



**REPORT OF THE
COMPTROLLER & AUDITOR GENERAL
OF INDIA**

UNION GOVERNMENT

**NO. 6 (COMMERCIAL) OF
1990**

CAG DELHI TRANSPORT CORPORATION

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DELHI TRANSPORT CORPORATION

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PREFACE

This report on Delhi Transport Corporation was prepared by an Audit Board consisting of the following members :—

1. Shri K. Tyagarajan
Chairman, Audit Board and Ex-Officio Additional Deputy Comptroller & Auditor General (Commercial) upto 31st December 1989.
Deputy Comptroller & Auditor General-cum-Chairman, Audit Board from 1st January 1990 to 30th April 1990.
Shri A.C. Tiwari
Chairman, Audit Board and Ex-Officio Additional Deputy Comptroller & Auditor General (Commercial) from 1st May 1990 to 24th May 1990.
Deputy Comptroller & Auditor General-cum-Chairman, Audit Board from 25th May 1990.
2. Shri P.K. Lahiri
Director of Audit, Central Revenues-II, New Delhi upto 15th August 1988.
Shri D.S. Iyer
16th August to 29th August 1988.
Shri A.H. Jung
30th August 1988 to 31st March 1989.
Shri A.S. Mohindra*
Officer on Special Duty, Office of the Principal Director of Audit, Central Revenues-I, New Delhi.
1st April 1989 onwards.
3. Shri A.B. Palekar
Member, Audit Board & Ex-Officio Director of Commercial Audit-I, Bombay upto 13th March 1990.
Shri D. Sivaramakrishnan
Principal Director of Commercial Audit & Ex-Officio Member, Audit Board-I, Bombay 14th March to 18th March 1990.
Smt. A.L. Ganapathi
19th March to 31st May 1990.
Shri Ananda Shankar
1st June 1990 onwards.
4. Shri K.S. Menon
Assistant Comptroller & Auditor General (Commercial) & Member-Secretary, Audit Board from 2nd July 1990.
5. Shri S.R. Derasari
Ex-Vice Chairman and General Manager, Gujarat State Road Transport Corporation,
Part-time Member.
6. Shri P.B. Kerkar*
Ex-General Manager,
Bombay Electric Supply & Transport Undertakings.
Part-time Member.

This report was finalised by the Audit Board after taking into account the results of discussions held with the representatives of the Ministry of Surface Transport and the Corporation at its meeting held on 5th September 1990 and the comments furnished by the Ministry in August-September 1990.

The Comptroller & Auditor General of India wishes to place on record his appreciation of the work done by the Audit Board and the contribution made by the Part-time Members.

* Did not attend the meeting held on 5th September 1990.

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OVERVIEW

I. The Delhi Transport Corporation (DTC) was established in November 1971 under an Act of Parliament. It took over the fleet of buses and other assets and liabilities of the Delhi Transport Undertaking which was till then being run as a wing of the Delhi Municipal Corporation.

(Para-1)

II. Since inception (1971) to August 1989, there had been as many as 19 Chairmen/Chairman-cum-Managing Directors of which 11 were part time. Frequent changes in the top management deprived the Corporation of steady, sustained and firm leadership over the past 18 years.

(Para 2.1 and 2.2)

III. The Corporation had not extended its fleet till 1989 to cover local city services in full. Private buses continue to run on many city routes on the basis of route permits issued by the State Transport Authority (STA).

(Para 3.2.1)

IV. The Corporation was operating 728 city and 97 interstate routes in March 1989. The private operators were also operating on city as well as interstate routes. The interstate route mileage available to the Corporation but not operated was of the order of 58741 Kilometres and 55917 Kilometres during the years 1988-89 and 1989-90 respectively. The interstate routes are profitable sectors of the operations of the Corporation while the city services are run on considerable loss.

(Para 3.2.2 and 3.2.3)

V. (i) The Corporation had 4248 buses in its fleet and was on an average operating 728 city and 97 interstate routes per day at the end of March 1989 carrying on an average 42.79 lakh passengers per day. As many as 3260 buses had lived half their expected life i.e., 4 years; which is 77 percent of the fleet. During the 5 years ended March 1989 there was net addition of 115 buses only. The Corporation had 845 buses that were more than 8 years old in its fleet as on March 1989 which constituted 19.89 percent of the fleet.

(Para 4.1, 4.2 and 4.2.1)

(ii) The percentage of fleet utilisation ranged between 78.16 and 86.75 and the percentage of kilometre operated to kilometre scheduled ranged between 82.52 and 92.27 during the 5 years ending March 1989. This was low compared to similar percentages in case of two metropolitan Transport Corporations viz., BEST of Bombay and Pallavan of Madras.

(Para 4.3 and 4.4)

VI. During the last 5 years number of accidents in city service ranged between 3857 to 4487 per year. Outstanding cases of claims on account of accidents has been steadily on the rise from 1270 cases in March 1985 to 1842 cases in March 1989. There were 186 cases pending settlement for more than 5 years. A compensation of Rs. 143.04 lakhs was paid as per orders of courts and Rs. 362.24 lakhs paid as compromised compensation.

(Para 5 and 5.7.1)

VII. (i) Under a scheme operative from 1974, private operations were plying their buses in Union Territory against permits issued by the Corporation which was charging Rs. 1,000 per bus per month as Administrative Operational and Control Charges (AOCC Scheme). The operators were allowed to retain the entire earnings. In August 1977 the private operated buses were brought under kilometrage scheme. The operators were given a fixed rate per kilometre and the earnings were retained by the Corporation.

(Para 6.3 and 6.6.1)

(ii) From 17th March 1988 (the date when the Corporation employees went on strike) the kilometrage scheme was discontinued. The private operators were allowed to run their buses and keep the earnings. Provision for compensation to these operators was also made for the use of their buses by the pass holders of the Corporation.

(Para 6.7.1)

(iii) The Corporation had been suffering losses in running private buses under kilometrage scheme and had incurred losses to the tune of Rs. 29.65 crores during the last three years ended March 1988.

(Para 6.8)

(iv) In a review meeting held by Secretary, Ministry of Surface Transport in November 1988, it was decided that the Corporation should take up origin-destination survey to enable the Directorate of Transport, Delhi to provide a basis for distribution of routes between the Corporation and the private operators. No such survey was conducted. A committee of officers of the Delhi Administration and the Corporation was formed in July 1989 to study the system and evolve a viable scheme for running the private and Corporation buses; the report of which is still awaited. Meanwhile, the number of private operated buses declined by 500 while there was no significant addition in the fleet of the Corporation during 1988-89.

(Para 6.8.3 and 6.8.4)

(v) No decision in regard to continuation or discontinuation of private operation of buses on city routes has been taken by the Central Government (October 1989).

(Para 6.8.5)

VIII. (i) The Corporation with funds released by Government of India acquired 987 buses during the first 4 years of 7th Plan.

(Para 7.1)

(ii) The Corporation had not set up any bus body fabrication workshop and fabrication work is being got done from outside agencies. The Corporation had issued in October/November 1980 essentiality certificate for issue of 1050.90 MT of steel to fabricators to enable them to obtain steel on controlled rates without any authorisation from Board of Directors and without asking for any reduction in rates in lieu of this concession.

(Para 7.2 and 7.3)

(iii) The Corporation appointed its Chief Mechanical Engineer as sole Arbitrator in a dispute involving a case where most of the terms and conditions of the contract had been finalised and enforced by him while he was in charge of the workshop. The Arbitrator gave a non-speaking award in favour of the party and a payment of Rs. 28.31 lakhs was made by the Corporation.

(Para 7.4.1 to 7.4.3)

(iv) The two Central Workshops established had not been achieving targets fixed for major overhauling of engines, gear boxes, axles, dynamos and retreading of tyres during the three years ending March 1989.

(Para 7.5.1)

(v) The civil work of a new Central Workshop planned for completion in July 1982 was delayed for over a year resulting in extra expenditure of Rs. 27.11 lakhs on civil works.

(Para 7.5.2)

(vi) A large number of engines, gear boxes and axle assemblies get damaged regularly but no system of investigating reasons/analysis of such damage is in existence in the depots or workshops. A system of periodical examination and removal of tyres for retreading had not been adopted.

(Para 7.6)

IX. No norms of fuel consumption were fixed in regard to different types of vehicles. Fuel consumption recorded by the Corporation was based on derived kilometres run as the milometers of most of the buses were not functional.

(Para 11.1.3 to 11.1.5)

X. (i) Supplies other than fuel received in Central Stores are issued to depots and workshops on requi-

sitions received from them. However, consolidated list of stores issued to depot/workshop was not prepared for obtaining a consolidated acknowledgement of supplies by the receiving units nor was any other method of reconciliation of issues shown by stores depots made with the entries of receipt of goods at receiving units.

(Para 12.4)

(ii) By ignoring lowest offer without recording any justification, the Corporation had to incur an extra expenditure of Rs. 11.85 lakhs on the procurement of shoes.

(Para 12.5)

(iii) Of 1,025 buses reported to have been scrapped, the physical verification regarding location of the buses, the dates of disposal and balance of buses still with the Corporation were not made available to audit. 34 scrapped buses remained untraced even upto May 1990. A sum of Rs. 2.61 crores could have been realised by the Corporation by timely disposal of the scrapped buses.

(Para 12.8)

XI. The Corporation buses as well as private operated buses have been a major contributing factor in the pollution of air in the city. A depot-wise analysis of the Corporation buses carried out in 1984-85 showed that 25 to 32 percent buses had time injector and fuel injection defects, thereby contributing to the pollution. In spite of this analysis Hartridge smoke meters had not been procured so far (August 1990).

(Para 15)

XII. (i) Except for one year i.e. 1987-88 there has been deployment of operational staff in excess of the norms during the years 1984-85 to 1988-89; the excess being 7 percent in 1988-89. Despite this the Corporation had been paying overtime to operational staff. Total amount of overtime paid during the last 5 years worked out to Rs. 1612.58 lakhs.

