(iii) Electric jerks

The plant tripped for 593.30 hours on account of electric jerks. This resulted in loss of 39.90 MUs valued at Rs. 13.53 crore. The loss could have been avoided, had the various parameters of generating unit been monitored regularly.

(iv) Tube leakages

In the boiler and its auxiliaries, leakage of water wall tubes, super heater tubes and economiser tubes was a continuous problem. It was observed in audit that lack of proper maintenance led to erosion and corrosion of economiser tubes inlet and outlet and water wall tubes. The unit remained closed for 1748.00 hours due to tube leakages in boiler. This resulted in a loss of 117.94 MUs valued at Rs. 38.11 crore.

No tripping and alarm parameters are being maintained as well as recorded for boiler unit. Besides, the loss on account of tube leakage increased after overhauling of the Plant. The boiler as well as Turbo Generators of unit No II & unit No I were got overhauled between 8 August 1998 to 20 October 1998 and 2 March 1999 to 5 May 1999, respectively. It was observed in audit that during the subsequent year i.e. in 1999-00, 265.15 hours of operation hours were lost due to tube leakages equivalent to 17.90 MUs of power worth Rs. 5.76 crore, whereas during the year 1998-99 i.e. prior to overhauling, there were no outages because of tube leakages. This indicates lack of proper supervision during overhauling work entailing loss to the DVB.

(v) Non-availability of coal mills

Both the generating units tripped due to non-availability of coal mill for 780.40 hours resulting in loss of 52.65 MU valued at Rs. 14.52 crore. The Management stated that the non-availability/low availability of coal mills was due to frequent damages and outages of coal mills and allied equipment on account of poor quality of coal that contained heavy boulders, stones, shales, etc.

The reply of the Management is not tenable as there are five units in the coal mill including two standby units. Prior to December 1998, Management awarded the contract for picking up of stones and other extraneous material from running coal conveyor belts/coal yard at RTPS. The agreement provided for a penalty of Rs. 300 for breakage of each crusher hammer in coal crusher and Rs. 100 for damage of equipment in the coal mill due to passing down the stones/extraneous material. The agreement is silent about the production loss and penalty to contractor for the above loss. The loss on account of non-availability of coal mill could be avoided by taking timely action by

Management to ensure the availability of stand by units after stoppage of one unit of the coal mill to avoid further stoppage of other units.

This, however, resulted in high consumption of LSHS during 1996-97 to 1998-99 to the extent of Rs. 11.63 crore (paragraph-7.13.12). The causes of outages as discussed in (i) to (v) above clearly indicate total system failure as to the maintenance of various facilities.

(c) *Avoidable generation loss worth Rs. 13.74 crore due to unsatisfactory overhauling of unit I of RTPS*

After overhauling of unit-I during March-May 2001, the unit was synchronised with the grid at 19.55 hours of 24 May 2001, but the load on the machine could not be put beyond 40 to 42 MW because of trouble in the governing system. The unit was desynchronised on 25 May 2001, but it could not be put on barring gear and came to standstill. The machine came on barring gear on the next day and could be synchronised at 00.45 hours of 27 May 2001 with loss of 41.40 hours of operation. Some other problems viz. tripping on drum level protection, rotor not gaining speed, load fluctuations, leakages, etc., persisted thereafter and the unit remained non-functional from 15.20 hours of 30 May 2001 to 16.35 hours of 4 June 2001 (88.30 hours). Besides, it was again shutdown for attending the governing system by M/s. BHEL at frequent intervals during the month for 31 hours.

Thus, due to unsatisfactory overhauling of unit-I, 161.10 hours of operation were lost resulting in power loss of 10.87 MUs valued at Rs. 3.55 crore.

Similarly in unit-II, after overhauling in July-September 2001, the unit-II remained under shut down due to turbine trip, turbine leakages and boiler tube leakages for 426.25 hours which, resulted in loss of 28.77 MUs valued at Rs. 10.19 crore.

DVB could not claim any amount from M/s. BHEL as there was no enabling provision/guarantee clause in the agreement for satisfactory functioning of the plant after each overhauling.

(d) *Avoidable loss of Rs. 10.98 crore due to unsatisfactory functioning/ overhauling of Air compressors*

Air compressors are required to provide instrumentation air for all the pneumatic equipments working in the Power Station to control its auxiliaries. M/s. BHEL supplied four numbers of Kirloskar make air compressors with 2x67.5 MW plant at RTPS at a cost of Rs. 12.52 lakh in 1988-89. These were not functioning properly since beginning, in spite of huge expenditure on maintenance and spares. The expenditure incurred on repair and maintenance of the compressors including purchase of spares for the years 1996-97 to

2000-01 was to the tune of Rs. 21.21 lakh, Rs. 12.70 lakh, Rs. 49.42 lakh, Rs. 2.56 lakh and Rs. 31.25 lakh respectively. RTPS authorities could not justify reasons for wide variation and heavy expenditure on repair and maintenance. Expenditure on these compressors was very high during the years 1996-97 to 1998-99. As the heavy duty spares are required to be replaced in one to two years the expenditure should be less in alternate years but it was not so. Due to unsatisfactory functioning of compressors RTPS had to be stopped for 487.15 hours between 29 October 1997 to 18 November 1997 with loss of power of 32.88 MU worth Rs. 10.65 crore, in spite of three numbers of new Ingersoll make compressors obtained during 1991-92.

**Overhauling of
compressor proved
infructuous:**

DVB had incurred during 1998-99 Rs. 10.47 lakh on purchase of spares required for overhauling of one of the four Kirloskar compressors supplied initially by M/s. BHEL. The overhauling done by M/s. Kirloskar proved infructuous, as it did not work even for a day after overhauling. M/s. Kirloskar advised in March 1999 that the four compressors initially supplied could not be put to use because of outdated technology and should be replaced by new compressors.

The compressors purchased were commissioned after a delay ranging between 2 and 21 months from the date of delivery, by which time 1/3 period of warranty in respect of one of the Ingersoll make compressor and the full warranty period of 18 months in case of one of the Kirloskar make compressor expired. It was observed in audit that the delay in commissioning the compressors was on the part of civil and mechanical division of DVB for three and eighteen months respectively.

7.13.8 Excess consumption of coal

The consumption of coal depends upon its calorific value. The revised project report of RTPS (November 1989) provides for consumption of 0.741 kg. Of coal at weighted heat rate of 2242 K.Cal/Kg²⁸ having calorific value of 3500 K.Cal/Kg. For generation of one unit electricity. But the actual heat rate achieved during performance guarantee test under the actual working conditions was 2275.5 K.Cal/kwh. Based on this, consumption of coal per unit of electricity produced worked out to $2275.5/2242 \times 0.741 = 0.752$ kg. It was revealed in audit that during the period under review i.e. 1996-97 to 2001-02, though the coal used in RTPS had calorific value ranging between 3996 K.Cal/Kg. And 4448 K.Cal/Kg., (at the loading point) the consumption of coal stood between 0.775 kg. And 0.824 kg. Per unit of electricity

²⁸ Kilo calorie per kilogram

generated, against the norm of 0.752 kg./ kwh as per details given below:

Table 7.13.7 : Excess consumption of coal

Sl. No.	Particulars	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
1.	Generation (in Mus)	705.040	536.340	617.080	942.090	790.590	699.15
2.	Actual consumption per unit in kg.	0.824	0.824	0.775	0.775	0.775	0.791
3.	Coal required as per norm (0.752/kg. Kwh) in (MT ²⁹)	530190	403327	464044	708451	594523	525760
4.	Coal consumed (MTs)	580949	441949	478346	730026	612707	553325
5.	Excess consumption	50759	38622	14302	21575	18184	27565
6.	Rate per (MT) (Rs.)	1329.22	1545.56	1671.67	1888.90	1545.80	1782.24
7.	Value of excess coal Rs. (crore)	6.75	5.97	2.39	4.07	2.81	4.91

Excess consumption of coal worked out to 171007 tonnes valued at Rs. 26.90 crore during the six years up to 2001-02.

RTPS authorities stated that the excess consumption of coal was mainly due to (a) lower calorific value of coal supplied at the power station ranging between 2401 and 3360 kl/kg. Against 3500 kl/kg. (b) low PLF achieved ranging between 45.35 *per cent* and 79.44 *per cent* and (c) deterioration in the efficiency of boiler/turbine over the years.

However, it was observed in audit that during the year 1998-99, PLF was 52.18 *per cent*, which increased to 79.4 *per cent* in 1999-00 after overhauling of boilers and turbine generators, and then fell down to 66.85 *per cent* in 2000-01. The consumption of coal remained constant at 0.775 kl/kg per unit during these three years, despite the fact that washed coal was being received at the RTPS since January 1999. After being pointed out by Audit in 2000-01, the actual consumption was changed from 0.775 to 0.791.

7.13.9 Disposal of ash/ash slurry generated

The ash content in the coal used in RTPS ranged between 30.43 *per cent* and 46.39 *per cent* during 1997-98 to 2001-02. On an average, the ash slurry to be

²⁹ Metric Ton

generated during a year was estimated to be of the order of three-lakh cubic metres with reference to the average coal consumption of 2200 MT per day. RTPS was having eight numbers of ponds in which ash was being deposited for further disposal. The ash so generated was removed for making bricks, by contractors and also by allowing private parties to lift the ash. No records were maintained for usage of ash in making bricks or ash lifted by the private parties for making bricks. However, 730861.42 MT ash was lifted/removed during 1996-97 to 2000-01 through contractors at a total cost of Rs. 3.27 crore. The cost of lifting of ash during 1996-97 was Rs. 44.28 lakh against cost estimates of Rs. 49.07 lakh. The cost estimates were Rs. 46.00, Rs. 42.52 and Rs. 60.60 per cubic metre against actual rate of lifting of Rs. 40.50, Rs. 46.00, Rs. 55.50 for 1,27,164.47 cubic meter and Rs. 60 for 36,138.27 cubic meter during the year 2000. The rates finalised with the contractors as well as cost estimates prepared were not realistic. During 1999-2000, the ash was lifted by Delhi Metro Rail Corporation. Hence, no contract was awarded. It was, however, observed that during the year 2000-01, contract for removal of ash in respect of IP Station of DVB was finalised, at the rate Rs. 44.84 per cubic metre, which was lower by Rs. 10.66 and Rs. 15.16 per cubic metre as compared to RTPS rates for that year. This has resulted in extra expenditure of Rs. 19.03 lakh in awarding the contract at higher rates during 2000-01. After being pointed out by Audit in 2000-01, the contract was awarded at the rate Rs. 44.90 per cubic meter in 2001-02 to M/s. Arjan Dass vide LOI No. XEN©/RPH/F-145/510 dated 18 December 2001 to lift 108000 cubic meter of ash at a value of Rs. 48,49,200. The contractor lifted 109930.06 cubic meter of ash at a value of Rs. 49,35,859.60. This clearly indicates that the contracts in earlier years were awarded at higher rates due to wrong cost estimates.

7.13.10 Excess consumption of turbine oil

Turbine oil is used in turbo generators. For 110 MW capacity generators supplied and erected at Punki, Kanpur (UP), the manufacturer M/s. BHEL has contemplated consumption of 0.40 ltrs. Of turbine oil per running hour. In case of turbo generators of 67.5 MW installed at RTPS, norms for consumption of turbine oil were neither specified by BHEL, the original supplier nor asked for by the Management.

It was, however, noticed that average consumption of turbine oil ranged between 0.95 ltrs. And 2.77 ltrs. Per hour during 1996-97 to 2001-02. Taking into account the minimum consumption of 0.95 ltrs. During 1996-97, excess

consumption worked out to 46208 ltrs., valued at Rs. 22.27 lakh:

Table 7.13.8 : Excess consumption of turbine oil

(Rupees in lakh)					
Year	Hours of operation	Consumption (in ltrs.)	Consumption per hour (in ltrs.) Col.2/Col.1	Excess consumption (over 0.95 ltrs.) $0.95 \times \text{by}$ Col. 1 – Col. 2	Value
	1	2	3	4	5
1996-97	15150	14362	0.95	-	-
1997-98	12926	25914	2.00	13634	5.45
1998-99	12904	15798	1.22	3539	1.42
1999-00	15380	16598	1.08	1987	0.79
2000-01	14209	19441	1.37	5942	2.38
2001-02	11573	32100	2.77	21106	12.23
			Total	46208	22.27

Norms for consumption of turbine oil were not fixed

Management stated that the oil consumption varied according to the capacity of the plant. No specific norms were stated to be conveyed by BHEL the original manufacturer for consumption of the oil for this size of unit. DVB has, however, neither fixed nor enquired the norms from BHEL, though both the units of plant were installed in May 1989 and January 1990, respectively.

7.13.11 Excess consumption of demineralised water

Demineralised water in RTPS is obtained by treating the Yamuna water through the process of eliminating acidic and alkaline minerals by using caustic soda flakes and hydrochloric acid and other chemicals. The boilers of both the units of RTPS have been designed for 275 tonnes (cum.) flow of water per hour. The make up percentage of DM³⁰ water as worked out by BHEL at 266 tonnes per hour flow of water at the time of performance guarantee test was 4.19 per cent and 3.71 per cent in two samples at full load i.e. 67.24 MW and 67.76 MW. Based on the average percentage of 3.95 per cent of the two samples and the PLF³¹ achieved against the full load, the norms for consumption of DM water worked out to 146654 M³³², 123059 M³ and 108830 M³ for the years 1999-2000, 2000-01 and 2001-02 respectively. Against this, RTPS consumed 245031 M³ of water in 1999-2000, 235024 M³ in 2000-01 and 241125 M³ in 2001-2002 resulting in excess consumption of DM water 342637 M³. No cost records to determine the cost of DM water were maintained. However, excess consumption of DM water resulted in excess determination of cost of 915.94 MT of hydrochloric acid, and 199.85 MT caustic soda valued at Rs. 20.87 lakh and Rs. 33.97 lakh, respectively. The reasons analysed in audit for excess consumption of DM water were frequent tripping. The loss could have been minimised by restraining the frequent trippings had the data regarding

³⁰ Demineralised Water

³¹ Plant Load Factor

³² Cubic meter

tripping alarm parameters been maintained as mentioned in paragraphs 7.13.7.2.b (iv).

7.13.12 Excess consumption of LSHS (furnace oil) amounting to Rs. 11.63 crore

Consumption of LSHS was more than prescribed norms

Secondary oils are required (LSHS) in the furnace as fuel when coal was not available and (LDO) to light up the boilers. Revised cost estimates (1989) of RTPS, envisaged consumption of secondary oil at the rate of 15 ml/kwh for generation of one unit of electricity. Based on this, DVB targeted consumption of 12 ml/kwh³³ (equivalent to 11.16 gms.) for LSHS (furnace oil) and 3 ml for LDO. While the consumption of LDO was within limits during the six years up to 2001-02, the consumption of LSHS was more than the above norms during the years 1996-97, 1997-98 and 1998-99. The total excess consumption of LSHS during these three years was 17642.19 MTs valued at Rs. 11.63 crore. The reasons analysed in audit for excess consumption of LSHS were as under:

- (i) Non-availability of coal mill. The reasons of non availability of coal mill have been mentioned in paragraph 7.13.7.2.b.(v).
- (ii) Condensor vacuum was low. This could have been avoided by taking preventive/timely action to avoid chocking of tubes, non working of CT fans, etc.
- (iii) High vibrations in turbine and in generator due to lack of preventive action.

7.13.13 Non-disposal of coal rejects

Coal which does not get pulverised is collected from the coal mills and dumped in the coal yards. RTPS has neither fixed any norms for coal rejects nor maintained the records relating to percentage of coal rejects to the total coal consumed. The coal reject collected was partly disposed off during 1998-99 and 1999-00 through contractors. However, the first contractor lifted 3718.33 MT of coal reject during 18 September 1998 to 17 September 1999 against the contracted quantity of 30000 MT to be lifted during contract period, similarly in 1999-00 the second contractor lifted 6841.57 MT of coal reject during 1 November 1999 to 31 January 2001 against the contracted quantity of 30000 MT during the contract period. Thus, the contractors did not remove the coal rejects as scheduled and due to delayed action on the part of DVB officials to invoke penalty clause/forfeit security deposit against the two contractors M/s. Trade Associates and M/s. Industrial Fuel Research Corporation appointed to lift the coal rejects during 1998-99 and 1999-00

³³ Millilitre per kilowatt hour

No action was taken for disposal of coal rejects.

respectively, for their poor performance, an amount of Rs. 19.23 lakh could not be recovered. As on 25 January 2001, left over quantity of coal reject of 16380 MT (approx.) worth Rs. 67.16 lakh calculated at the sale rate of Rs. 410.00 per MT was lying in the coal yard. RTPS authorities have not taken any action for disposal of these rejects. No physical verification of the stock of coal reject was conducted after 25 January 2001.

The DVB has thus been deprived of the revenue of Rs. 67.16 lakh since February 2001 besides loss of interest on the blocked capital (Rs. 67.16 lakh) of Rs. 19.23 lakh.

The RTPS authorities attributed the delay in action against the contractor to lack of coordination between technical and legal wing

7.13.14 Manpower analysis

Based on the norm of maximum three persons per MW, a total of 405 posts of different categories were sanctioned for operation and maintenance of 135 MW (67.5x2) plant of RTPS as envisaged in the revised project estimates (1989). A Committee headed by the Chief Engineer, Central Electricity Authority was constituted in January 1990 to look into the requirements of optimum staff strength of O&M³⁴ of the power station. The said Committee recommended in August 1991 deployment of 491 personnel for overall operation and maintenance of RTPS against the projections/initial sanctioned strength of 405 persons. However, the total number of persons deployed in RTPS during all the six years up to 31 March 2002 compared to the staff initially sanctioned and as recommended by the Committee, was much higher as detailed below:

Table 7.13.9 : Manpower analysis

Sl. No.	Particulars	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
1	Manpower sanctioned as per the project report	405	405	405	405	405	405
2	Manpower as assessed by the Committee	491	491	491	491	491	491
3	Actual manpower deployed	831	785	720	704	620	636
4	Expenditure on salaries (Rs. in lakh)	777.79	852.25	1379.79	1311.98	1404.60	1024.36
5	Extra expenditure with reference to						
	a) Sanctioned strength	398.72	412.55	603.66	557.21	487.07	372.05
	b) Recommended by the Committee (Rs. in lakh)	318.22	319.18	438.84	396.94	292.24	233.54

³⁴ Operation and Maintenance

Extra expenditure was incurred on excess manpower.

The extra expenditure on excess staff strength worked out to Rs. 28.31 crore and Rs. 19.99 crore with reference to project report and need based requirement recommended by the Committee, respectively on average basis.

The expenditure on overtime was increasing

Despite excessive manpower, RTPS incurred expenditure on overtime totaling Rs. 12.26 crore during the period 1996-97 to 2001-02. Year-wise expenditure was Rs. 1.12 crore, Rs. 1.54 crore, Rs. 1.65 crore, Rs. 2.50 crore, Rs. 2.59 crore and Rs. 2.86 crore respectively. It would be seen that the Over Time Allowance paid increased year after year. Reasons for high payment of OTA³⁵ as analysed by Audit were:

- (a) OTA was paid to both technical as well as non-technical staff.
- (b) A minimum of 80 hours of OTA was paid to each employee per month.
- (c) OTA was paid during period of shutdowns/tripping of the Plant as well as during overhauling without ascertaining the workload and extra time required category-wise to complete the work.

7.13.15 Inventory control

Valuation of electrical/mechanical inventory was not maintained.

A review of the stores items held at RTPS revealed that neither valuation of inventory of electrical and mechanical items (other than fuel and oil) was being done nor any price store ledger was maintained. 3920 number of items of store and spares (value not indicated) were lying at RTPS stores unused since April 1999. However, based on the rates furnished in respect of a few items the value of inventory in respect of 294 number of items out of 3920, worked out to Rs. 4.38 crore. It was further observed in Audit that:

- (i) Maximum, minimum and reordering levels of stores and stocks were not fixed to evaluate the excess stock holding.
- (ii) Stores were not classified into critical, non-critical, fast and slow moving categories.
- (iii) Physical verification of store-I has not been conducted since inception. However, as regard store-II physical verification was conducted up to March 1999.

The Assistant Engineer (stores) RTPS stated (December 2002) that no Committee has been constituted by DVB for reviewing the items lying in the stores. As such the items which can be treated as surplus or scrap could not be identified separately.

³⁵ Over Time Allowance

7.13.16 Insurance claims

During the period under review i.e. 1996-97 to 2001-02 four incidences of fire had taken place in the RTPS resulting in loss of 2117.15 hours of operation equivalent to 142.88 MU of power worth Rs. 44.97 crore. RTPS authorities did not investigate/furnish reasons for occurrence of fire, along with remedial actions taken, if any.

The insurance cover of RTPS against the risk of fire, riots, terrorist sabotage and other causes of damage i.e. natural calamities, etc., was being taken by the DVB on yearly basis. From review of insurance policies for the last six years ending 2001-02, following was observed:

- (i) There have been delays ranging between 3 and 48 months in lodging the claims with the insurance companies which resulted in loss of interest of Rs. 39.08 lakh on the blocked amount i.e. on the unrecovered portion of the claims and loss of interest of Rs. 6.69 lakh due to delay in submission of the claim.
- (ii) A fire occurred on 07 February 1998 in the turbine floor near right hand side control valves. No internal enquiry report indicating causes of fire, value of actual loss, preventive measures to be taken, etc., was available on record. The claim of Rs. 27.29 lakh lodged with the Insurance Company M/s. Oriental Insurance in this regard was finalised by the Company at Rs. 5.82 lakh due to under insurance by 61.75 per cent.
- (iii) During 2000-01, the insurance policy expired on 26 October 2000 and new policy was taken on 30 January 2001 i.e. after delay of 95 days. During this period there was no insurance of the plant. Records relating to detailed enquiry reports internal or external in each case indicating causes of accidents and detailed calculations of insurance claims filed were not made available to Audit.

Plant remained
uninsured for more
than three months

7.13.17 Status of Electrostatic Precipitators

Mention was made in paragraph 5.10.3(a) in the Report of the Comptroller and Auditor General of India for the year ended March 1999 that ESPs³⁶ at RTPS were supplied, erected and commissioned during May 1989 and February 1990 along with the main plant. The maximum emission level of Suspended Particulate Matter exceeded the prescribed limit in all the years in unit No. 1 except in 1997-98 whereas it exceeded the prescribed limit in 1994-95, 1995-96 and 1998-99 in unit No. 2.

³⁶ Electrostatic precipitators

Delhi Pollution Control Committee has revised the permissible statutory limit for particulate matter emission from the Thermal Power Plants from the existing level of 150 Mg/NM³³⁷ to 50 Mg/NM³ in the year 1999-2000. Performance of ESPs for the years 1999-00 to 2001-02 is indicated in the table given below:

Table 7.13.10 : Status of Electrostatic precipitators

Year	DPCC norms	Unit-I (Actual)		Unit-II (Actual)	
		Minimum	Maximum	Minimum	Maximum
1999-00	50	55	308.0	69	412
2000-01	50	96	229.0	60	149
2001-02	50	61	229.00	60	156

From the above table, it would be seen that the maximum emission level of SPM³⁸ exceeded the prescribed limit during 1999-2000, 2000-01 and 2001-02 in case of both the units and was abnormally high.