(Para 17.1.1)

(ii) A new scheme of reimbursement of medical expenses was introduced in May 1984. Failure to adhere to the essential checks suggested by Board resulted in a substantial increase of medical expenditure from Rs. 73.24 lakhs in 1983-84 to Rs. 915.92 lakhs in 1984-85 and Rs. 927.56 lakhs in 1985-86. This scheme was discontinued and a system of flat rate of medical allowance of Rs. 1200 per annum was introduced with effect from 20-1-1986.

(Para 17.2)

(iii) At the instance of audit, the Corporation worked out income tax of Rs. 9.90 lakhs as recoverable from employees who were in receipt of medical charges in excess of Rs. 5,000 per annum.

(Para 17.3)

XIII. Government of India had released Rs. 61926.08 lakhs to the Corporation as various types of loans upto March 1989. The Corporation had not repaid any loans and interest thereon due to which it became liable to pay penal interest on outstanding loans and interest. The outstanding loans and interest due as at the end of March 1989 were Rs. 33920.98 lakhs and Rs. 5694.65 lakhs respectively. The accumulated losses upto the year 1988-89 amounted to Rs. 32818.20 lakhs.

(Para 18.1 to 18.2.2)

XIV. (i) The Corporation had been issuing free and concessional passes to various segments of Society but was not claiming any subsidy from the beneficiary departments resulting in increase in losses to the Corporation.

(Para 18.5)

(ii) The Corporation continues to suffer heavy losses on hiring of buses by schools (Rs. 72.15 lakhs in 1988-89). Prior to January 1989, the schools were charging higher bus fees from their students compared to what was actually charged by the Corporation. This was remedied on the directions of the Court and a new system was introduced from that date to eliminate profiteering by the schools. However, the Corporation could not succeed in getting the refund of the excess amounts collected by the schools, inspite of the Court's direction.

(Para 18.6 and 18.7)

XV. The internal audit cell confines itself only to checking of establishment bills and no check or analysis of the operational procedures or critical analysis was attempted.

(Para 19)

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1. INTRODUCTION

Government of India, Ministry of Transport took over local bus services in Delhi in May 1948 when they found that the services offered by earlier licencees were inadequate. A Delhi Road Transport Authority was constituted under the Road Transport Corporations Act 1950. This authority became an undertaking of Municipal Corporation of Delhi by an Act of Parliament in April 1958.

On the recommendations of a working group of Planning Commission, which concluded that Delhi Transport, as an extension of Municipal Corporation of Delhi had not been functioning efficiently and adequately, resulting in leakage of revenue and very high operation cost, Government of India took over the management of the undertaking by passing Delhi Road Transport Laws (Amendment) Act in 1971 (Act 71 of 1971).

2. ORGANISATIONAL STRUCTURE

A chart showing the organisational structure of the Corporation is at Annexure.

2.1 Board of Directors

Section 44 of the Road Transport Corporations Act empowers the State Government to make rules for the appointment of Directors of the Corporation. Government of India as the administrative authority relevant to the Union Territory of Delhi framed rules in 1973 with regard to appointment of Directors of the Corporation viz. the Delhi Transport Corporation (Board of Directors) Rules 1984. According to these rules there will be 12 Directors including the Chairman, the Managing Director, 5 officials of whom 3 will be nominated by the Central Government and 2 by Delhi Administration. Out of 5 non-officials on the Board one each shall be nominated by New Delhi Municipal Committee, Delhi Metropolitan Council and Municipal Corporation of Delhi from amongst the elected members of these bodies and the other 2 non-official Directors shall be nominated by the Central Government. The Directors excluding Chairman and Managing Director are to hold office initially for a period of 3 years.

Besides the Chairman who also holds the office of Managing Director, there were 8 Directors in August 1989.

According to section 14(1) of the Road Transport Corporations Act, the Government is empowered to appoint Chairman-cum-Managing Director (CMD) and Chief Accounts Officer. The Chief Accounts Officer shall have a right to record his views on every proposal involving expenditure from the fund of the Corporation prior to the consideration of such proposal by the Corporation.

Government have appointed one officer to perform the functions of Chairman as well as Managing Direc-

tor and one officer has been appointed to perform the functions of the Chief Accounts Officer.

There were four Regional General Managers for the administration of 33 depots, one Chief Mechanical Engineer in charge of the two Central Workshops undertaking major repairs and overhauling, one General Manager each for Traffic and Interstate Operations and one Transport Planner.

There have been very frequent changes in the top management. Since inception of the Corporation in 1971, there have been as many as 19 Chairmen/Chairman-cum-Managing Directors (upto August 1989), of whom 11 were part time executives. The frequent changes and ad hoc appointments at the top level of management had deprived the Corporation of steady, sustained and firm leadership over the period of 18 years of its existence.

2.3 Advisory Council

In exercise of the powers conferred by clause (f) of sub-section (2) of section 44 read with section 17 of the Road Transport Corporations Act 1950, Central Government framed (January 1973) Delhi Transport Corporation (Advisory Council) Rules 1973. Under these rules the Advisory Council shall consist of the Chairman-cum-Managing Director of the Corporation who shall be ex-officio Chairman of the Council, and shall consist of 38 members representing various interests (including Chairman).

The functions of the Council are to advise the Corporation on routes on which the services will be operated, frequencies of services, timetable, amenities for the passengers, erection of stands, sheds for passengers and goods and the setting up of the depots, sub-depots and bus stations, purchase or acquisition of sites and lands suitable for stands etc. The rules require that the Council should meet at least once in two months. During the last four years ending 31st March 1989, only eight meetings of the Council were held.

3. CORPORATE OBJECTIVES

Section 18 of the Road Transport Corporations (RTC) Act 1950 read with Delhi Road Transport Laws (Amendment) Act 1971 under which the Corporation has been constituted lays down that it is the general duty of the Corporation to exercise its powers progressively to provide or secure or promote an efficient, adequate, economical and properly co-ordinated system of Road Transport in the Union territory of Delhi and any extended area. Section 22 of the Act *ibid* makes it clear that it shall be the general principle of a Corporation that in carrying on its undertaking it shall act on business principles which implies that in discharge of its functions due care will be taken to ensure efficient, economic and trouble free services to commuters at a reasonable cost.

3.1 Area of Operation

Section 18 of the RTC Act 1950 read with Delhi Transport Laws (Amendment) Act 1971, lays down that it would be the general duty of the Corporation to exercise its power progressively to provide or secure the provisions of an efficient, adequate, economical and properly co-ordinated system of road transport services in the Union Territory of Delhi or part thereof for which it is established and in any extended area. Section 19(2)(c) of the Road Transport Corporations Act 1950 also lays down that the Corporation shall have power to prepare schemes for the acquisition of and to acquire either by agreement or compulsorily the whole or any part of undertaking of any other person consisting of road transport services in the Union territory or any extended area.

3.2.1 City services

As a consequence of the Act, the passenger transport system was taken over in November 1971 by the Government of India by invoking the provisions of chapter IV-A of the Motor Vehicles Act 1939 and entrusted to a newly constituted statutory body named Delhi Transport Corporation. The Corporation under section 3 of the Delhi Road Transport Laws (Amendment) Act 1971 took over the assets, liabilities and functions of Delhi Transport Undertaking of the Municipal Corporation of Delhi. By 1971 the undertaking had extended its operation to most of the area of the Union Territory of Delhi and some of the interstate routes were also taken over by the Corporation. A scheme submitted in 1962 for taking over the 12 privately operated routes was turned down by the Delhi Administration in September 1971 with the observation that the scheme had become old and desired the Corporation to prepare a fresh scheme. A revised scheme had not been submitted by the Corporation so far (August 1989).

In 1981 the Corporation had requested Government of India to give directions to the State Transport Authority (STA) of Delhi not to issue or renew any

permit under chapter IV-A of the Motor Vehicles Act 1939. The Corporation observed that after issue of such directions by the Government of India, the STA would be under legal obligation not to issue fresh stage carriage permits to private operators under Section 48 of the Motor Vehicles Act 1939 or renew stage carriage permits after their expiry under Section 58 of the said Act. In the meanwhile STA had issued 683 permits upto March 1986 under various schemes to private parties to operate passenger services within the Union Territory of Delhi. The figures of permits issued after 1986 could not be furnished by the Corporation.

Government had not so far (August 1989) issued any such general notification or specific directions to STA in this regard. The Ministry stated (September 1990) that the Motor Vehicles Act has been revised in 1988 under which private operators were delinked from the Corporation and allowed to compete with it. It further stated that since granting of statehood to Delhi was under consideration a decision on the matter may be left to the discretion of the Delhi Administration.

3.2.2 Interstate Services

In August 1975 the Union Territory of Delhi had a share of 214 interstate route permits out of which the Corporation was operating 72 route permits. It was decided in 1975 that the Corporation would prepare a scheme for taking over the entire interstate operations by invoking the provisions of section 68-c of Motor Vehicles Act 1939. It was felt that by taking over the interstate operations not only would better services be provided to the passengers but the profits from interstate operations would partly off set the inevitable losses in operation within the Union Territory of Delhi.

It was also contemplated in 1975 that the Corporation would take over, all interstate routes allotted to the Delhi Administration under the interstate agreement, being run by private operators, within a period of one year. It had been observed that till March 1989 only 97 routes were being operated by the Corporation. On the remaining routes private buses continued to operate.

3.2.3 Based on reciprocal arrangements with various State Transport Undertakings of neighbouring States, the Corporation is entitled to operate 1.5 Kilometres in their territories for every kilometre operated by the respective State Transport Corporation/Department in Delhi.

The table, below gives the details of the Corporation's entitlement, actual kilometres operated, short-fall/excess in respect of these operations for the two years ending March 1990.