The ESP presently installed at RTPS are reported to be able to achieve the stock emission within the 150Mg/NM³ level. To implement the stringent standards of air pollution, DVB placed an order on 15 January 2001 on M/s. BHEL for re-designing testing on one of the ESPs at RTPS to ascertain actual ESP inlet parameters for designing of the new system for achieving particulate emission within 50 Mg/NM³. M/s. BHEL conducted the above test on 6 December 2001 and 7 December 2001 and reported that the prescribed pollution level of 50 Mg/NM³ could not be achieved with the present ESP and a new ESP will have to be installed. Two options were suggested, namely to convert the existing ESP with 750 MM wide 15 meter tall collecting electrode system with a estimated cost of Rs. 5.80 crore or the bag filter option with estimated cost of Rs. 7.58 crore including the supply of bag filter to be retrofitted in one of the ESP. The design of new system to achieve reduced level of emission is yet to be finalised. The emission level of SPM in RTPS continued to be in excess of limit prescribed by DPCC³⁹ resulting in increased air pollution.

Emission level of SPM continued to be excessive of prescribed limit in both units.

Conclusion

Performance of Rajghat Thermal Power Station was far from satisfactory. Plant load factor continued to fluctuate and was below the national average for three years. Auxiliary consumption was much above the prescribed norm of nine *per cent* resulting in loss of Rs. 39.45 crore. Plant outages continued to increase. Forced outages were on account of flame failure, tube leakages, electric jerks, etc. as Management failed to take timely and appropriate action. Excess consumption of coal resulted in loss of Rs. 26.90 crore. There is an

³⁷ Milligram per normative cubic meter

³⁸ Suspended Particulate Matters

³⁹ Delhi Pollution Control Committee

imperative need to analyse the reasons for poor performance and take corrective action.

These observations were referred to the Government and Management in May 2002; their replies were awaited as of December 2002.

Paragraphs

A. Statutory Corporations

Delhi Financial Corporation

7.14 Failure to recover outstanding amount due to non disposal of an acquired unit

Indecision in disposing of non functional unit resulted in loss of Rs. 0.72 crore

The Corporation sanctioned in February 1996 a term loan of Rs. 0.67 crore to M/s. Rutvin India Private Limited, New Delhi for setting up an aqua mineral water plant at Narela. The loan was secured against assets of the unit and was repayable in quarterly instalments commencing from 1 August 1997. The loan of Rs. 0.62 crore was disbursed during July 1996 to August 1997 and balance loan of Rs. 4.99 lakh was cancelled.

The loanee started committing default in repayment of loan instalments from the beginning. The first instalment (Rs. 2 lakh) due in August 1997 was spread by the Corporation, over the subsequent four instalments on his request; the loanee still defaulted and the amount in default including interest as of February 1998 amounted to Rs. 10.74 lakh. Consequently, the Corporation recalled (February 1998) entire outstanding loan of Rs. 0.68 crore including interest from loanee with directions to make payment by 12 March 1998 failing which the unit was to be taken over on 19 March 1998. The loanee deposited Rs. 1.15 lakh up to 18 March 1998 and tendered post dated cheques amounting to Rs. 6.60 lakh. Resultantly, action to take possession of the unit was held in abeyance. Cheques amounting to Rs. 3.50 lakh were dishonoured on presentation.

In response to another notice (21.4.1998) of Corporation to acquire the assets, the loanee promised to submit cheques amounting to Rs. 12.01 lakh but the loanee actually tendered cheques for Rs. 6.10 lakh. Of these, cheque of Rs. 0.85 lakh only could be realised and balance cheques of Rs. 5.25 lakh were dishonoured. Due to persistent default, the Corporation acquired the

assets on 24 June 1999, when the outstanding amount against the loanee was Rs. 0.75 crore including interest of Rs. 12.27 lakh.

In order to dispose of the unit, the Corporation invited (23 August 1999) offers from interested parties. In response, only one offer from M/s. A-one Projects Ltd., New Delhi for Rs. 0.70 crore for the entire project was received. The offer was considered by a Committee constituted for negotiation which decided (28 October 1999) to ask the loanee to bring better offer. The loanee arranged one offer from M/s. Gameland Industries for Rs. 0.90 crore, which was to be confirmed after inspection of the unit. However, no confirmation was received from the party after inspection of the unit. During negotiation with the Committee on 14 December 1999, M/s. A-one Projects, New Delhi, increased its offer to Rs. 0.72 crore subject to the condition to finalise the case on the same day. The Committee recommended the sale of the unit to New Delhi firm for Rs. 0.72 crore. The Management, however, subsequently on the submission of the General Manager and Chief General Manager (also Chairman of the Committee) as a measure of abundant precaution, decided (January 2000) to again provide an opportunity to the loanee to bring better offer in spite of the fact that legal advisor had opined that there was no need to give any opportunity to the loanee. On 5 February 2000, New Delhi firm withdrew its offer. Loanee also failed to arrange any better offer. In response to another advertisement in January 2001, highest offer of Rs. 40.51 lakh was not accepted by the Corporation. Final decision was awaited (September 2002). Thus, failure on the part of Management to accept the offer of A-one Projects Ltd. at Rs. 0.72 crore, which eventually would have satisfied the outstanding, led to this situation.

The Corporation in their reply dated 4 July 2002 stated that the delaying tactics used by the borrower in producing buyer with an offer of Rs. 0.90 crore and then not confirming the offer resulted in withdrawal of offer of Rs. 0.72 crore by M/s. A-One Projects Ltd.

The reply is not tenable as (i) the Corporation had not laid down any guidelines/policy in this regard (ii) indecision on part of the Corporation not only resulted in losing an opportunity to dispose of the non functional unit and realise Rs. 0.72 crore but the outstanding amount against the loanee also increased to Rs. 1.42 crore as on 31 March 2002.

B. Government Companies

Delhi Tourism and Transportation Development Corporation Limited

7.15 Delay in closure/shifting of loss making vends

Loss of Rs. 24.37 lakh due to non closure of loss incurring vends

Delhi Tourism and Transportation Development Corporation Ltd. (Company) is engaged in the sale of Indian Made Foreign Liquor (IMFL) in the capacity of L-2 excise licensee i.e. retail vendor of foreign liquor to public since 1979. There were 63 vends operated by the Company at the end of February 2002. There is no laid down/approved policy of the Company (April 2002), for opening of liquor vends. As per the practice, the Company opened the vends on the basis of sale potentiality in the area.

A review of the operating results of the 63 vends operated by the Company as on 28.2.2002 revealed that three vends (Dayal Pur, Sanjay Gandhi Transport Nagar and Sawroop Nagar) were incurring heavy losses due to low sale since April 1998 continuously. Another vend at Singhu Border opened in January 2000 also started incurring losses after three months (April 2000). Indian Made Foreign Liquor Division submitted proposals to the Managing Director for closing/shifting of these vends in March 1999 and again at the time of renewal of the licence of each vend. However, every year the licences were got renewed (at a fee of Re. 0.50 to 0.60 lakh per year) for all the vends including loss making vends.

The Company decided in April 2001 to close one shop at Singhu Border. In respect of the remaining three old loss making vends, every year at the time of renewal of licence it was being decided to review the working of the vends but no such review was undertaken during the last three years. Resultantly, these vends continued to incur losses. Incidentally, during April 1999 to February 2002 Company opened seven more new vends but did not consider the option of shifting old loss making vends to a new site. During April 1998 to February 2002 the three loss making vends incurred loss of Rs. 24.37 lakh (up to February 2002).

While accepting the audit observation, Management stated (July 2002) that in order to fulfil the social objectives of Government of Delhi of making safe liquor available to citizens, the Company opens liquor vends in such areas

also where there is low sales potential but there is no liquor vend in nearby area. The reply of the Management is not tenable as there were liquor vends of other State Government companies in the proximity of the Company's loss making vends (two vends in Dayal Pur at Karawal Nagar and one vend each at Sanjay Gandhi Nagar and Sawroop Nagar (Siras pur)).

The Company has closed two of its loss making vends at the instance of Audit w.e.f. 1.7.2002 and the third is likely to be shifted in near future to some other place. However, the fact remains that the delayed closure of two vends resulted in avoidable loss.

The Company thus suffered an avoidable loss of Rs. 24.37 lakh due to delay in taking decision for closure of the loss making vends.

The matter was reported to the Government in June 2002; their reply was awaited as of December 2002.

7.16 Azad Hind gram tourist complex at Tikri Kalan - Locking up of funds

Setting up of a project at a site with locational disadvantage coupled with abnormally longer gestation period of the project resulted in locking up of funds of Rs. 4.65 crore

Delhi Administration allotted (December 1996) Gaon Sabha land of village Tikri Kalan on the National Highway No. 10 at Bahadur Garh Border for setting up Azad Hind Gram Tourist Complex to Delhi Tourism and Transportation Development Corporation Limited (Company). According to the conditions contained in the allotment letter of land, the land was not to be used for commercial purpose. Subsequently, the Government allowed (February 1997) the land to be used for tourism and recreational purpose. The site was considered to be of historical importance as Netaji Subhash Chander Bose was believed to have delivered his last address there.

The cost of the project estimated in April 1997 at Rs. 2.05 crore was further revised to Rs. 5.42 crore in April 2000 mainly due to acquisition of additional land, increase towards civil works on account of changes made in the concept of the project, execution of works as per detailed drawings and richer specifications.

The techno-feasibility report prepared in December 1997 was revised in September 1998 which, inter-alia, envisaged construction of Smarak of Netaji Subhash Chander Bose, restaurant cafeterias, tourism information centre,

India National Army Museum and petrol pump, etc. It was anticipated that the Company would sustain losses of Rs. 5.08 crore (before tax) during first 12 years and net operational loss of Rs. 27.70 lakh during the first 11 years.

The Chairman of the Company and certain other members in the 104th meeting of the Board of Directors observed (September 1999) that the decision to locate the project at the site was wrong because the place was very far away and not many tourists were expected. Moreover, the water at the site was brackish. The Company had also brought (November 1999) to the notice of Secretary, Tourism, Government of NCT, Delhi that the project was not very popular due to its location. A Committee comprising Principal Secretary (Finance), Secretary (Tourism), Chairman (NDMC) and Managing Director of the Company was constituted (December 1999) to suggest measures for making the project commercially viable. The Committee members were (December 1999) of the view that due to locational disadvantage, it would be difficult to make the project commercially viable in the near future and recommended that the Company should approach Delhi Government as well as NDMC to encourage visit of school children to the project; give wide publicity; open fast food counters; and let out the premises for social functions.

The project was commissioned at a cost of Rs. 4.65 crore and inaugurated on 7 August 2000, which was financed by the Company out of its own funds: Rs. 3.54 crore and grants-in-aid of Rs. 1.11 crore (Government of India, Ministry of Tourism: Rs. 0.80 crore Delhi Administration: Rs. 0.21 crore and Delhi Kalayan Samiti: Rs. 0.10 crore).

The Board of Directors also noted (March 2001) that the performance of the project was quite dismal. Audit analysis revealed (August 2002) that the Company sustained net operational loss of Rs. 30.93 lakh from the date of commissioning (7 August 2000) to July 2002. The income during this period of two years was Rs. 20.35 lakh as compared to the projected income of Rs. 1.50 crore during the first two years. The net operational loss of Rs. 30.93 lakh incurred during the above said period exceeded the anticipated operational loss of Rs. 27.70 lakh projected during the first 11 years, which is indicative of the fact that the project was ab-initio commercially unviable.

Thus, the prospect of the project reaching the break-even point seems to be remote even after 11 years from the date of commissioning under the given situation. In view of dismal performance of the project, the Board of Directors of the Company had decided (March 2001) to go for Build Operate and Transfer Management for this project, but no party had come forward so far (October 2002).

The Company stated (October 2002) that it had adopted a multi pronged strategy with a view to making the site a centre for crafts and culture and a

destination for tourists, school children and others. However, nothing concrete had been achieved till October 2002. The Company further stated that the Government had been approached to provide financial assistance for maintenance of the museum and murals of Netaji as the activity was essentially the function of the Government. It was observed in audit that though the Company had requested (November 1999) the Government of NCT of Delhi for release of annual grant of Rs. 10.00 lakh to the Company every year with a provision of 10 *per cent* increase every year, nothing had been received so far. Moreover, keeping in view the quantum of loss being suffered by the Company, the amount of grant requested is insignificant.