Name of States/ Union Territory	Entitlement of DTC (in km)		Actual km. operated		Shortfall(-) Excess (+)	
	1988-89	1989-90	1988-89	1989-90	1988-89	1989-90
Haryana	104207	104207	58669	58523	(-) 45538	(-) 45684
Uttar Pradesh	63168	69255	49874	58768	(-) 13294	(-) 10487
Rajasthan	8132	8552	7134	8514	(-) 998	(-) 38
Chandigarh	1178	1178	384	384	(-) 794	(-) 794
Himachal Pradesh	1560	1794	1790	1684	(+) 230	(-) 110
Jammu & Kashmir	78	117	184	324	(+) 106	(+) 207
Madhya Pradesh	66	66	132	132	(+) 66	(+) 66
Punjab	7187	7401	8668	8324	(+) 1481	(+) 923

It would be seen from the above that while there is marginally excess utilisation of interstate routes in the case of Punjab, Madhya Pradesh and Jammu and Kashmir; there is gross under utilisation of interstate services available for the Corporation in respect of other states particularly Uttar Pradesh and Haryana. Overall the Corporation was unable to operate a total of 58741 and 55917 kilometres available for use during 1988-89 and 1989-90 respectively. The full utilisation of these entitled Kilometrages could have gone a long way in reduction of operating losses of the Corporation.

The Ministry stated (August 1990) that the main responsibility of the Corporation was to provide

adequate services to the city of Delhi and that the provision of services on interstate routes had been accorded a lower priority. The Corporation did not have sufficient fleet to spare more buses for interstate operations though operation on interstate routes is more profitable. Further in a note furnished to audit in September 1990, the Ministry stated that a separate Interstate Region was started on 9th September 1988 to monitor more effectively the interstate operations. That would show that the Corporation itself has perhaps now realised (albeit rather late) the importance of making full use of its allotted quota in the interstate routes.

4. OPERATIONAL PERFORMANCE

4.1 General

The Corporation had 4248 buses on its fleet and was operating on 728 city and 97 interstate routes carrying on an average 42.79 lakh passengers per day at the end of March 1989.

4.2 Fleet Strength

The Corporation's fleet strength during the 5 years is indicated below :

	1984-85	1985-86	1986-87	1987-88	1988-89
At the beginning of the year	4133	4039	4032	4079	4355
Additions during the year	746	17	203	370	397
Reductions during the year	840	24	156	94	504
Strength at the end of the year	4039	4032	4079	4355	4248

During the 5 years ended March 1989, there was net addition of 115 buses which constituted 2.7 per cent of the fleet strength as on 31st March 1989. The Ministry stated in September 1990 that for providing satisfactory service a fleet of 7000 was required against the availability of about 4400 buses.

4.2.1 Age wise analysis of Buses

The table below indicates the age wise position of buses for the last 5 years ending 1988-89. The useful productive life of a vehicle is 8 years.

	1	2	3	4	5
As on 31st March	1985	1986	1987	1988	1989
Age Over 8 years	706	720	724	843	845
6-8 years	197	373	717	1032	1393
4-6 years	720	1035	1393	1142	1022
2-4 years	1393	1142	1023	763	220
below 2 years	1023	763	220	573	768

4.2.2 Auxiliary vehicles

As on 31st March 1989, the Corporation had 294 auxiliary vehicles (non revenue earners) e.g. cars, stores vans, recovery vans, ambulances, jeeps, matadors, training buses, etc. valued at Rs. 149.72 lakhs (depreciated value Rs. 21.32 lakhs). The pattern of accounts compiled do not show separately the expenditure incurred on the auxiliary fleet. The running of these vehicles was not separately worked out by the Management.

4.3 Fleet utilisation

Fleet utilisation means average buses on road divided by average buses in the fleet. The position of fleet utilisation during 5 years ending 1988-89 is given below :—

	1984-85	1985-86	1986-87	1987-88	1988-89
Average number of vehicles in the fleet during the year	4401	4030	4104	4171	4316
Average number of vehicles on road	3440	3452	3520	3443	3744
Percentage of fleet utilisation	78.16	85.66	85.77	82.55	86.75
Average kilometre per bus per day	209	218	221	210	221

The Management stated (December 1988) that fleet utilisation increased due to proper and timely maintenance, uninterrupted supply of spare parts and replacement of old buses with new ones. The Ministry stated (August 1990) that performance of 1987-88 was adversely affected on account of strike by the employees in mid March 1988.

4.4 Operational efficiency

The following table gives details of the operation of the Corporation during 5 years ending 1988-89 as per the figures contained in the published accounts.

	1984-85	1985-86	1986-87	1987-88	1988-89
Number of routes (city and interstate)	733	756	752	795	825
Scheduled kilometres (in lakhs)	3168.36	3147.40	3162.24	3199.41	3270.83
Gross kilometres operated (in lakhs)	2627.04	2750.48	2834.28	2640.01	3017.96
Missed Kilometres (in lakhs)	541.32	396.92	327.96	559.40	252.87
Operational efficiency: percentage of kilometres operated to scheduled kilometres	82.91	87.39	89.63	82.52	92.27

Operational ratio in respect of kilometres operated to kilometres scheduled shows the overall performance of the Road Transport System. The Corporation's operational ratio ranged between 82.52 per cent and 92.27 per cent during the 5 years ending March 1989. The operational ratio showed a steady improvement during 1985-86 to 1988-89 (except in 1987-88). However, this was low compared to the ratios of other two metropolitan transport Corporations viz. BEST of Bombay and Pallavan of Madras. The operational ratio of these two Corporations ranged between 91.65 to 95.46 per cent and 94.80 to 97.89 per cent respectively during the above mentioned years (except 1985-86 and 1988-89 for which figures in respect of BEST and Pallavan were not available).

4.5 Trips and kilometres scheduled and operated

Position of total number of trips and kilometres scheduled and operated during 5 years ending March 1989 is as under :

(i) Scheduled and Trips operated

The Corporation scheduled 43202, 42480, 42286, 42001, 41543 trips and operated 35986, 36868, 37878, 34595 and 38181 trips during the 5 years ending March 1989, which showed that number of trips scheduled decreased year after year despite the increase in fleet of the Corporation. Thus consequent to the lower number of trips scheduled, trips operated showed an increase ranging between 82.37 and 91.91 per cent during these years.

(ii) Kilometres Scheduled and operated

The Kilometres scheduled and operated by the Corporation for the last 5 years ending March 1989,

ranged between 3147.40 lakhs and 3270.83 lakhs and 2627.04 lakhs and 3017.96 lakhs respectively which showed an operational efficiency ranging between 82.91 and 92.27 per cent. The Ministry stated (August 1990) that the average route length for buses in Delhi was 20 kms. in relation to 12.0 kms. in Bombay and 17.3 kms. in Madras. Reasons for less trips scheduled during 1984-85 to 1987-88 had been due to introduction of long routes covering rural areas requiring more turn-round time and absence of required additionality in fleet. It further stated that in Bombay and Madras sub-urban railways serve as major means of transport and bus system primarily provides the feeder services. Therefore, there was little scope for improvement in the turnover of buses in Delhi, unless suitable mode of mass transport system is developed.

4.6 Bus break down

Bus break down in respect of the Corporation per 10,000 kilometres operated by it on city routes ranged between 3.13 and 3.76 for the last 4 years ended March 1988. It came down to 1.77 per 10,000 kilometres in the year ended March 1989. The reasons for sharp decreases in break downs were attributed by the Management to better repairs, addition of new buses, discarding of old and obsolete buses and proper control on the staff. However, the missing trips as a result of breakdown which were 559 per day in 1984-85 and which came down to 209 in 1987-88 increased to 248 trips per day in 1988-89 inspite of the sharp decrease in the break down figures as stated above. The Ministry stated (August 1990) that there is a system at depot level for investigating reasons for excessive breakdown and for taking corrective measures. The Ministry, however, did not explain the reasons for increase in the number of missed trips due to breakdown during 1988-89.

5. ACCIDENTS

In any large scale operation, a few accidents are inevitable. However, the rate of accidents indicates one of the important parameters of the efficiency with which any transport system is run. The withdrawal of buses on account of accident not only reduces revenue but also requires expenditure on repairs/replacements of parts and payment of compensations etc. Besides, accidents involving human safety are a matter of serious social concern. The buses of the Corporation met with 3857 accidents during 1984-85. This number rose to 4252 in 1985-86 and 4453 in 1986-87. The number of accidents, however, decreased to 3519 in 1987-88 but again increased to 4487 in 1988-89.

Out of the above, accidents of buses on interstate operations were 209 in 1984-85. This number decreased to 133 during 1987-88 but again rose to 167 in 1988-89. The Ministry stated (August 1990) that accident rate per lakh kilometre has been decreasing from 1.57 in 1986-87 to 1.33 in 1987-88 but increased to 1.49 in 1988-89 and that this was much lower than those of BEST, Bombay and Pallavan of Madras. The comparable rate in Calcutta Transport was 1.40 and 1.39 in 1987-88 and 1988-89 and hence the need for reducing accidents requires little emphasis.

5.1 Accidents in city and interstate operation

A review of the accident cases (city operation) revealed that ratio of accidents of minor nature to total accidents increased from 85.5 per cent to 93.13 per cent during the period from 1985-86 to 1988-89, ratio of accidents of major nature to total accidents (amount of damage above Rs. 500/- per case) decreased from 9.5 per cent to 2.48 per cent and ratio of accidents of fatal nature to total accidents fluctuated between 5 per cent and 4.4 per cent during the said period.

Accidents (interstate operation) of minor nature to total accidents increased from 44.64 per cent to 60.48 per cent but in case of major accidents it decreased from 45.24 per cent to 26.94 per cent during 1985-86 to 1988-89. Accidents of fatal nature to total accidents which was 10.12 per cent in 1985-86 decreased to 6.8 per cent in 1986-87 but increased during 1987-88 (13.53 per cent) and during 1988-89 (12.58 per cent). The main reason for decrease in percentage of major accidents in 1988-89 was the change in monetary limits for classifying accidents viz., categorising accidents involving a sum of upto Rs. 5000/- against Rs. 500/- earlier.

5.2 Fatal Accidents

The number of fatal accidents and number of persons killed in city, interstate and by private operat-

ed (P.O.) buses from 1984-85 to 1988-89 are tabulated as under :—

Years	No. of accidents			No. of deaths.		
	City	Inter-state	P.O.	City	Inter-state	P.O.
1	2	3	4	5	6	7
1984-85	229	14	89	243	15	102
1985-86	204	17	98	219	23	100
1986-87	169	10	98	176	14	106
1987-88	168	18	87	184	23	94
1988-89	173	38	delinked.	180	43	delinked.

It would be seen from the above that the total number of fatal accidents in the city operation came down from 229 in 1984-85 (0.10 per lakh kilometres) to 173 in 1988-89 (0.07 per lakh kilometres). On the otherhand the fatal accidents on interstate operation went up in number i.e. 14 in 1984-85 (0.05 per lakh kilometres) and 38 in 1988-89 (0.09 per lakh kilometres). The accidents caused by the private operators were 98 during 1985-86 and 1986-87 (0.09 and 0.10 per lakh kilometres respectively) and 87 in 1987-88 representing 0.11 per lakh kilometres.

5.3 Central Accident Cell

A Central Accident Cell was established with effect from 12-01-1981, to attend to accidents and the victims, analyse the causes of accidents; maintain history sheets of drivers, buses and suggest measures and identify need for training and to maintain liaison with agencies of road safety, legal advisor for compensation cases for settlement out of court and to arrange *ex-gratia* payments.

The Cell was closed in January 1984 on the plea that it was not feeding any information to depots for corrective steps. In order to minimise the number of serious accidents, the question of reviving and strengthening this Cell should be considered.

5.4 High Powered Accident Committee

To a query by the Committee on Public Undertakings (1981-82) Seventh Lok Sabha (25th Report) about the effectiveness of Accident Committee, it was stated by the Corporation that a High Powered Accident Committee was constituted on 13-08-1981 to

review the individual cases of accidents, fix responsibility and suggest remedial measures. The Committee was expected to review a few decided cases and recommend remedial measures for elimination of fatal accidents. There had been no meeting of the High Powered Accident Committee after 15-02-1984. The Ministry stated (August, 1990) that the Committee was converted into an Advisory Committee and that due to a large number of accidents the work was entrusted to a Departmental Committee which decided such cases.

5.5 Depot-wise Accidents

A review of depot-wise information of accidents during 1988-89 revealed that the buses under Kalkaji depot (203), Okhla depot-I (203), Okhla depot-II (255), Vasant Vihar depot (196), Shadipur depot (135), Ambedkar Nagar depot (216), Patparganj depot (159), Shahdra-I depot (195), Shahdra-II depot (183) and Nand Nagri depot (167) had a high number of accidents noted against each. These depots were stated to be servicing resettlement colonies and thickly populated areas with narrow roads and heavy traffic rush during peak hours.

5.6 Drivers involved in accidents

The total number of drivers involved in accidents during the year 1985-86 (3496 out of 10338) increased during 1986-87 (3572 out of 10380) but decreased during the year 1987-88 (2884 out of 8865). This number again increased during the year 1988-89 (3670 out of 10194).

The table below indicates drivers involved in accidents during the last 4 years ending March 1989 :—

Year	Total No. of accidents	No. of drivers involved in accidents	Average strength of drivers	Percentage of drivers involved in accidents
1	2	3	4	5
1985-86	4252	3496	10338	33.82
1986-87	4453	3572	10380	34.41
1987-88	3519	2884	8865	32.53
1988-89	4487	3670	10194	36.00

The Management stated (August 1987) that in cases of accidents involving the Corporation buses, all were not always due to negligence on the part of the Corporation's drivers. There were other factors also, like road conditions, mechanical failure of buses and errors on the part of other parties involved.

5.6.1 The consolidated information regarding action taken against the erring drivers involved in accidents, (such as removal from service, stoppage of incre-

ments, censuring, reprimanding, issuing of warning, etc.) was not being compiled by the Corporation.

The Corporation was however imparting refresher courses for safe driving to its drivers. The number of drivers deputed to such courses was 7.35 percent of the total strength of drivers in 1985-86 and had risen to 29.39 per cent in the year 1987-88 but declined to 26.11 per cent in the year 1988-89.

5.6.2 The drivers under private operated buses were not under the control of the Corporation. No action had, therefore, been taken in this regard by the Corporation. The Corporation, however, had not stipulated in the agreement any periodical medical examination of such drivers to ensure their suitability.

5.6.3 No system was evolved for periodical medical examination of the Corporation's own drivers to check up their vision/colour blindness, physical fitness etc. as per laid down standards to prevent driving by accident prone drivers. On an enquiry by audit whether any analysis of accidents was made to ascertain how many were avoidable, the number of accidents caused due to negligence/drunken driving or night blindness of drivers etc., it was stated by the Management that only eye vision was checked at the age of 55. On further enquiry about the routine periodical medical test it was stated (September 1990) that a scheme was under process to check eye sight of drivers periodically after every three years.

5.7.1 Accident claims and Compensations settled

During the years from 1984-85 to 1988-89, 1578 accident claim cases were settled. Out of this 561 cases were rejected, compensation amounting to Rs. 143.04 lakhs was decreed and paid in 231 cases and 786 claims were compromised for Rs. 362.24 lakhs during the said period. A total of 1842 claims were pending at the close of the year 1988-89. The table given below shows the year-wise/nature-wise analysis of 1842 pending claims at the end of March 1989 :—

Sl. No	Period of pendency	No. of minor accidents	No. of major accidents	No. of fatal accidents	Total
1	2	3	4	5	6
(In numbers)					
1.	More than 10 years old.	—	7	5	12
2.	5 to 10 years	16	51	107	174
3.	3 to 5 years	17	135	221	373
4.	2 to 3 years	7	89	146	242
5.	1 to 2 years	14	270	304	588
6.	Less than 1 year	12	208	233	453
		66	760	1016	1842

The total number of claims pertaining to fatal accidents and pending on 31-3-89 was over 55% of all the categories.

The total amount claimed in 1842 pending cases was not worked out and made known to audit by the Corporation.

5.7.2 The rate of settlement of cases had ranged between 145 and 300 between 1984-85 and 1987-88, while in 1988-89, by activation of Lok Adalat the number of settled cases rose to 528. Even so, the number of outstanding claims had increased steadily from 1270 by the end of 1984-85 to 1842 at the end of 1988-89.

6. PRIVATE BUSES UNDER THE CORPORATION OPERATION

6.1 In addition to the route permits committed to the Corporation, the State Transport Authority, Delhi (STA) had from time to time given route permits for some private buses/mini buses to run within the Union Territory of Delhi.

6.2 In 1964 a Kilometrage scheme was introduced, with some gap in between for hiring out of private buses in which the private operators provided the drivers and maintained the buses while the Corporation provided conductors for issuing tickets. The Corporation kept the full revenue earnings and made payment to private operators on the basis of a pre-determined rate for kilometrage run by them.

6.3 In January 1974 another scheme called Administrative, Operational and Control Charges Scheme (AOCC) was introduced under which the private operators were allowed to ply against the Corporation permits on payment of Rs. 1200 per month per bus which was revised (February 1976) to Rs. 1000 per bus per month. The operators were allowed to retain the entire proceeds. In July 1977, the buses operating under AOCC scheme were given the option to change over to kilometrage scheme.

6.4 The Delhi Administration had separately formulated an un-employed graduate scheme during the year 1974-75 for the issue of stage carriage permits to the unemployed graduates, under certain conditions, but in December 1976 the whole scheme was transferred to the Corporation. The Corporation engaged (96) mini buses of unemployed graduates against the permits granted by the State Transport Authority (STA) to graduates, under the AOCC scheme on payment of Rs. 500/- per month as administrative charges. The charge was raised subsequently to Rs. 1000/- per month in April 1977 to bring them at par with other mini bus operators. But the increase was not implemented till May 1978. Chairman decided in May 1978 to increase such charges from Rs. 500/- to Rs. 600/- per month for graduate entrepreneurs.

6.5 Ten buses operated under AOCC scheme in 1974-75. The number rose to 195 in 1976-77 and 203 buses in 1977-78. 91 bus operators under AOCC scheme who did not replace more than 6 year's old buses were delinked by the Corporation in July 1984. These were granted STA stage carriage permits in June-July 1984. Towards the end of year 1984 more than 500 buses/mini buses were operating on the parallel routes being run by the Corporation buses. The Corporation has no information regarding the number of buses operating under the permits granted directly to private operators by STA.

6.6 Private buses under kilometrage scheme

6.6.1 The Board decided in August 1977 on the hiring of private buses under an arrangement where-

in the private operators were paid on the basis of kilometres and the Corporation retained the entire earnings. The private operators provided the buses and the drivers to run them and bore the cost of their maintenance. The Corporation provided the conductors for issue of tickets and kept the revenue earned. The private operators were paid for each kilometre run on behalf of the Corporation at rates fixed on the basis of the size and the age of the bus and the rates were revised from time to time. These ranged between Rs. 1.30 and Rs. 1.60 per kilometre during August 1977 to July 1981. Subsequently these were revised within a range of Rs. 1.53 to Rs. 2.57 per kilometre. The buses run by private operators, only during peak hours, were allowed Rs. 0.25 extra per kilometre over the rates payable to the operators who ran their buses throughout the day.

6.6.2 A uniform rate of Rs. 2.57 per kilometre for standard size buses and Rs. 2.08 per kilometre for mini bus irrespective of the age slab of buses was allowed from April 1985.