However, the fact remains that the selection of a site with locational disadvantage coupled with abnormally long gestation period of the project has landed the Company in the present imbroglio thereby resulting in locking up of huge funds of Rs. 4.65 crore making the project a losing proposition.

The matter was reported to the Government in September 2002; their reply was awaited as of December 2002.

Delhi State Industrial Development Corporation Limited

7.17 Avoidable extra cost in the construction of Combined Effluent Treatment Plant

Construction of Combined Effluent Treatment Plant at primary level in the first instance instead of tertiary level resulted in avoidable extra cost of Rs. 1.43 crore

A mention was made vide Paragraph 3.2.8(ii) in the Audit Report of the Comptroller and Auditor General of India for the year ended March 1998 – Government of National Capital Territory of Delhi regarding appointment of National Environmental Engineering Research Institute, Nagpur for assessing techno economic feasibility of installation and commissioning of Combined Effluent Treatment Plants for various Industrial Estates.

On the basis of the report of NEERI⁴⁰ the Supreme Court of India, while disposing of writ petitions, directed (October 1996) that the construction work of CETP⁴¹ would be carried out by Delhi State Industrial Development Corporation Limited.

⁴⁰ National Environmental Engineering Research Institute

⁴¹ Combined Effluent Treatment Plants.

Pursuant to the aforesaid directions of Supreme Court of India, Company invited schematic lumpsum tenders (September 1998) for construction and commissioning of CETP at 'tertiary' level at Wazirpur Industrial Estate. Out of four offers received, the offer of Larsen and Toubro Limited, New Delhi of Rs. 13.67 crore was (August 1999) the lowest and order was to be placed on them accordingly.

It was, however, observed in audit that the construction of CETP was restricted (September 1999) from 'tertiary' level to 'primary' level at the instance of Delhi Government in disregard to the earlier as well as fresh directions issued by the Supreme Court of India, in September 1999. In view of reduction in scope of work, the lowest bid of L&T⁴² for Rs. 9.90 crore was accepted and work order was placed in October 1999 accordingly. The completion period was also reduced from 28 to 20 months.

In the meanwhile, the Supreme Court of India while disposing of another petition, took (September 2000) serious view of non-compliance of its earlier orders. In view of the strictures passed by the Supreme Court, the work of construction of CETP at Wazirpur was upgraded from primary level to tertiary level. Fresh tenders for carrying out the above work were invited in March 2001 and the work order was placed (January 2002) on L& T whose offer of Rs. 5.20 crore was found to be most competitive. The work was to be completed within 11 months including trial period of three months. In this way, the total cost of the work worked out to Rs. 15.10 crore against Rs. 13.67 crore as earlier (September 1998) offered by L&T. The work up to primary level had already been completed as of August 2002 and payment of Rs. 9.67 crore made to the contractor whereas the work up to tertiary level was under execution.

In-decision on the part of the Government of NCT of Delhi to comply with the orders of Supreme Court of India to construct CETP at 'tertiary' level in the first instance resulted in extra cost of Rs. 1.43 crore (Rs. 15.10 crore – Rs. 13.67 crore).

The matter was reported to the Government and Company in September 2002; their reply was awaited as of December 2002.

⁴² Larsen and Toubro Limited

Delhi State Civil Supplies Corporation Limited

7.18 Blocking of funds due to injudicious construction of additional godowns: Rs. 3.16 crore

Construction of additional godowns with storage capacity of 7000 MTs despite the fact that existing capacity of 3500 MTs could not be utilised resulted in blocking of funds amounting to Rs. 3.16 crore

Ninth Five Year Plan (1997-2002) of the Government of NCT of Delhi envisaged construction of additional godowns to enable the Delhi State Civil Supplies Corporation Limited (Company) to help the Government in ensuring equal distribution of sugar and increasing the availability of wheat and wheat products during off season.

On the basis of aforesaid scheme and with a view to cater to future requirement relating to Public Distribution System and marketing of other products, the Company decided (January 1998) to construct two additional godowns with capacity of 3500 MTs each at Siraspur despite the fact that the percentage of maximum actual utilisation of available space during 1996-97 and 1997-98 (up to the date of taking of decision) had ranged from 45 to 53 *per cent* only. Moreover, while taking decision for construction of additional godowns, the specific quantity of new products to be handled had not been identified in support of the proposal. The cost of construction was to be met from Government of NCT, Delhi as grants-in-aid. The work was to be completed by March 2000.

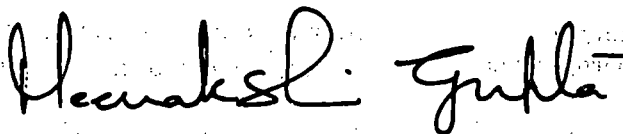
The Government of NCT, Delhi released Rs. 4.35 crore between May 1998 and April 2000. The work of construction of godowns was allotted to Delhi State Industrial Development Corporation Limited (A State Government Company) as a deposit work. An expenditure of Rs. 3.16 crore had been incurred up to March 2002, the work was still in progress (October 2002).

It was further observed in audit that the maximum utilisation of existing godowns at Siraspur ranged between 2198.80 MTs (63 *per cent*) and 3330.05 MTs (95 *per cent*) during 1998-99 to 2002-03 (up to October 2002), which is indicative of the fact that there was no immediate requirement of construction of additional godowns. The Management had itself admitted (March 2002/October 2002) that due to change in Government policy, the work of Public Distribution System in relation to wheat, rice and sugar had been reduced substantially in the recent years.

The Management stated (October 2002) that efforts were being made to utilize the maximum storage capacity by introducing marketing of some other products. Further developments were awaited (October 2002).

Thus, construction of additional godowns with capacity of 7000 MTs, despite the fact that the existing capacity of 3500 MTs could not be utilised fully before and after taking the decision, lacked justification and resulted in locking up of funds to the tune of Rs. 3.16 crore.

The matter was reported to the Government in September 2002; their reply was awaited as of December 2002.



New Delhi

(MEENAKSHI GUPTA)

Dated:

Accountant General (Audit), Delhi

Countersigned



New Delhi

(VIJAYENDRA N. KAUL)

Dated:

Comptroller and Auditor General of India

GLOSSARY

Capital and Revenue Section	Capital Section contains the provisions for expenditure which is generally met from receipt of a capital, debt, deposit, or banking character as distinguished from the Revenue Section, expenditure under which is derived from taxes, duties, fees, fines and similar items of current income including extra ordinary receipts. It is open to Government to meet Capital expenditure from ordinary revenues provided there are sufficient revenue resources to cover this liability.
Charged Appropriation	Sums required to meet expenditure 'Charged' on Consolidated Fund under Article 203(3) of the Constitution is called Charged Appropriation.
Voted Grants	Sums required to meet other expenditure for which vote of Parliament is required under Article 202(2) of the Constitution is called Voted Grant.
Fiscal deficit	Excess of capital and revenue expenditure over revenue receipt and recoveries of loans and advances.
Power factor	Ratio of true power (reading of wattmeter) to the apparent power (reading of voltmeter multiplied by the reading of ammeter).

APPENDIX – I

(Referred to in paragraph 1.2)

Summarised financial position of the Government of Delhi as on 31 March 2002

(Rupees in crore)

Liabilities		Assets	
Amount as on 31 March 2001	Amount as on 31 March 2002	Amount as on 31 March 2001	Amount as on 31 March 2002
-	-	4968.78	5580.39
	Internal debt. Including Ways and Means advances		Gross capital outlay
			Investment in shares of companies 945.72
			other capital outlay 4634.67
6759.58	Loans and advances from the Union Government	12622.68**	Loans and advances
			Advanced by Government of NCT of Delhi
5275.49	Non plan loans-Share of small savings 6903.65		Loans for general services 4.49
			Loans for social services 3803.65
1484.05	Loans for State/UT plan schemes-Block loans 1708.32		Loans for energy 5404.30
0.04	Loans for CSS (Plan) 0.04		Other loans for economic services 1284.84
6122.64	Revenue surplus	235.17	Loans to Government servants and Misc. Loans 4456.39
			Cash balance merged with that of Union Government
**1587.95	Balance of capital outlay adopted from CGA during 1994-95		
**3356.46	Balance of loans and advances adopted from CGA during 1994-95		
17826.63	20888.64	17826.63	20888.64

** The Assets amounting to Rs 4968.78crore and Rs 5580.39crore as on 31 March 2001 and 31 March 2002 respectively under the head Gross Capital Outlay include an amount of Rs 1587.95 crore which were adopted during 1994-95 from Controller General of Accounts. Similarly, Loans and Advances depicted on Assets side amounting to Rs 12622.68 crore and Rs 14953.67 crore as on 31 March 2001 and 31 March 2002 respectively include Rs 3356.46 crore (Rs 1835.36 crore for Power Projects, Rs 985.91 crore for Water Supply and Sanitation and Rs 535.19 crore for other loans) adopted from Controller General of Accounts. But the corresponding figures to be shown on the liabilities side have not been depicted distinctly in the Finance Accounts for these years.

APPENDIX – II
(Referred to in paragraph 1.3)
Sources and Applications of Funds

(Rupees in crore)

2000-01	Sources	2001-02
5443.99	1. Revenue receipts	6253.71
121.12	2. Recoveries of Loans and Advances	457.85
1764.08	3. Borrowed fund loans from GOI	2038.57
33.09	4. Decrease in closing cash balance	--
7362.28	Total	8750.13
2000-01	Applications	2001-02
3696.50	1. Revenue expenditure	5044.14
869.41	2. Capital expenditure	611.61
2608.86	3. Loans & Advances disbursement	2788.84
187.51	4. Repayment of Borrowed funds	186.13
--	5. Increase in closing cash balance	119.41
7362.28		8750.13

APPENDIX-III
(Referred to in Paragraph 2.5.1)
Grant/ Appropriation wise savings
Grants

(Rupees in crore)

Grant No.	Number and title of grant/appropriation	Total provision		Actual expenditure	Unspent provision
1.	Legislative Assembly	R.	3.99	3.05	0.94
		C.	--	--	--
2.	General Administration	R.	28.29	25.75	2.54
		C.	--	--	--
3.	Administration of Justice	R.	67.65	50.88	16.77
		C.	39.00	39.00	--
4.	Finance	R.	65.07	60.67	4.40
		C.	--	--	--
5.	Home	R.	77.41	71.34	6.07
		C.	9.00	4.45	4.55
6.	Education	R.	1221.18	1007.74	213.44
		C.	17.50	9.38	8.12
7.	Medical and Public Health	R.	525.94	493.93	32.01
		C.	--	--	--
8.	Social Welfare	R.	147.33	121.01	26.32
		C.	859.91	508.78	351.13
9.	Industries	R.	54.56	42.32	12.24
		C.	30.93	5.44	25.49
10.	Development Department	R.	275.69	215.15	60.54
		C.	99.79	76.90	22.89
11.	Urban Development and Public Works Department	R.	2099.76	2084.35	15.41
		C.	3364.36	3288.59	75.77
12.	Loans to Government Servants	R.	--	--	--
		C.	10.00	5.07	4.93
13.	Pensions	R.	30.00	--	30.00
		C.	--	--	--
	Total-Grants	R.	4596.87	4176.19	420.68
		C.	4430.49	3937.61	492.88

Appropriations

1.	Legislative Assembly	R.	0.30	0.29	0.01
		C.	--	--	--
2.	General Administration	R.	1.94	1.45	0.49
		C.	--	--	--
3.	Administration of Justice	R.	23.63	23.58	0.05
		C.	--	--	--
4.	Finance	R.	0.37	0.37	--
		C.	--	--	--
5.	Home	R.	0.47	0.44	0.03
		C.	--	--	--
6.	Education	R.	0.22	0.07	0.15
		C.	--	--	--
7.	Medical and Public Health	R.	0.04	0.00	0.04
		C.	--	--	--
8.	Social Welfare	R.	--	--	--
		C.	--	--	--

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Grant No.	Number and title of grant/appropriation	Total provision		Actual expenditure	Unspent provision
9.	Industries	R.	0.05	--	0.05
		C.	--	--	--
10.	Development Department	R.	0.48	0.29	0.19
		C.	1.54	1.11	0.43
11.	Urban Development and Public Works Department	R.	0.88	0.26	0.62
		C.	66.00	64.59	1.41
12.	Loans to Government Servants	R.	--	--	--
		C.	--	--	--
13.	Pensions	R.	--	--	--
		C.	--	--	--
Public Debt	Public Debt	R.	910.62	910.62	--
		C.	282.94	186.13	96.81
	Total-Appropriations	R.	939.00	937.36*	1.64
		C.	350.48	251.83	98.65
	Total-Grants/Appropriations	R.	5535.87	5113.55	422.32
		C.	4780.97	4189.44	591.53
GRAND TOTAL			10316.84	9302.99	1013.85

R=Revenue

C=Capital

*. Difference due to rounding of figures in crores.