In addition, however, a payment of Rs. 0.11 per kilometre was allowed to operators running buses throughout the day with two drivers, but again from April 1986, payment at a flat rate of Rs. 2.60 per kilometre for standard size buses and Rs. 2.19 per kilometre for mini buses was given.

6.6.3 It was observed that the principles for fixation of hiring charges were changed from time to time. Since August 1977 higher rates had been allowed in respect of comparatively newer buses than old ones.

6.6.4 From September 1984 the Management did away with old age slab system in favour of a uniform rate on the plea that older buses needed more expenditure on repairs.

6.6.5 The scheme which started with 84 buses in 1977 reached thousand mark in 1983-84 and attained a peak of 1365 by the end of 1985-86 and then declined to 1004 buses by end of 1987-88. The scheme was discontinued with effect from March 1988.

6.7 Discontinuation of Kilometrage scheme

6.7.1 The operational staff of the Corporation went on a strike from 17th March 1988. Due to the non-availability of conductors to go with the private buses, the owners of the private buses were allowed by the Corporation to deploy their own conductors and ply buses on 'Earn and keep' bases as an AD HOC arrangement. A provision for suitable compensation to private operators for carrying the Corporation pass holders free of charge was made. The system had continued since then.

6.7.2 The issue whether the operation of private buses under the Kilometrage scheme may be reintroduced had been discussed in several meetings and was a subject matter of correspondence between Government of India and the Corporation in which officials of the Delhi Administration had also participated.

6.7.3 In a letter of May 1988 addressed to the Government of India, Ministry of Surface Transport, the Chairman of the Corporation had mentioned that the private buses were plying neither under the kilometrage scheme nor on the basis of State Transport Authority permits. He had stressed that the Corporation was incurring loss on account of the discontinuation of the kilometrage scheme and pleaded for its restoration to minimise the losses till the Delhi Administration made up their mind for grant of State Transport Authority permits. He also drew attention of the Government to a 'Status Paper' on engagement of private operators sent in January 1988 with five alternative schemes.

6.7.4 Government of India communicated in May 1989 their decision not to revert to the kilometrage scheme and stated that the private operation of buses would continue as indicated in the meeting held (November 1988) by the Ministry.

6.8 The losses of the Corporation on account of private operators under kilometrage scheme during three years preceding its discontinuance were as follows :—

Year	No. of private operated buses	Losses on private operation
		(Rs. in Lakhs)
1	2	3
1985-86	1365	1635
1986-87	1227	734
1987-88	1004	596

(Discontinued w. e. f. 17-3-1988)

6.8.1 In his letter of May 1988 to the Government, the Chairman had indicated that even the discontinuation of the kilometrage scheme meant a loss of Rs. 4390 lakhs. In a subsequent note (January 1989) this loss had been worked out at Rs. 2332 lakhs. The break up was given as follows :

668CAG/90

(Rs. in lakhs)

	Losses as intimated in May 1988	Losses as per subsequent note o Jan, 1989
1	2	3
Payment of compensation to 1000 buses (private operators) for honouring the Corporation pass holders	760	307
Pay and allowances etc. of surplus personnel attributable to engagement of private operation of buses under Kilometrage scheme	930	930
Minimum loss of revenue due to aggressive marketing by private operators buses on road	2700	1095
TOTAL	4390	2332

6.8.2 From June 1988 it was decided to apportion the earnings from the passes between the Corporation and private operators after deducting expenses incurred by the Corporation on administration, printing and sale of passes. The amount payable as compensation to private operators for the academic session (10 months) and vacation period (2 months) was to be worked out separately.

6.8.3 On this basis a rate of Rs. 72.62 per bus per day for May and June (vacation period) and Rs. 86.50 from July onwards was made applicable.

In the review meeting held by Ministry on 4th November 1988 it was decided that the Corporation should take up origin-destination survey to enable the Directorate of Transport, Delhi to provide a basis for distribution of routes later on between the Corporation and private operators either on sectoral or any other model allocations. The Ministry constituted a Committee (July 1989), comprising officers of the Ministry, Delhi Administration and the Corporation to study the system and evolve viable scheme for running private and the Corporation buses.

6.8.4 It was observed in audit that very frequent ad hoc changes had been made by the Corporation in the operation of its fleet vis-a-vis private operators such as the Kilometrage, AOCC and 'Earn and Keep' schemes during the last two decades.

There was no increase in the Corporation fleet but the number of private buses had decreased by 500 during 1988-89. The Ministry stated (September 1990) that operation of fleet by private operators had come down because the fare structure was not economical.

6.8.5 No decision in regard to continuation or discontinuation of private running of buses on city routes had been taken by the Central Government (October 1989).

7. VEHICLES AND THEIR MAINTENANCE

7.1 Purchase of vehicles

The Corporation had been adding new buses after the release of funds by Government. It was stated that against the requirement of Rs. 80.56 crores for first 4 years of the Seventh Plan, Government had released only Rs. 63.39 crores (March 1989) (Rs. 55.49 crores for acquiring 1384 buses and Rs. 7.90 crores for infrastructure). The Corporation could, however, acquire only 987 buses during the first 4 years of the Seventh Plan.

7.2 Construction of bus bodies

The Corporation had not set up any bus body building workshop of its own and the fabrication of bus bodies was being got done from outside agencies on the basis of tenders. The following aspects were noticed in the execution of fabrication contracts :

7.3 Irregular issue of essentiality certificate for issue of steel

The Corporation had called for quotations for bus body building for the year 1980-81, with and without Essentiality Certificate (EC) for steel. Orders for fabrication of bus bodies on 576 chassis were placed on 10 firms which had quoted the same rates (both for with and without EC). Immediately after the placement of order, one Delhi based firm requested the Corporation to recommend its case to the Ministry for issue of steel by Steel Authority of India Limited (SAIL) at controlled rates. This request was not acceded to as the supply of steel material or issue of EC was not envisaged in the contracts for fabrication. But the Chief Mechanical Engineer (CME) of the Corporation issued EC (November 1980) in favour of this firm for 274.75 tonne steel of different varieties, 75 tonnes 20 GHR/CR sheets against the requirement of 14 tonnes for fabrication of rear advertisement and destination boards. The CME further issued ECs to fear other firms for steel aggregating 701.146 tonnes. This action was not covered by approval of the Board. The Board desired the Chairman (October 1981) to examine the case in depth and fix responsibility for issue of EC without proper authorisation. The Management stated in September 1988 that no action could be taken at this stage as the officer responsible for irregular issue of ECs had retired.

7.4 Loss of Rs. 3.74 lakhs by waiving of penalty for delayed fabrication of bodies of buses

A large number of body builders delayed fabrication of the bodies of buses during the years 1980-81 and 1981-82 and the Corporation recovered Rs. 10.20 lakhs and Rs. 9.80 lakhs respectively as penalties for these years. A firm of Delhi disputed the penalties of Rs. 1.16 lakhs and Rs. 1.05 lakhs imposed on it against 1980-81 and 1981-82 contracts.

The Corporation waived (8th February 1982) penalty of Rs. 1.16 lakhs accepting the contention that there was 75 percent power cut during the year. As the power cut was a normal feature at that time in Haryana and other States and firms quoted the rates and adjusted delivery schedule after taking into account this factor, the waiving of penalty and refund of Rs. 1.16 lakhs was not justified.

The Management/Ministry stated (August, 1987/August 1990) that tender conditions were subsequently changed from the year 1981-82 by which body builders were required to furnish original certificates in respect of power cuts from the respective authorities.

The Corporation further waived penalty of Rs. 2.58 lakhs imposed on this firm against contracts of 1980-81.

Thus, waiving of penalties amounting to Rs. 3.74 lakhs by the Management was not justified as these were not in accordance with the terms of the original tender conditions and respective terms of the contract.

7.4.1 Arbitration case with a firm and impropriety in appointment of Arbitrator

A firm was awarded bus body contracts during the years 1980-81 to 1982-83.

The contractors failed to fabricate the bodies and deliver the buses in time. Under the terms and conditions of the contract a penalty of Rs. 28.88 lakhs was levied for the delay in delivery and a sum of Rs. 23.33 lakhs was recovered.

The contractors invoked the arbitration clause of the agreement as according to them dispute was pending between them and the Corporation regarding claims made by them and not accepted by the Corporation.

7.4.2 The Chairman of the Corporation appointed on 7th June 1983 the then Chief Mechanical Engineer as sole Arbitrator in the case without having regard to the following facts :—

The Officer appointed as Arbitrator in the case had been in charge of the Bus Body Building Section in the Central Workshop of the Corporation for a long period and most of the terms and conditions of the contract had been finalised and enforced by him.

He had also been issuing Essentiality Certificate for issue of steel materials to the bus body building contractors without authority

A bill of Rs. 53,824 was outstanding against him for recovery on account of excess telephone calls made by him during the period 21st January 1974 to 20th January 1977 and he was also involved in the shortage of crank shafts of the value of Rs. 32.00 lakhs detected in September 1975 by the Anti Corruption Department and as CME in charge of Central Stores and Central Workshop he could not reply the questions put to him by the High Powered Committee appointed by the Corporation in October, 1975 for investigating the shortage. Despite the above, the officer who was due to retire on 31st August 1983, was appointed on 7th June 1983 as sole Arbitrator in a dispute involving Rs. 28.74 lakhs.

The firm preferred claims of the value of Rs. 28.74 lakhs before the Arbitrator as payable by the Corporation. The Arbitrator on 29th August 1983 i.e. two days before his retirement, gave a non-speaking award of Rs. 28.31 lakhs in favour of the contractor. The claims admitted by the Arbitrator included claims for refund of penalties recovered (Rs. 23.03 lakhs), claims preferred by the contractor on account of difference in price of aluminium plates, wearing strips etc. and transportation charges (Rs. 1.02 lakhs) insurance charges deducted by the Corporation for want of documents (Rs. 1.31 lakhs) and recoveries made by the Corporation for non-supply of items or supply of certain sub-standard items (Rs. 1.91 lakhs) and security deposits (Rs. 1.04 lakhs).

7.4.4 The Corporation filed objections against the Arbitration award under sections 30 and 33 of the Indian Arbitration Act 1940 in the High Court of Delhi pleading that the Arbitrator had on all issues misconducted himself and the proceedings and the award were perverse and without jurisdiction as most of the work of body building and levying of penalty had been done during his tenure. This appeal was rejected by the High Court in February 1985 on the ground that the award was not a reasonable award and averred that the Arbitrator was the sole and final judge of all questions of law and fact.

The Corporation did not go in for further appeal and the sum of Rs. 28.31 lakhs was deposited with Delhi High Court on 19-4-1985. Further the Corporation by not stipulating a clause in the appointment of Arbitrator to give a speaking award had left no scope for appeal by the Corporation.

7.4.5 The Management stated (August 1987) that suitable amendments in the arbitration clause were since made and the Arbitrators had been asked to give speaking awards only. However the circumstances under which the officer in question who had serious charges against him and had been in charge of the concerned section was appointed as Arbitrator had not been satisfactorily explained by the Management.

The Ministry stated during the meeting of Audit Board (September 1990) that a mistake was made and that it has since been decided that no Corporation official retired or due to retire, would henceforth be appointed as Arbitrator. It was also stated that henceforth awards would be made speaking awards.

7.5 Repair and maintenance of fleet

The Corporation had two Central Workshops for major repairs, reconditioning, overhauling of engines etc. and retreading of tyres. For day to day repairs every depot had a workshop of its own.

7.5.1 Performance of Central Workshop

The Central Workshop I was initially established with a capacity to support 1200 vehicles which could be maximised upto 1500 vehicles. This capacity was evaluated in 1976 by National Industrial Development Corporation. With the increase in the fleet, necessity for setting up of another workshop for repair schedule of 3000 buses was considered. The Central Workshop II was commissioned in September 1983. The main jobs undertaken by Central Workshop (Central Workshop-I-Retreading of tyres and Central Workshop-II-Major overhauling) during the 3 years upto 1988-89 are given below :

Installed Capacity	1986-87		1987-88		1988-89	
	Target	Actual	Target	Actual	Target	Actual
Major overhauling of Engines-2700	2148	1963	2700	2226	2922	2474
Gear boxes-4200	3041	3280	3828	3514	3737	3381
Axles-1800	1704	1220	2136	1397	2826	1440
Dynamos-10500	1692	1905	1380	367	—	831
Retreading of tyres-68985	47633	32374	46452	24332	47764	27725

It would be seen from the above table that even low targets fixed compared to installed capacity were not achieved by both the Workshops. The Management stated (January 1989) that targets were not achieved due to increase in life of assemblies and non availability of adequate number of assemblies for repairs. Due to this, both the workshops

were being under-utilised. On the other hand, the Ministry stated (August 1990) that it was not possible always to achieve targets on account of number of constraints such as short supply of spares, absenteeism, power failure etc. As the targets had been fixed by the Management after taking into account all these facts, the failure to achieve could not

be attributed to these constraints. The Ministry again stated (September 1990) that the capacity of Cold Retreading Plant of 110 tyres per day was fully utilised but retreading capacity of Hot Retreading Plant of 131 tyres per day was not being utilised fully as the tyres retreaded through Cold Retreading Plant were superior. Further, the Hot Retreading Plant had already given its useful life and this technology has become obsolete. The Corporation was examining the question of disposing of the Hot Retreading Plant.

7.5.2 Delay in completion of Central Workshop-II

The work regarding setting up of Central Workshop at Okhla at a cost of Rs. 3.56 crores comprised civil works at a cost of Rs. 217.43 lakhs and Plant and machinery at a cost of Rs. 108.57 lakhs.

The work for construction of the workshop was awarded to a State Government Company at a total cost of Rs. 217.43 lakhs (October 1980) and was to be completed within 21 months i.e. by July 1982. In spite of release of 5 percent mobilisation advance on two occasions, the company could not complete the project by stipulated date stating non-supply of cement, steel by the Corporation in time as the reasons. Further despite two extensions granted to the company (upto 31st December 1982 and 31st March 1983) the work could not be completed. In October 1983, on a review of the progress, the Corporation noted that the value of works executed by the company was Rs. 178.89 lakhs while a payment of Rs. 206 lakhs had already been made to the company. The Corporation terminated the contract in October 1983 and carried out works valuing Rs. 9.10 lakhs departmentally and abandoned works to the extent of Rs. 29.44 lakhs. Therefore, in all, the Corporation had to incur an expenditure of Rs. 215.10 lakhs against the works executed valuing Rs. 187.99 lakhs thereby causing the Corporation an extra expenditure of Rs. 27.11 lakhs. No claims were lodged with the company for recovery of extra expenditure on account of delay in construction of workshop and for recovery of the cost of works done departmentally. The Ministry stated (August 1990) that the claim against the company was referred to Arbitration.

7.6 Non investigation of damages caused to assemblies

The periodical overhauling and repair of damaged major assemblies viz. engines, gear boxes and axles is undertaken by the Central workshops on receipts of such assemblies from the depot. The Central Workshop determines the cause of damage particularly in case of premature breakdown and after fixing responsibility for damage, prepares neglect report to be forwarded to depots concerned for taking disciplinary action against negligent staff.

While examining the record relating to damages of assemblies for the last 5 years ending March 1985 (figures for April 1985 to March 1989 not made available by the Management), it was noticed that 447 engines, 81 gear boxes and 54 rear axles were damaged due to negligence of staff, which resulted in expenditure of Rs. 24.21 lakhs on repairs thereof. The reasons for damage as reported by Central Workshop were mainly; mishandling, lack of lubrication, running without oil/water which apparently confirmed the negligence on the part of the staff concerned.

Further review reports revealed that a token recovery of Rs. 3860 was made in 22 cases as against 583 cases (upto March 1985) from defaulting staff. To improve the performance, employees were given an opportunity and all cases of damage reported upto 31st October 1982 were closed. Despite this, the performance did not register any improvement as was seen from the cases of damages, which occurred after October 1982 and the Corporation had to spend Rs. 6.35 lakhs and Rs. 9.42 lakhs during 1983-84 and 1984-85 respectively for repairs of damaged assemblies. The Management attributed the reasons for increase in damage cases and repair cost due to increase in number of buses, increase in cost of spares and non-availability of experienced staff. Regarding recovering the amount of damage from defaulting officials, the Management stated (September 1988) that token recovery was being made from staff concerned to bring a sense of awareness and responsibility amongst the employees. The Ministry stated (August 1990) that the matter was regularly being pursued with depot/Regional Managers and that all the damage cases noticed at Central Workshop level were referred to depots concerned. Due to non-availability of records to audit after March 1985, the statement of the Ministry could not be verified.

8. PERFORMANCE OF ENGINES AND MAJOR ASSEMBLIES

The Management had fixed a tentative life of 5 lakh kilometres for engines (including reconditioned life which was estimated at 1.15 lakhs and 1.20 lakhs for engines manufactured by manufacturer 'A' and 'B' respectively) and that of Gear box, Front and Rear Axles at 80,000 kilometres, 3,50,000 and 2,50,000 kilometres respectively. Thus the life of new engines has been reckoned at 3.85/3.80 lakhs kilometres and those of gear boxes and axles at 80,000 kilometres and 2.50

lakh kilometers respectively. An engine is declared failed prematurely, when it does not run the expected life of 3.85/3.80 lakh kilometres; and when it is felt that the engine is beyond economical repairs, it is scrapped. The table below indicates the number of engines prematurely failed and other major assemblies failed prematurely during the last five years ending March 1989.

	1984-85	1985-86	1986-87	1987-88	1988-89
(A) Engines					
Total No. of engines failed	2178	1792	2007	2396	2714
Manufacturer 'A'	1521	1298	1545	1841	2052
Manufacturer 'B'	657	494	462	555	662
No. of engines failed prematurely					
Manufacturer 'A'	71	56	127	119	96
Manufacturer 'B'	99	84	65	98	138
Percentage of premature failure to engines failed					
Manufacturer 'A'	4.67	4.31	8.22	6.46	4.68
Manufacturer 'B'	15.07	17.00	14.07	17.66	20.85
(B) Gear boxes and axles					
Total No. of Gear Boxes failed	3186	3454	3386	3560	3769
Manufacturer 'A'	2625	2850	2804	3022	3147
Manufacturer 'B'	561	604	582	538	622
Premature failure					
Manufacturer 'A'	1413	550	530	696	856
Manufacturer 'B'	312	150	101	75	110
Percentage of premature failure to gear box failed					
Manufacturer 'A'	54	19	19	23	27
Manufacturer 'B'	56	25	17	14	18
Total front and rear axles failed prematurely	901	79	120	135	266

It would be seen from the above table that incidence of premature failure of engines manufactured by supplier 'B' was higher compared to engine manufactured by supplier 'A' (which ranged from 14.07 percent to 20.85 percent and 4.31 percent to 8.22 percent respectively). Whereas in the case of gear boxes manufactured by suppliers 'A' premature failure was marginally higher during the year 1987-88 and 1988-89, compared to the gear boxes manufactured by supplier 'B'. The Management attributed the premature failure to lack of lubricant and water etc.

The Ministry stated (August 1990) the reasons for premature failure as lack of lubrication and water,

breakage of parts of gear box and rear axle due to single clutching, the sudden application of brakes etc. The Ministry also stated that vehicles of manufacturer 'B' were used on interstate routes where they were operated on full speed to compete with the other State Transport Undertakings so that the wear and tear in the parts of vehicles of manufacturer 'B' was faster than that of manufacturer 'A'. Any vehicle running at a steady speed over long stretches is not normally expected to fail before covering the specific kilometres and, therefore, the reasons for failure of engines needs to be further looked into and steps taken to avoid this.