APPENDIX – IV**(Referred to in paragraph 2.5.1)****Details of Schemes affected due to unspent provision exceeding
Rs. 1.00 crore under a Grant/Appropriation****(Rupees in crore)**

Sl. No.	Grant No./ Description of grant	Amount of unspent provision	Percentage of saving w.r.t. the total provision
Revenue Voted			
1.	1 – Legislative Assembly	0.94	23.56
Schemes / Projects / Activities affected by unspent provision			
i.	Legislative Secretariat (Rs 1.02 Crore)		
2.	3 – Administration of Justice	16.77	24.79
Schemes / Projects / Activities affected by unspent provision			
i.	Civil and Session Courts (Rs 7.60 crore)		
ii.	Criminal Courts : Judicial Magistrate Courts (Rs 1.56 crore)		
iii.	Prosecution Wing (Rs 1.07 crore)		
iv.	Issue of Identity Cards to voters (Rs.2.86 crore)		
v.	Lok Sabha Elections (Rs. 4.29 crore).		
3.	4 – Finance	4.40	6.76
Schemes / Projects / Activities affected by unspent provision			
i.	Directorate of Accounts (Rs. 1.81 crore)		
ii.	Sales Tax - Collection Charges (Rs.3.16 Crore)		
4.	5 – Home	6.07	7.84
i.	Jail Establishment (Rs. 2.49 crore)		
ii.	Civil Defence (Rs.1.54 crore)		
iii.	Fire Protection and Control (Rs.4.36 crore)		
iv.	Establishment of Forensic Science Laboratory (Rs.1.24)		
5.	6 – Education	213.44	17.48
Schemes / Projects / Activities affected by unspent provision			
i.	Grants-in-aid to Delhi Municipal Corporation for Primary Education (Rs.42.69 crore)		
ii.	Grants-in-aid to SCERT (Rs.1.63 crore)		
iii.	Government Secondary Schools (Rs 28.74 crore).		
iv.	Assistance to Non-Government Secondary Schools (Rs 11.36 crore).		
v.	Provision of additional schooling facilities in age group 11-14 & 14-17 (Rs 45.86 crore).		
vi.	Vocational education in schools (Rs 4.44 crore).		
vii.	Provision of additional schooling facilities in age group 14-17 (SCP) (Rs 3.71 crore).		
viii.	Pre-primary/ primary classes in existing Government Schools (Rs 7.63 crore).		
ix.	Introduction of Computer Science at + 2 Stage (Rs.7.89 crore)		
x.	Introduction of Yoga scheme in schools (Rs.2.12 crore)		
xi.	Bhagidari of Management in Government schools (Rs.3.50 crore)		
xii.	Distribution of Nutritious food and beverages-Mid- day-Meal (Rs. 8.49 Crore)		
xiii.	Training of Craftsman and Supervisors (Rs.4.55 crore)		
xiv.	Technical Education (Rs.11.88 crore).		
xv.	Grants-in aid to Degree College (Rs 5.10 crore).		

Sl. No.	Grant No./ Description of grant	Amount of unspent provision	Percentage of saving w.r.t. the total provision
6.	7 - Medical and Public Health	32.01	6.09
Schemes / Projects / Activities affected by unspent provision			
i. Contribution to the Employees State Insurance (Rs 5.00 crore)			
ii. Government Dispensaries (Rs.2.14 crore)			
iii. 500 Bedded Hospital at Rohini (Rs.7.54 crore)			
iv. Grant to MCD for health purposes (Rs.4.00 crore)			
v. Grant to MCD for Malaria Control Programme (Rs.2.25 crore)			
vi. Lok Nayak Hospital (Rs 2.10 crore)			
vii. Deen Dayal Upadhyay Hospital (Rs.3.43 crore)			
viii. Guru Teg Bahadur Medical College & Hospital (Rs.2.77 crore)			
ix. Guru Nanak Eye Centre (Rs 1.10 crore)			
x. Maulana Azad Medical College (Rs.4.60 crore)			
xi. Urban Family Welfare Centre(C.S.S.) (Rs 4.06 crore)			
xii. Revamping of Urban Family Welfare Centers (CSS) (Rs.1.11 crore)			
xiii. Media Activities in UT (CSS) (Rs.1.42 crore)			
7.	8 - Social Welfare	26.32	17.86
Schemes / Projects / Activities affected by unspent provision			
i. Integrated Child Development Services (CSS) (Rs. 2.19 crore)			
ii. Old Age Pension (Rs. 2.05 crore)			
iii. National Old Age Pension Scheme (CSS) (Rs. 2.00 crore)			
iv. Collection Charges (Rs.1.06 crore)			
v. Computerisation of records of Directorate of Transport (Rs. 1.82 crore)			
vi. Administration of ISBTs (Rs. 10.49 crore)			
8.	9 - Industries	12.24	22.43
Schemes / Projects / Activities affected by unspent provision			
i. Headquarters Establishment (Rs. 2.29 crore)			
ii. Rebate on sale of handloom cloth (CSS) (Rs.1.72 crore)			
iii. Employment services-General Employment Exchanges (Rs. 1.33 crore)			
iv. Direction and Administration of Civil Supplies (Rs. 5.60 crore)			
9.	10 - Development Department	60.54	21.96
Schemes / Projects / Activities affected by unspent provision			
i. Grants-in-aid to MCD for strengthening of Dairy Colonies (Rs. 2.65 crore)			
ii. Grants to MCD for construction of Rural Roads (Rs. 5.00 crore)			
iii. Grants to DSIDC for setting up of Bio-Technological Research and Development Centre (Rs. 3.00 crore)			
iv. Strengthening and augmentation of infrastructure i.e. road, street localities, street light etc. in each Assembly Constituency (Rs. 16.69 crore)			
v. Flood Control - Direction & Admn. (Rs. 1.13 crore)			
vi. Rehabilitation-Other Relief Measures-Secretary Revenue (Rs. 10.34 crore)			
10.	11 - Urban Development and Public works Department	15.41	0.73
Schemes / Projects / Activities affected by unspent provision			
i. Covering of nallahs and anti flood work by NDMC (Rs.1.50 crore)			
ii. Grants-in-aid to DJB for sewerage facilities in Urban Villages (Rs.1.25 crore)			
iii. Grants-in-aid to MCD for execution of various development works in Trans-Yamuna Area (Rs. 4.50 crore)			
iv. Provision of essential services in un-authorised colonies (Rs.1.21 crore)			
v. Grants-in-aid to MCD for Nutrition Programme (Rs.2.14 crore)			
vi. Grants to MCD for Urban Roads (Rs.15.00 crore)			
vii. Swarn Jayanti Sahari Rojgar Yojna (Rs.1.93 crore)			
viii. Basic Tax Assignment to MCD (Rs.2.42 crore)			
ix. Establishment Charges (Rs.7.59 crore)			
x. General Pool Accommodation (Rs.4.91 crore)			
11.	13 - Pensions	30.00	100
i. Superannuation and Other Retirement Allowances (Rs.30.00 crore)			

Sl. No.	Grant No./ Description of grant	Amount of unspent provision	Percentage of saving w.r.t. the total provision
CAPITAL VOTED			
1.	5 – Home	4.55	50.56
Schemes / Projects / Activities affected by unspent provision			
i.	Delhi Forensic Science Laboratory (Rs.4.55 crore)		
2.	6-Education	8.12	46.40
Schemes / Projects / Activities affected by unspent provision			
i.	Allotment of land and construction of building of Indra Prastha Viswavidyalaya (Rs.17.00 crore)		
3.	8 – Social Welfare	351.13	40.83
Schemes / Projects / Activities affected by unspent provision			
i.	Conversion of Dry Latrines into water borne for liberation of scavengers. (Rs.4.62 crore)		
ii.	Purchase of land for new inspection pit (Rs.1.50 crore)		
iii.	Purchase of land for new Bus Terminal (Rs 5.00 crore)		
iv.	Equity Contribution to DTC (Rs.200 crore)		
v.	Major Works (Rs.2.13 crore)		
vi.	Decongestion and rationalisation of Inter State Bus Stations in Delhi (Rs. 11.59 crore)		
vii.	Development of Ring Railways in Integration with MRTS (Rs. 198.83 crore)		
4.	9 – Industries	25.49	82.41
Schemes / Projects / Activities affected by unspent provision			
i.	World Trade Center (Rs.4.00 crore)		
ii.	Development of software multi-media park in Delhi (Rs.20.00 crore)		
5.	10 – Development Department	22.89	22.94
Schemes / Projects / Activities affected by unspent provision			
i.	Integrated development of Rural Villages in Delhi & (SCP) (Rs.2.23 crore)		
ii.	Mini Master Plan for the development of Rural Villages & (SCP) (Rs.6.19 crore)		
iii.	PMGSY for rural roads (Rs. 5.00 Crore)		
iv.	Loan to MCD for development of rural villages (Rs. 7.79 crore)		
v.	Major/Other drainage works (Rs.3.02 crore)		
vi.	Re-modelling of Trunk Drain No 1, Bund Drain and Behari Pul Drain in Trans Yamuna Area (Rs. 2.00 crore)		
6.	11 – Urban Development and Public Works Department	75.77	2.25
Schemes / Projects / Activities affected by unspent provision			
i.	Reallocation of JJ squatters (Sites & Services) (Rs.12.00 crore)		
ii.	Share Capital Contribution to NCR Development Board (Rs.5.00 crore)		
iii.	Loan to DJB for rural water supply under Basic Minimum Programme (Rs.2.89 crore)		
iv.	Loans to local bodies, Municipalities etc. (Rs.84.85 crore)		
v.	Loans to local bodies, Corporations etc (Rs.13.30 crore)		
vi.	Setting up of Low Cost Housing Development Corporation (Rs.10.00 crore)		
vii.	Construction of Court Buildings and Infrastructural facilities for Judiciary (CSS) Rs.13.91 crore)		
viii.	Strengthening of Delhi Fire Service and Central Jail Building (Rs.16.51 crore)		
ix.	General and Technical Education, Sports, Youth Services, Sports Stadia and Art & Culture (Rs.23.38 crore)		
x.	Urban Health Scheme – Hospital and Dispensaries – Buildings (Rs.48.33 crore)		
xi.	Construction of ITIs (Rs.1.41 crore)		
xii.	Construction of Road and Bridges (Rs.68.59 crore)		
xiii.	Large Scale Acquisition, Development and Disposal of Land (Rs.7.41 crore)		
xiv.	Loan to DVB for Electric Supply (Rs.73.40 crore)		
7.	12 – Loans to Government Servants	4.93	49.30
i.	House Building Advances (Rs.2.00 crore)		
ii.	Advance for Purchase of Motor Car (Rs.1.37 crore)		
8.	Public Debt	96.81	34.22
i.	Share of Small Saving Collection (Rs.96.81 crore)		

APPENDIX-V
(Referred to in Paragraph 2.5.2)
Statement of amount not surrendered

(Rupees in crore)

Grant No.	Description	Charged/Voted	Unspent provision	Amount surrendered	Amount not surrendered
1	Legislative Assembly	Revenue Charged Revenue Voted	0.01 0.94	0.00 0.60	0.01 0.34
2	General Administration	Revenue Charged Revenue Voted	0.49 2.54	0.17 0.69	0.32 1.85
3	Administration of Justice	Revenue Charged Revenue Voted	0.05 16.77	-- 15.90	0.05 0.87
4	Finance	Revenue Voted	4.40	1.64	2.76
5	Home	Revenue Charged Revenue Voted Capital Voted	0.03 6.07 4.55	-- -- 3.80	0.03 6.07 0.75
6	Education	Revenue Charged Revenue Voted Capital Voted	0.15 213.44 8.12	0.00 150.76 6.80	0.15 62.68 1.32
7	Medical and Public Health	Revenue Charged Revenue Voted	0.04 32.01	0.04 0.00	0.00 32.01
8	Social Welfare	Revenue Voted Capital Voted	26.32 351.13	12.66 76.26	13.66 274.87
9	Industries	Revenue Charged Revenue Voted Capital Voted	0.05 12.24 25.49	0.00 8.67 24.75	0.05 3.57 0.74
10	Development Department	Revenue Charged Revenue Voted Capital Charged Capital Voted	0.19 60.54 0.43* 22.89	0.00 42.33 00.24 16.60	0.19 18.21 0.19 6.29
11	Urban Development and Public works Department	Revenue Charged Revenue Voted Capital Charged Capital Voted	0.62 15.41 1.41 75.77	0.58 -- -- --	0.04 15.41 1.41 75.77
12	Loans to Government Servants	Capital Voted	4.93	4.25	0.68
	Public Debt	Capital Charged	96.81	--	96.81
13	Pension	Revenue Voted	30.00	30.00	--
	Grand Total		1013.85*	396.74	617.11

* Difference due to rounding in crore.