9. PURCHASE OF TYRES

The Corporation purchases both nylon and rayon make tyres from manufacturers direct after inviting limited tenders. The requirement of tyres is based on budgeted kilometres divided by average life of a tyre.

Performance of tyres

9.1 The Corporation had in a statement furnished to audit indicated that the rayon and nylon tyres were expected to give 1.13 lakh kilometres calculated on the basis of four retreads.

9.2 Against this total life of a tyre (average) each year from 1985-86 to 1990-91 (first quarter only) was as under :

Sl. No.	Year	Total tyre life (Average)
1	2	3
1.	1985-86	69,527
2.	1986-87	72,161
3.	1987-88	78,313

1	2	3
4.	1988-89	85,677
5.	1989-90	95,712
6.	1990-91	1,10,000
(1st Quarter)		

9.3 The Ministry stated (August 1990) that the Corporation was analysing the initial life, total life, cost per kilometre etc. of various makes of tyres used by the Corporation.

9.4 The Ministry further stated in September 1990 that each tyre cannot give four retreads. In a batch of new tyres, a few were failing during the original life itself; many failed before subsequent retreading.

9.5 Since tyres constitute a significant part of consumable spares of buses, an indepth analysis of the reasons for such failures and corrective action is called for.

10. BATTERIES

10.1 *Performance of batteries*

The Corporation purchases batteries from various manufacturers. The batteries carry the manufacturer's guarantee against failure due to manufacturing defects for a period of 12 months from the date of initial charging or 14 months from the date of supply whichever is earlier. A review revealed that the number of batteries failed each year during the years 1984-85 to 1988-89 ranged between 5576 and 6975. The number of batteries failed before the

guarantee period (12 months) which was 334 in 1984-85 dropped to 104 in 1987-88 showing a reduction to one third in three years. Such failures, however, increased to 203 in 1988-89.

10.2 *Claims*

For the batteries failed within the guarantee period, 1125 claims were lodged with the suppliers of batteries during 1984-85 to 1988-89. The Ministry stated (August 1990) that 82 claims were rejected.

11. FUEL CONSUMPTION

11.1 Control on Fuel Consumption

The consumption of high speed diesel oil constitutes a major part of the operational expenditure of the Corporation (approximately 17 per cent).

11.1.2 The table below gives the details of Kilometres operated, quantity of diesel oil consumed for covering these Kilometres, average Kilometrage obtained per litre for the last five years ending March 1989.

Year	Total Kms in lakhs	Quantity of HSD oil consumed in lakh litres	Average Km per litre
1	2	3	4
1984-85	2752.94	750.97	3.66
1985-86	2908.28	811.45	3.58
1986-87	3011.32	836.85	3.59
1987-88	2813.25	768.25	3.66
1988-89	3226.71	863.16	3.74

11.1.3 The Corporation had not fixed/prescribed any separate norms for the consumption of HSD Oil by different types of vehicles.

11.1.4 It was, however, seen from a note furnished by the Ministry in September 1990 that achievements compared favourably with the targets fixed as shown below :—

Quarter ending	Target	Actual
June 1990	3.79	3.82
September 1990	3.81	3.81

It was further seen from the statement furnished that many depots achieved a Kilometrage ranging between 4 and 4.52 kilometres.

11.1.5 The observations made on behalf of the Audit Board in the meeting held in September 1990 were :

- (i) That most of the buses were without milometers. In the absence of milometers it could hardly be ensured that the targets/norms fixed by the Corporation in regard to the fuel consumption were in fact achieved.
- (ii) In many cases, the terminal points of the bus routes were not manned; therefore, the Corporation had, perforce, to rely on the statement of the bus drivers/conductors on the number of trips made on a route.
- (iii) The process of reconciliation with reference to the quantity of fuel issued by the depot and actually acknowledged by the driver was not fully reliable.
- (iv) It was also mentioned on behalf of the Audit Board that there did not appear to be adequate checks to ensure that all the buses completed their full routes.

In view of the above, it was observed on behalf of the Audit Board that the achievement as worked out by the Corporation in regard to the kilometre per litre was at best a derived figure and could not be considered as fully authentic.

The Ministry acknowledged that many of the buses did not have milometers and if they had to provide for the staff at various check points it would be a very expensive proposition; nonetheless all efforts would be made that buses plying on the city routes had their milometers functional.

11.2 Leakage of Revenue

Under the Kilometrage scheme there was no motivation for the private operators to operate fully or efficiently. Therefore, the possibility of leakage of revenue was very high.

It was also mentioned during the Audit Board Meeting held in September 1990 that at terminal depots adequate staff was not available to ensure whether a trip was made or not. Thus plugging leakage of revenue on account of non operation of trips was rendered difficult. The Ministry replied that the leakage of revenue was estimated at 7 to 8 per cent and that in order to plug leakage of revenue a large complement of staff was required at the alighting points and minimum of two checks were required to be exercised in addition to the checks by the vigilance department. It was also mentioned by the Ministry in the Audit Board Meeting that surprise checks were being conducted and an incentive scheme to maximise revenue was being worked out.

12. MATERIAL MANAGEMENT AND INVENTORY CONTROL

12.1 Purchases

All purchases are centralised except emergent purchases in depot stores. For centralised purchases powers have been delegated to Stores Purchase Committee which has full powers for purchase of stores, spare and other movable property excluding vehicles. For emergent purchases the depot managers are authorised to make local purchases of spare parts, proprietary items, etc. which are urgently required for keeping vehicles and plant in order up to a sum not exceeding Rs. 2000/- per bus or plant and machinery at a time with overall limit of Rs. 25000/- per month. The Corporation is a member of the Association of State Road Transport Undertakings (ASRTU) which finalises the rate contracts for various items required by Road Transport Corporations.

12.1.1 Planning of purchases

For centralised purchases, material control section forecasts the material requirements and after scrutiny by the stores department tenders are invited by tender cell. After finalising the supplies and the price payable, purchase orders are placed under the signature of competent authority. High speed diesel is mainly procured from Indian Oil Corporation and price is fixed on the basis of Association of State Road Transport Undertakings rate contract.

The consultants (Cheran Committee) appointed by the Corporation in May 1982 to study the working of material management division, in their report listed out delay in 29 cases ranging from 55 to 398 days in the processing of indents from the time those were raised by the material control section to the final placement of purchase orders. The delay in finalisation of indents resulted in change in prices, local purchases from various sources and piecemeal order processing. The hold up of buses in depots for want of spares was not investigated by the Management. The amount of local purchases resorted to by the depot/Central Workshop during the last five years was as under :

	(Rs. in lakhs)
1984-85	30.88
1985-86	31.88
1986-87	7.47
1987-88	28.77
1988-89	42.96

The Management stated (September 1988) that a sample study undertaken for purchase order released from January 1988 to June 1988 based on indents raised revealed that 81 per cent of indents were converted into purchase order within 3 months. This

study for a short period could, however, not be considered as representative and a detailed study should have been carried out after the Cheran Committee pointed out shortcomings. The Ministry stated (August 1990) that local purchases in 1989-90 came down to Rs. 39.47 lakhs due to streamlining of purchase function; curtailment of internal lead time by delegation of powers, formation of Stores Co-ordination Committee and reporting to ASRTU about firms having poor supply performance.

12.1.2 High Consumption of spare parts

Material control section has been entrusted with the work of investigation of high consumption of parts. Neither high consumption has been investigated by Chief Mechanical Engineer nor material control section has pursued it and submitted the result to appropriate authority for determining the bad handling or procurement of sub-standard parts. No follow up action was taken with regard to a few items which were referred to Chief Mechanical Engineer for investigation. The Ministry stated (August 1990) that all 'A' class items which cover more than 85% of costs were reviewed for high consumption by Stores Co-ordination Committee and efforts were being made to reduce the consumption.

12.1.3 Splitting up of purchases

Purchases are generally split up to avoid the necessity of obtaining sanction of the higher authority. A sample study was conducted in respect of four fast moving items of 'A' and 'B' category by the Cheran Committee. These cases related to purchases of oil seals, brake linings oil filters and diesel filters during 1981-82. The total purchase value of these items was Rs. 63.2 lakhs. These were split into 29 orders for value upto Rs. 2,000 each, 237 orders between Rs. 2,000 and Rs. 10,000 and 8 orders between Rs. 10,000 and Rs. 1,00,000. These items could have been covered by 4 single orders with delivery schedule for the entire period. The necessity of obtaining sanction of the competent authority was not only avoided by splitting up the order into small values but the Corporation was also deprived of the benefit of reduced prices resulting from placement of order for bulk quantity. The Ministry stated (August 1990) that the piecemeal orders were issued as the bulk purchases were not finalised due to excessive lead time at that time and that piecemeal orders were issued in the interest and smooth functioning of the Corporation. Nevertheless effective action is called for to avoid splitting of orders into small values and control the lead time in placing the bulk order.

12.2 Review of working of purchase department

Since the formation of the Corporation, the activities of the Stores and Purchase Department had been subject to review by expert agencies such as

S. N. Chawla Committee (1971), Indian Defence Management Committee, D' Souza Committee (1976), and Cheran Committee (1982). The recommendations of these agencies had not been implemented. The Cheran Committee Report is still to be placed before Delhi Transport Corporation Board for implementation (March 1989). The Ministry admitted the facts and stated (August 1990) that recommendations of the Cheran Committee were being processed for implementation.

12.3 Delay in inspection of stores

Delay in inspection of the material by the inspection wing was noticed in audit. A study of pending inspection notes made in April 1982 by the Cheran Committee had earlier revealed that inspection of 21 items was pending for periods ranging between 8 days to 157 days. In respect of plant and machinery in 9 cases studied by the Committee in January 1983 the inspection was pending for a period ranging from 211 days and 266 days. This was in disregard of the standing instructions that the inspection of goods should be completed within 72 hours of the receipt of the material. In all these cases 100 per cent payment had been made to suppliers. The Management stated (August 1988) that inspection of all items was being carried out as per procedure in vogue. Any delay was settled through personal discussion with Technical Department. The Ministry stated (August 1990) that according to the prescribed procedure, the inspection was to be done within 3 days on receipt of inspection proforma. However, earlier the inspection of machines for Central Workshop II could not be carried out due to delay in the construction of Workshop.