APPENDIX VI
(Referred to in Paragraph No.2.5.3)
Persistent Savings during 1998-99 to 2001-02

(Rupees in crore)

Sl. No.	Grant No.	Head/ Sub-head	1998-99	1999-00	2000-01	2001-02
Revenue						
	3	Administration of Justice				
1.		Civil and Session Courts	4.10	10.74	4.86	7.60
2.		Lok Sabha Election	4.52	4.89	4.86	4.29
	5	Home				
3.		Fire Protection and Control	1.84	3.98	7.59	4.36
	6	Education				
4.		Government Secondary Schools	21.03	16.82	59.33	28.74
5.		Assistance to Non Government Secondary School	14.09	13.28	15.45	11.36
6.		Provision of additional schooling facilities in age group 11-14 and 14-17	13.96	29.25	106.90	45.86
7.		Additional schooling facilities in age group 14-17 (SCP)	2.29	3.46	3.39	3.71
8.		Pre-Primary/ Primary classes in existing Government Schools	3.53	8.42	15.28	7.63
9.		Mid-day Meals	4.52	19.91	4.40	8.49
10.		Technical Education	2.03	8.04	11.57	11.88
11.		Training of Craftsman and Supervisors	5.48	4.75	7.19	4.95
	7	Medical and Public Health				
12.		Government Dispensaries	3.53	2.24	3.16	2.14
13.		Contribution to the Employees State Insurance	2.19	3.60	4.00	5.00
14.		Lok Nayak Hospital	3.48	3.40	7.05	2.10
15.		Urban Family Welfare Centre (CSS)	1.24	3.85	5.71	4.06
	9	Industries				
16.		Headquarter Establishment	3.48	4.28	4.55	2.29
17.		Direction and Administration of Civil Supplies	2.07	3.46	6.59	5.60
Capital						
	5	Home				
18.		Delhi Forensic Science Laboratory	6.88	11.74	5.10	4.55
	8	Social Welfare				
19.		Conversion of dry latrines into water borne for liberation of scavengers	5.00	3.00	3.99	4.62
20.		Equity contribution to DTC	125.00	150.00	200.00	200.00
	10	Development Department				
21.		Mini Master Plan for the Development of Rural Villages	30.14	32.85	24.44	5.18
22.		Major/ Other Drainage works	5.29	5.63	7.64	3.02
	11	Urban Development and Public Works Department				
23.		Loan to DJB for Water Supply	1.50	20.00	5.00	2.89
24.		General and Technical Education, Sports and Youth Service, Sports Stadia	--	6.10	63.83	23.38
25.		Urban Health Scheme -Hospitals and Dispensaries -Construction of Building for Hospitals and Dispensaries.		12.98	40.73	48.33
26.		Construction of Roads and Bridges	6.99	9.41	3.23	68.59
27.		Loan for Power project to D.V.B for Electric Supply	--	2.00	4.22	73.40

APPENDIX VII
(Referred to in paragraph 2.5.6)
Cases of injudicious re-appropriation

(Rupees in crore)

Sl. No.	Grant No.	Head of Account	Original Provision	Supplementary Provision	Re-appropriation	Actual Expenditure	Excess/ Unspent Provision
1.	6	2202 General Education A2(1)(5)(8) Operation Black Board(CSS)	0.80	--	0.60	0.00	-1.40
2.	6	A.2(2)(9)(29)-Vocational Education in Schools (SCP)	2.00	--	-1.07	1.63	0.70
3.	6	A.2(4)(4)(23)(1) General Areas (CSS)	0.20	0.01	1.19	--	-1.40
4.	7.	2210-Medical and Public Health A1(4)(1)(11)- Contribution of Central Government towards State Illness Assistance Fund (CSS)	--	0.01	0.74	0.20	-0.55
5.	7	2211-Family Welfare K2 (3)(1)-Urban Family Welfare Centres (CSS)	9.47	--	2.28	5.41	-6.34
6.	7	K.2(3)(2)-Expenditure on Post-Partum at District Hospitals (C3S)	0.93	--	0.67	0.67	-0.93
7.	7	K.2(4)(1)-Special Immunisation Programme	1.20	--	2.80	2.25	-1.75
8.	8	2235-Social Security & Welfare- A2(1)(4)(18)-Grants to NDMC for Construction of Working Women's Hostel	0.10	0.01	0.65	--	-0.76
9.	8	7055-Loan for Road Transport DD.3(1)(1)-Delhi Transport Corporation	257.58	0.02	344.33	333.54	- 268.39
10	10	4515-Capital Outlay on Other Rural Development Programme BB6(1)(1)- Integrated Development of Rural Villages in Delhi.	16.40	-	-5.09	14.45	3.14
11.	10.	BB6(1)(2)-Integrated Development of Rural Villages in Delhi (SCP)	3.60	--	-0.90	3.32	0.62
12	10	BB6 (1)(5) PMGSY for Rural Roads	--	0.01	4.99	--	-5.00
13	10	4711-Capital Outlay on Flood Control Project:- DD 2(2)(2)(2)-Other Drainage Works	7.70	--	0.94	7.88	-0.76
14	11	2059-Public Works B1(1)(3)-Machinery & Equipments	6.00	--	-1.80	4.77	0.57
15	11	B1(1)(4)-Maintenance and Repairs	70.00	--	-2.00	71.17	3.17
16	11	4217 Capital Outlay on Urban Development. AA 1(4)(1)(2)- Development of Urban Villages	--	0.01	2.99	0.42	-2.58

Sl. No.	Grant No.	Head of Account	Original Provision	Supplementary Provision	Re-appropriatin	Actual Expenditure	Excess/ Unspent Provision
17	11	4202- Capital Outlay on Education Sports, Art.& Culture BB 4 (1)(2)(1)-Construction of buildings for Secondary Schools	45.00	--	-5.00	42.62	2.62
18	11	BB4(1)(2)(2)-Construction of buildings for Schools (SCP)	10.00	--	-1.20	9.86	1.06
19	11	BB 4(2)(1)(3) Setting up of Engineering College at Geeta Colony	--	0.01	4.49	--	-4.50
20	11	BB4(2)(2)(1) Buildings	10.00	--	-3.72	7.92	1.64
21	11	4216- Capital Outlay on Housing- BB 6(1)(1) General Pool Accommodation	14.00	--	0.99	13.70	-1.29
22	11	4235 - Capital Outlay on Social Security and Welfare BB9 (1)(3)(1)-Buildigs	0.26	--	1.41	0.64	-1.03
23	11	BB 9(1)(5)(1)-Provision of Additional Facilities in Existing Buildings	1.00	--	2.40	2.56	-0.84
24	11	5075-Capital Outlay on Other Transport Services BB15(1)(1)(2)-Setting up of Motor Driving Training Schools	0.70	--	0.62	--	-1.32

APPENDIX VIII
(Referred to in paragraph 2.5.10)
Rush of expenditure in the month of March – 2002

Grant No.	Description of Grant	Total provision (Rupees in crore)			Total expenditure (Rupees in crore)			Expenditure incurred during March – 2001 (Rupees in crore)			Percentage of expenditure incurred in March 2001 to total expenditure)
		Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total	
	Charged										
1	Legislative Assembly	0.30	--	0.30	0.29	--	0.29	0.05	--	0.05	17.24
2	General Administration	1.94	-	1.94	1.45	--	1.45	0.29	--	0.29	20.00
5	Home	0.47	--	0.47	0.44	--	0.44	0.06	--	0.06	13.64
6	Education	0.22	--	0.22	0.07	--	0.07	0.02	--	0.02	28.57
10	Development Department	0.48	1.54	2.02	0.29	1.11	1.40	0.08	0.09	0.17	12.14
	Public Debt	910.62	282.94	1193.56	910.62	186.13	1096.75	723.20	145.80	869.00	79.23
	VOTED										
4	Finance	65.07	--	65.07	60.67	--	60.67	12.09	--	12.09	19.93
5.	Home	77.41	9.00	86.41	71.34	4.45	75.79	8.09	1.49	9.58	12.64
7.	Medical and Public Health	525.94	-	525.94	493.93	--	493.93	70.93	--	70.93	14.36
8.	Social Welfare	147.33	859.91	1007.24	121.01	508.78	629.79	33.05	37.72	70.77	11.24
10.	Development Department	275.69	99.79	375.48	215.15	76.90	292.05	32.85	21.72	54.57	18.68
11.	Urban Development and Public Works Department	2099.76	3364.36	5464.12	2084.35	3288.59	5372.94	1263.59	1540.02	2803.61	52.18
12.	Loans to Government Servants	-	10.00	10.00	-	5.07	5.07	--	0.74	0.74	14.60

Appendix – IX

(Referred to in paragraph No. 7.2.1, 7.3, 7.3.1, 7.3.2)

Statement showing particulars of up-to-date paid-up capital, budgetary outgo, loans given out of budget and loans outstanding as on 31 March 2002 in respect of Government companies and Statutory corporations.

(Figures in bracket indicate budgetary outgo during the year)

(Figures in column 3(a) to 4(f) are Rupees in lakh)

Serial number	Sector & name of the Company	Paid-up capital as at the end of the current year					Equity/Loans received of Budget during the year		Other loans received during the year	Loans Outstanding at the close of 2001-02**			Debt equity ratio for 2001-02 (Previous year) 4f/3e
		State Government	Central Government	Holding Companies	Others	Total	Equity	loans		Government	Others	Total	
(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
A. Working Government companies:													
1	INDUSTRY SECTOR Delhi State Industrial Development Corporation Limited	2186.23	-	-	-	2186.23	-	-	-	824.54	24.48	849.02	0.39:1 (0.39:1)
	Sector wise total	2186.23	-	-	-	2186.23	-	-	-	824.54	24.48	849.02	
2	MINING SECTOR Delhi State Mineral Development Corporation Limited	318.00	-	-	-	318.00	-	-	-	-	-	-	-
	Sector wise total	318.00	-	-	-	318.00	-	-	-	-	-	-	-

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(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
3	DEVELOPMENT OF ECONOMICALLY WEAKER SECTION SECTOR Delhi Scheduled Caste Financial and Development Corporation Limited	1277.19	1187.70	-	-	2464.89	-	-	-	-	-	-	-
	Sector wise total	1277.19	1187.70	-	-	2464.89	-	-	-	-	-	-	-
4	PUBLIC DISTRIBUTION SECTOR Delhi State Civil Supplies Corporation Limited	699.92	-	-	-	699.92	-	-	-	213.80	-	213.80	0.31:1 (0.31:1)
	Sector wise total	699.92	-	-	-	699.92	-	-	-	213.80	-	213.80	
5	TOURISM SECTOR Delhi Tourism and Transportation Development Corporation Limited	628.25	-	-	-	628.25	-	-	-	-	-	-	-
	Sector wise total	628.25	-	-	-	628.25	-	-	-	-	-	-	-
6	POWER SECTOR Pragti Power Corporation Limited	5.00				5.00	5.00	29552.12	28000	14552.12	28000	42552.12	8510:1
7	Delhi Power Company Limited	5.00				5.00	5.00						
8	Indraprastha Power Generation Company Limited	5.00				5.00	5.00						
9	Delhi Power Supply Company Limited	5.00				5.00	5.00						
10	Central-East Delhi Electricity Distribution Company Limited	5.00				5.00	5.00						
11	South-West Delhi Electricity Distribution Company Limited	5.00				5.00	5.00						

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
12	North North-West Delhi Distribution Company Limited	5.00				5.00	5.00						
	Sector wise total	35.00				35.00	35.00	29552.12	28000	14552.12	28000	42552.12	1216:1
	Total A (All sector wise Government companies)	5144.59	1187.70	-	-	6332.29	35.00	29552.12	28000	15590.46	28024.48	43614.94	6.89:1 (0.17:1)
B. Working Statutory corporations													
13	POWER SECTOR Delhi Vidyut Board	-	-	-	-	-	-	126343.16	-	900614.34	1299.80	901914.14	-
	Sector wise total	Nil						126343.16		900614.34	1299.80	901914.14	
14	TRANSPORT SECTOR Delhi Transport Corporation	11700.00	-	-	-	11700.00	-	33354.00	-	121389.00	-	121389.00	10:38:1 (7.31:1)
	Sector wise total	11700.00	-	-	-	11700.00	-	33354.00	-	121389.00	-	121389.00	10:38:1 (7.31:1)
15	FINANCING SECTOR Delhi Financial Corporation	1805.00	-	-	753.20	2558.20*	-	-	-	2900.00	5975.22	8875.22	3.47:1 (3.15:1)
	Sector wise total	1805.00	-	-	753.20	2558.20	-	-	-	2900.00	5975.22	8875.22	3.47:1 (3.15:1)
	TOTAL B (all sector wise Statutory corporations)	13505.00	-	-	753.20	14258.20	-	159697.16	-	1024903.34	7275.02	1032178.36	72.39:1 (68.07:1)
	Grand total (A+B)	18649.59	1187.70	-	753.20	20590.49	35.00	189249.28	28000	1040493.80	35299.50	1075793.30	52.25:1

* Including Share Application Money of Rs.1270.00 lakh

** Loans outstanding at the close of 2001-02 represent long term loans only.

- Except in respect of companies (Sl No. 5) which finalized their accounts for 2001-02, figures are provisional and as given by the companies and corporations.

Appendix – X

(Referred to in paragraph 7.3.3, 7.4, 7.4.1(a), 7.5.1, 7.5.2, 7.6.1)

Summarised financial results of Government companies and statutory corporations for the latest year for which accounts were finalised
(Figures in columns 7 to 12 and 15 are Rupees in lakh)

Sl No.	Sector and name of the company	Name of Department	Date of Incorporation	Period of accounts	Year in which accounts finalised	Net Profit or Loss(-)	Net impact of Audit comments	Paid-up capital	Accumulated profit/loss (-)	Capital employed (A)	Total Return on capital employed	Percentage of total return on capital employed	Arrears of accounts in terms of years	Turnover	No. of employees
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
A. Working Government Companies															
1	INDUSTRY SECTOR Delhi State Industrial Development Corporation Limited	Industry	15.02.71	2000-01	2001-02	993.73	Nil	2186.23	1132.32	3679.75	1000.67	27.19	1	21094	1223
	Sector wise total					993.73		2186.23	1132.32	3679.75	1000.67	27.19		21094	1223
2.	MINING SECTOR Delhi State Mineral Development Corporation Limited	Industry	27.05.85	1999-00	2001-02	50.39	Decrease in loss by 5.28	318.00	(-) 155.78	162.31	50.39	31.05	2	101	NA
	Sector wise total					50.39		318.00	(-) 155.78	162.31	50.39	31.05		101	NA
3.	DEVELOPMENT OF ECONOMICALLY WEAKER SECTION SECTOR Delhi Scheduled Caste Financial and Development Corporation Limited	Welfare	29.01.83	1992-93	2002-03	123.20	Audit completed comments under finalisation.	689.75	407.03	1266.29	134.51	10.62	9	194.23 *	NA
	Sector wise total					123.20		689.75	407.03	1266.29	134.51	10.62		194.23	

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
4.	PUBLIC DISTRIBUTION SECTOR Delhi State Civil Supplies Corporation Limited	Public Distribution	14.11.80	2000-01	2001-02	(-)108.10	Decrease in profit by Rs. 206.32	699.92	326.54	1675.25	(-)108.10	(-)6.45	1	26379	896
	Sector wise total					(-)108.10		699.92	326.54	1675.25	(-) 108.10	(-) 12.98		26379	896
5.	TOURISM SECTOR Delhi Tourism and Transportation Development Corporation Limited	Tourism	12.12.75	2001-02	2002-03	544.57	Decrease in profit by (-) Rs.54.00	628.25	3562.16	4387.33	544.57	12.41	-	38424	985
	Sector wise Total					544.57		628.25	3562.16	4387.33	544.57	12.41		38424	985
6	POWER SECTOR Pragati Power Corporation Limited	Power	9.1.2001	NIL									1	NIL	NA
7.	Delhi Power Company Limited	- do -	4.7.2001	NIL									1	NIL	NA
8.	Inderprastha Power Generation Company	- do -	4.7.2001	NIL									1	NIL	NA
9.	Delhi Power Supply Company Limited	- do -	4.7.2001	NIL									1	NIL	NA

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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
10	Central-East Delhi Electricity Distribution Company Limited	Power	4.7.2001	NIL									1	NIL	NA
11	South-West Delhi Electricity Distribution Company Limited	-do-	4.7.2001	NIL									1	NIL	NA
12	North North-West Delhi Distribution Company Limited	-do-	4.7.2001	NIL									1	NIL	NA
	Sector wise Total														
	Total (A-working Govt. Companies)					1603.79		4522.15	5272.27	11170.93	1622.04	14.52		86192.23	

B. Working Statutory Corporations

13.	POWER SECTOR Delhi Vidyut Board	Power	24.02.97	1996-97 1997-98 1998-99 1999-00 2000-01	2001-02 -do- -do- -do- -do-	(-) 70974 (-) 53631 (-) 83347 (-) 83393 (-) 110440	Audit completed Draft Audit Report under finalisation	- - - - -	(-) 268563 (-) 322194 (-) 405541 (-) 488934 (-) 599374	254819 291920 312265 357140 420299	(-) 52162 (-) 31179 (-) 56736 (-) 51438 (-) 70336		1	355422	24542
	Sector wise total					(-) 110440	-	-	(-) 599374	420299	(-) 70336	-	-	355422	24542

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
14.	TRANSPORT SECTOR Delhi Transport Corporation	Transport	03.11.71	2001-02	2002-03	(-) 23204	-do-	11700	(-) 108214	33046	(-) 22735	-		51364	30719
	Sector wise total					(-) 23204	-	11700	(-) 108214	33046	(-) 22735	-		51364	30719
15.	FINANCING SECTOR Delhi Financial Corporation	Finance	01.04.67	2001-02	2002-03	557.15	-do-	2558.19	2839.73	11657.40	1443.45	12.38		1896.46 *	185
	Sector wise total					557.15	-	2558.19	2839.73	11657.40	1443.45	12.38		1896.46	185
	Total (B- working Statutory Corporations)					(-)133086.85		14258.19	(-)704748.27	465002.40	(-) 91627.55			408682.46	
	Grand Total (A+B)					(-)131483.06		18780.34	(-) 699476	476173.33	(-) 90005.51			494874.69	

A -Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in case of finance companies/corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings (including refinance).

* Turnover represents interest income for the year.

Appendix - XI

(Referred in Paragraph 7.3.2)

Statement showing subsidy received, guarantees received, waiver of dues, loans on which moratorium allowed and loans converted into equity during the year and subsidy receivable and guarantees outstanding at the end of March 2002
(Figures in column 3(a) to 7 are in Rupees in lakh)

Sl. No.	Name of the Public Sector Undertaking	Subsidy and grants received during the year				Guarantees received during the year and outstanding at the end of the year					Waiver of dues during the year				Loans on which moratorium allowed	Loans covered into equity during the year
		Central Government	State Government	Others	Total	Cash Credit from banks	Loans from other sources	Letters of credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultant or contracts	Total	Loans repayment written off	Interest waived	Penal interest waived	Total		
(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
A Working Government companies																
1.	DTTDC (Grant)	43.73	126.83	-	170.56	-	-	-	-	-	-	-	-	-	-	-
2.	DSFDC (Subsidy)	297.39	0.06	-	297.45	-	-	-	-	-	-	-	-	-	-	-
	Total-A	341.12	126.89	-	468.01	-	-	-	-	-	-	-	-	-	-	-
B Working Statutory Corporations																
	Delhi Vidyut Board (Grant)	-	10450.00	-	10450.00											
	Total-B		10450.00	-	10450.00											
	Grant Total (A+B)	341.12	10576.89	-	10918.01	-	-	-	-	-	-	-	-	-	-	-

Appendix-XII

(Referred to in paragraph No. 7.4)

Statement showing financial position of Statutory Corporations

Working Statutory Corporations

(Rs. in crore)

1. Delhi Vidyut Board			
Particulars	1999-2000	2000-01	2001-02
A. Liabilities		(Provisional)	
Equity Capital	-	-	-
Loans from Government	6485.36	8123.18	AWAITED
Other long-term loans (including bonds)	1292.67	1318.76	
Reserves and surplus	882.88	912.89	
Current liabilities and provisions	6629.71	6653.20	
Total-A	15290.62	17008.03	
B. Assets			
Gross fixed assets	3126.69	3470.25	
Less: Depreciation	566.53	779.21	
Net fixed assets	2560.16	2691.04	
Capital works-in-progress	1231.06	1585.90	
Current assets	6409.89	6579.25	
Investments	200.17	152.72	
Miscellaneous expenditure	--	5.37	
Deficits	4889.34	5993.75	
Total - B	15290.62	17008.03	
C. Capital employed[#]	3571.40	4202.99	
2. Delhi Transport Corporation			
Particulars	1999-2000	2000-01	2001-02
A. Liabilities			(Provisional)
Capital (including capital loan & equity capital)	117.00	117.00	117.00
Borrowings Government	526.94	880.75	1214.40
Others	-	-	-
Funds* (Reserve and Surplus)	60.43	71.46	82.31
Trade dues and other current liabilities (including provisions)	217.65	118.21	123.93
Total-A	922.02	1187.42	1537.64
B. Assets			
Gross Block	252.69	210.32	487.40
Less: Depreciation	149.61	102.47	110.13
Net fixed assets	103.08	107.85	377.27
Capital works-in-progress (including cost of chassis)	1.17	78.73	4.47
Investments	0.90	1.00	1.11
Current assets, loans and advances	148.45	149.74	72.65
Accumulated losses	668.42	850.10	1082.14
Total-B	922.02	1187.42	1537.64
C Capital employed[#]	35.05	218.11	330.46

[#] Capital employed represents net fixed assets (including works-in-progress) plus working capital.

* Excluding depreciation funds.

3. Delhi Financial Corporation			
Particulars	1999-2000	2000-01	2001-02
A. Liabilities			
Paid-up capital	12.93	12.93	12.88
Share application money	2.65	2.70	12.70
Reserve fund and other reserves and surplus	38.47	26.17	28.40
Borrowings:			
(i) Bonds and debentures	9.08	9.08	8.48
(ii) Fixed Deposits	-	-	-
(iii) Industrial Development Bank of India & Small Industries Development Bank of India	18.79	40.31	51.28
(iv) Reserve Bank of India			
(v) Loan towards share capital: (a) State Government (b) Industrial Development Bank of India			
(vi) Others (including State Government)			29.00
Other Liabilities and provisions	11.27	49.84	8.39
Total-A	93.19	141.03	151.13
B. Assets			
Cash and Bank balances	3.97	6.46	4.50
Investments	-	-	-
Loans and Advances	74.34	123.21	136.14
Net fixed assets	7.66	7.11	5.09
Other assets	7.22	4.25	5.40
Miscellaneous expenditure	-	-	-
Total-B	93.19	141.03	151.13
C. Capital employed*	70.12	79.96	116.57

* Capital employed represents the mean of the aggregates of the opening and closing balances and paid-up capital, reserves (other than those which have been funded specifically and backed by investments outside), bonds, deposits and borrowings (including refinance).

Appendix-XIII

(Referred to in paragraph No. 7.4)
Statement showing working results of Statutory Corporations

A. Working Statutory Corporations

(Rs. in crore)

1.	Delhi Vidyut Board			
Sl. No.	Particulars	1999-2000	2000-01	2001-02
			(Provisional)	
1.	(a) Revenue receipts	3266.75	3554.22	AWAITED
	(b) Subsidy/Subvention from Government	-	-	
	Total	3266.75	3554.22	
2.	Revenue expenditure (net of expenses capitalised) including write off of intangible assets but excluding depreciation and interest	3670.39	3956.60	
3.	Gross surplus (+)/deficit (-) for the year (1-2)	(-) 403.64	(-) 402.38	
4.	Adjustments relating to previous years	96.14	(-) 84.95	
5.	Final gross surplus (+)/deficit (-) for the year (3+4)	(-) 307.50	(-) 487.33	
6.	Appropriations:			
	(a) Depreciation (less capitalised)	206.88	216.04	
	(b) Interest on Government loans	334.33	425.74	
	(c) Interest on others, bonds, advance, etc. and finance charges	-	-	
	(d) Total interest on loans & finance charges (b+c)	334.33	425.74	
	(e) Less:- Interest capitalised			
	(f) Net interest charged to revenue (d-e)	14.78	24.70	
	(g) Total appropriations (a+f)	319.55	401.04	
		526.43	617.08	
7.	Surplus (+)/deficit (-) before accounting for subsidy from state Government {5-6(g)-1(b)}	(-) 833.93	(-) 1104.41	
8.	Net surplus (+)/deficit (-) {5-6(g)}	(-) 833.93	(-) 1104.41	
9.	Total return on capital employed*	(-) 514.38	(-) 703.37	
10.	Percentage of return on capital employed	-	-	
2.	Delhi Transport Corporation			
	Particulars	1999-2000	2000-01	2001-02
				(Provisional)
	Operating			
	(a) Revenue	474.81	527.98	473.85
	(b) Expenditure	630.66	734.46	745.02
	(c) Surplus (+)/Deficit (-)	(-) 155.85	(-) 206.49	(-) 271.17
	Non-operating			
	(a) Revenue	19.84	31.48	39.79
	(b) Expenditure	71.47	6.21	5.30
	(c) Surplus (+)/Deficit (-)	(-) 51.63	25.27	34.49

*Total return on capital employed represents net surplus/deficit plus total interest charged to profit and loss account (less interest capitalised).

	Total			
	(a) Revenue	494.65	559.45	513.64
	(b) Expenditure	702.13	740.67	750.32
	(c) Prior period	0.63	0.45	4.64
	(d) Net Profit (+)/Loss (-)	(-) 206.85	(-) 181.67	(-) 232.04
	Interest on capital and loans	11.56	7.41	4.65
	Total return on Capital employed*	(-) 195.29	(-) 174.26	(-) 227.35
3.	Delhi Financial Corporation			
	Particulars	1999-2000	2000-01	2001-02
	1. Income			
	(a) Interest on Loans	11.03	12.59	18.96
	(b) Other income	2.25	2.83	1.51
	Total-1	13.28	15.42	20.47
	2. Expenses			
	(a) Interest on long-term loans	4.28	3.97	8.86
	(b) Other expenses	5.65	6.01	6.04
	Total-2	9.93	9.98	14.90
	3. Profit before tax (1-2)	3.35	5.44	5.57
	4. Provision for tax	1.03	1.34	1.16
	5. Other appropriations	1.63	2.83	4.41
	6. Amount available for dividend #	0.69	1.27	-
	7. Dividend	0.69	1.27	-
	8. Total return on Capital employed	7.63	9.41	14.43
	9. Percentage of return on Capital employed	10.88	11.77	12.38

* Total return on capital employed represents net surplus/deficit plus total interest charged to profit & loss account (less interest capitalised).

Represents Profit for current year available for dividend after considering these specific reserves and provision for taxation.

Appendix-XIV

(Referred to in paragraph No.7.6)

Statement showing operational performance of Statutory Corporations

A. Working Statutory corporations

1. Delhi Vidyut Board

Particulars	1999-2000	2000-01	2001-02
	(Provisional)		
Installed capacity	---(MW)---		
(a) Thermal	320.00	320.00	AWAITED
(b) Hydro	--	--	
(c) Gas	265.00	265.00	
(d) Other	--	--	
Total	585.00	585.00	
Normal maximum demand			
Power generated :	--(MKWH)--		
(a) Thermal	1545.657	1413.725	
(b) Hydro	--	--	
(c) Gas	743.660	1139.220	
(d) Other	--	--	
Total	2289.317	2552.945	
Less: Auxiliary consumption			
(a) Thermal	173.375	164.656	
(percentage)	(11.22)	(11.65)	
(b) Hydro	--	--	
(percentage)	--	--	
(c) Gas	16.253	26.174	
(percentage)	(2.18)	(2.30)	
(d) Other	--	--	
(percentage)	--	--	
Total	189.628	190.830	
(percentage)	(8.28)	(7.47)	
Net power generated	2099.689	2362.115	
Power purchased	15089.118	15249.251	
Total power available for sale	17188.807	17611.366	
Power sold	9021.369	9572.691	
Transmission and distribution losses	8167.438	8038.675	
Load factor (Percentage)			
Thermal	54.99	50.41	
Gas	31.95	49.07	
Percentage of transmission and distribution losses to total power available for sale	47.52	45.64	
Number of villages/towns electrified			
Number of pump sets/wells energized			
Number of sub-stations			
Transmission/distribution lines (in kms)			
(a) High/medium voltage			
(b) Low voltage			
Connected load (in MW)			
Number of consumers	2367906	2548600	

Number of employees	24803	24542	
Consumer/employees Ratio	95:1	104:1	
Total expenditure on staff during the year (Rs. in crore)	402.89	476.41	
Percentage of expenditure on staff to total revenue expenditure	11	12	
Units sold	--(MKWH)--		
(a) Agriculture	84.585	126.667	
(Percentage share to total units sold)	(0.94)	(1.32)	
(b) Industrial	2292.219	2347.640	
(Percentage share to total units sold)	(25.41)	(24.53)	
(c) Commercial	982.391	1186.44	
(Percentage share to total units sold)	(10.88)	(12.39)	
(d) Domestic	3689.870	4217.566	
(Percentage share to total units sold)	(40.91)	(44.06)	
(e) Others	1972.304	1694.378	
(Percentage share to total units sold)	(21.86)	(17.70)	
Total	9021.369 (100%)	9572.691 (100%)	
(a) Revenue (excluding subsidy from Government)	(Paise per KWH)		
(b) Expenditure	362.11	371.29	
(c) Profit (+)/Loss (-)	454.55	486.66	
(d) Average subsidy claimed from Government (in Rupees)	(-)92.44	(-)115.37	
(e) Average interest charges (in Rupees)	NA	NA	
	35.42	41.89	

2. Delhi Transport Corporation(DTC)

Particulars	1999-2000	2000-01	2001-02 (Provisional)
Average number of vehicles held	3103	2911	2921
Average number of vehicles on road	2668	1594	2094
Percentage of utilisation of vehicles	85.98	54.76	71.69
Number of employees	31652	31202	30719
Employee vehicle ratio	10.20:1	10.71:1	10.52:1
Number of routes operated at the end of the year	916	915	928
Route kilometers	55688.3	44488.4	97435.2
Kilometres operated (in lakh)			
(a) Gross	2184.36	1504.08	1697.50
(b) Effective (DTC)	2090.99	1423.25	1611.37
(P.O.)	3967.53	3678.69	1951.76
(c) Dead	93.37	80.83	86.13
Percentage of dead kilometres to gross kilometers	4.27	5.37	5.07
Average kilometres covered per bus per day	214	245	211
Average revenue per kilometre (paise) (DTC)	1259.19	1474.06	1490.30
(P.O.)	1236.23	1548.29	1425.02
Average expenditure per kilometre (paise) (DTC)	2110.00	2706.14	2623.34
(P.O.)	1390.47	1576.29	1678.48
Loss (-)/Profit (+) per kilometre (paise) (DTC)	(-) 850.81	(-) 1232.08	(-) 1133.04
(P.O.)	(-) 154.24	(-) 28.00	(-) 253.46
Total Loss (-)/Profit (+) per kilometre (paise)	(-) 521	(-) 494	(-) 651
Number of operating depots	33	33	33

* Revenue expenditure includes depreciation but excludes interest on long term loans

Average number of break-down per lakh kilometers	2.2	2.2	1.6
Average number of accidents per lakh kilometers	0.26	0.24	0.2
Passenger kilometre operated (in crore)	1127.42	826.47	838.44
Occupancy ratio	127.91	129.69	NA
Kilometres obtained per litre of:			
(a) Diesel Oil	3.75	3.80	3.85
(b) Engine Oil	373	365	361

2. Delhi Financial Corporation

(Rs. in crore)

Particulars	1999-2000		2000-01		2001-02	
	Number	Amount	Number	Amount	Number	Amount
Applications pending at the beginning of the year	08	3.73	25	5.60	26	3.02
Applications received	1436	52.19	9703	284.99	3028	150.08
Total	1444	55.92	9728	290.59	3054	153.10
Applications sanctioned	1318	42.69	9393	273.14	1743	48.79
Applications cancelled/with-drawn/rejected/reduced	101	7.64	309	14.43	467	24.27
Applications pending at the close of the year	25	5.60	26	3.02	844	80.04
Loans disbursed	1046	18.59	6365	84.92	1883	38.87
Loans outstanding at the close of the year	3986	74.34	--	123.49	11329	151.81
Amount overdue for recovery at the close of the year						
(a) Principal	1056	3.57	N.A.	2.96	-	3.78
(b) Interest	--	1.67	--	0.63	-	3.98
Total	--	5.24	--	3.59	-	7.76
Amount involved in recovery certificate cases	--	42.80	--	NA	--	43.70
Total						
Percentage of default to total loans outstanding		7.05		2.91		5.11

Appendix - XV

(Referred to in paragraph No. 7.10)

Statement showing the department wise outstanding Inspection Reports (IRs)

Sl. No.	Name of Department	No. of PSUs	No. of outstanding I.R	No. of outstanding paragraphs	Years from which paragraphs outstanding
1.	Power	1	22	55	2000
2.	Transport	1	4	14	1999
3.	Industry	2	3	15	2000
4.	Public Distribution	1	2	8	2001
5.	Tourism	1	2	10	2001
6.	Finance	1	2	14	2001
	Total	7	35	116	

Appendix-XVI

(Referred to in paragraph No. 7.10)

Statement showing the department wise draft paragraphs/reviews reply to which are awaited

Sl. No.	Name of Department	No. of draft paragraphs	No. of reviews	Period of issue
1.	Tourism	2	-	2002
2.	Industries	1	-	2002
3.	Public Distribution	1	-	2002
4.	Power	-	2	2002
5.	Finance	2	-	2002
	Total	6	2	