12.4 Stores and Inventory Control

The Corporation was having central stores as well as depot stores. Excepting high speed diesel, petrol and emergent purchases in depot stores, all the store items were received in central stores. The new spare parts were received from suppliers through daily receipt vouchers. Central stores also received repaired parts from Central Workshop and these were kept alongwith new items. Issues were made against demands from Central Workshop or depots on the basis of replacement i.e. one new/repaired part was issued against one repairable/unserviceable part. Unserviceable items were kept near the stores till these were passed on to repairable stores which sent the repairable items to the workshop for repairs and irreparable items to scrap yard. In the earlier study conducted in 1982 by the Cheran Committee on the working of central stores, it was found that there was no system of cross check of quantity of items sent to Central Workshop for repair and quantity received back after repair. It was also not ensured whether exact number of condemned parts were handed over to stores in place of new parts issued. Such non-reconciliation, the study noted, might lead to pilferage of the condemned/repairable items/repared items. This reconciliation was still to be undertaken by the Corporation (August 1989). The Ministry stated (August 1990) that job cards were being maintained

to indicate receipt of repairable assemblies/repairable stores and issue of reconditioned assemblies/stores. It was, however, observed in audit that the reconciliation of these assemblies/stores with the total issues by various stores depots, receipt by them and scrap yards was not being done.

In depot stores, materials were received mainly from central stores. In emergent cases the depot stores also resorted to emergent purchases. High speed diesel was directly received in the depot stores. Store items such as tyres, tubes, batteries, spare parts etc. which were required for repair at depot workshop were mainly kept in the depot stores. Supplies other than fuel received in central stores are issued to depots and workshops on requisitions received from them. However, consolidated list of stores issued to depots/workshops is not prepared for obtaining a consolidated acknowledgement of supplies received by units nor is any other method of reconciliation of issue shown by stores depots with the entries of receipt of goods at receiving units. No reconciliation was being made between material issued by central stores to depot stores and materials actually received at depot stores. The physical stock verification which the Ministry stated (August 1990) was being done with reference to bin cards was no substitute to the reconciliation between central stores and depot stores issues and receipts.

12.5 Extra expenditure of Rs. 11.85 lakhs on the procurement of shoes

For purchase of 39410 pairs of Derby Shoes and 1055 pairs of chappal for issue to traffic staff, open tenders were invited in April 1984 due on 11th May 1984 and 12 parties quoted their rates.

A State Government Undertaking quoted the lowest rate of Rs. 47.40 per pair. However, purchase order for the supply of 39410 pairs of shoes @ Rs. 77.48 was placed on a New Delhi firm, a wholesaler of a manufacturer in pursuance of Stores and Purchase Committee Resolution No. 77/84 dated 14-8-84 without assigning any reason for ignoring the lowest rates resulting in an extra expenditure of Rs. 11.85 lakhs. It may be mentioned that as per decision of Stores and Purchase Committee taken in meeting held on 6th January 1982 (Resolution 2/82) it was decided that procurement of shoes was to be resorted to only from manufacturers and not through their dealers, stockists and wholesalers etc. This aspect was ignored. As per orders, the delivery was to be commenced within 4 weeks and completed in 3 months or earlier i.e. upto 30th November 1984. The firm could supply only 4820 pairs (approximately 12 per cent of the total contract) in this period. Extension for six weeks was granted on the ground of riots.

The party could not complete the supply within the extended period and the supply was completed on 8th March 1985 resulting in a delay of 56 days after the extended period. Penalty clause of the order was invoked and penalty of Rs. 1.22 lakhs was deducted from the bills of the party. However, subsequently the penalty was reduced to Rs. 0.12 lakh on the ground that delay was beyond their control such as

less production and riots in October/November 1984 as also lapse on the part of the Corporation for imposing penalty without issue of show cause notice.

The Corporation had thus incurred an extra expenditure of Rs. 11.85 lakhs due to ignoring of lowest offer without any justification, placing of order on a wholesaler against decision of Stores and Purchase Committee and reducing the amount of penalty.

The Ministry stated (August 1990) that as the complete file was with the Central Bureau of Investigation, comments would be given in due course.

12.6 Non-reconciliation of stores consumption

Actual consumption of stores is worked out through computerised statements in respect of spare parts, batteries, high speed diesel, lubricants, tyre-tubes and retreading material. But annual accounts are not charged with actual consumption. Instead consumption is charged on the basis of opening stock plus purchases less closing stock without reconciling with the actual consumption as per the computerised statements. The actual shortage and excess which is a common feature of all large stores organisations are not worked out and no investigation for such variations is carried out or sanctions for write off of shortage are issued. As per the reconciliation statement made available to audit in respect of last five years ending on 31st March 1989, value of stores consumed in the annual accounts was over charged by Rs. 29.98 lakhs and under charged by Rs. 89.25 lakhs compared with the actual consumption calculated on the basis of stores issue slips.

In some cases excess consumption was shown in the annual accounts than what was actually indicated in the issue slips. Thus the pilferage/theft of the material remained undetected and was indirectly written off without sanction of competent authority. The Ministry stated (August 1990) that consumption figures in annual accounts were arrived by deductive method as computer working had not stabilised. The computer purchased in July 1988 at a cost of Rs. 12.36 lakhs has not become functional so far (November 1990).

12.7 Physical verification of stores

For physical verification a separate group of staff, directly responsible to Controller of Stores, undertakes counting of stock with references to balance shown in bin cards on a continuous basis. The group is required to so arrange the work that each item of stock is checked twice each year. The shortages/excesses are noted in the register in Controller's office who is required to make investigation and adjustment of shortages and excesses.

The value of shortages/excesses of spares detected as a result of physical verification during the last five years from 1984-85 to 1988-89 was of the order of Rs. 5.95 lakhs and Rs. 3.47 lakhs respectively. The Ministry stated (August 1990) that matter was being vigorously pursued for adjustment of shortages/excesses.

12.8 Delay in disposal of scrapped buses

The Corporation had 1025 scrapped buses at the close of March 1989 as per annual accounts. Audit attempted a scrutiny of records of physical verification but found that neither Stores department nor Workshop maintained any account of the buses lying for disposal. As per the list supplied by the Management in September 1989, there was a shortage of 256 scrapped buses. The Management provided a revised list of scrapped buses in April 1990. On reconciliation it came to the notice of audit that a shortage of 34 buses continued to exist. The fact was intimated to the Corporation in May 1990 but the shortage was yet to be accounted for (November 1990).

More than 600 buses had been scrapped before the period ending 31st March 1985 and the remaining thereafter. But these had remained undisposed.

The year-wise break up indicating the year in which the buses had been scrapped was not made available to audit. A price bid of Rs. 25,500 per bus was accepted by the Corporation in 1985. Even at this price a sum of nearly Rs. 2.61 crores could have been realised by the Corporation over the years by timely disposal of the scrapped buses.

13. CLAIMS RECOVERABLE

13.1 *General claims*

As on 31st March 1989, 953 claims amounting to Rs. 27.37 lakhs preferred by the Corporation towards short and rejected supply of stores and spares were outstanding for recovery.

In most of these cases the Corporation had made full payment to the suppliers against documents presented by them through banks.

The defective and wrong type of stores/spares received from the suppliers were lying in stores unutilised and were increasing the inventory maintenance cost of the Corporation. The Corporation was not maintaining any separate records regarding use of rejected materials.

The claims on account of rejected items had been kept outside the accounts and their write off could not be reflected in the accounts. The Management stated (September 1988) that procedure with regard to settlement of claims had been streamlined and party-wise files since maintained and Association of State Road Transport Undertakings had been requested not to issue rate contract on the parties concerned.

The party-wise register was proposed to be periodically reviewed by General Manager (Stores). There had been some improvement since last year as claims outstanding had been reduced by Rs. 11.62 lakhs. The Ministry stated (August 1990) that the Corporation proposed to nominate a Board of Officers to review each and every claim.

13.2 *Warranty claims*

As on 31st March 1989, 288 warranty claims preferred by the Corporation for stores were outstanding as against 475 claims pending at the end of March 1988. A test check of these warranty claims revealed that most of these claims related to batteries which were returned to the suppliers who neither replaced the defective batteries nor settled the claims.

The Corporation had not maintained party-wise details in respect of general claims and warranty claims to adjust against future supplies by the parties. The Ministry stated (August 1990) that all warranty claims were being examined and immediate action taken and added that only nine claims were pending at the end of March 1989 in so far as the claims regarding batteries.

14. ACCOUNTS RECOVERABLE

The accounts recoverable include debtors for special hire, advertisement and publicity and advances to suppliers etc. The details of these recoverable for the last five years ending 31st March 1989 were as follows :

(Rs. in lakhs)

Year	Special hire	Advertisement and Publicity	Advance to Suppliers
1	2	3	4
1984-85	46.04	19.51	144.41
1985-86	47.23	18.51	126.82
1986-87	31.58	19.44	407.04
1987-88	38.31	18.47	626.35
1988-89	45.40	21.88	119.49

Adequate follow up action for recovery of the dues was not taken.

14.1 Non recovery of fines

A magistrate with mobile court to try passengers found travelling without tickets, on the spot collects the fines from passengers and the amount so realised is deposited in the Government Treasury. It is reimbursable to the Corporation after deducting 1/12th towards administrative charges. The mobile court fines amounting to Rs. 15.53 lakhs relating to the period upto 1988-89 could not be realised by the Corporation as the verification could not be carried out due to non-availability of records. A sum of Rs. 5.26 lakhs which was verified by Delhi Administration in April 1984 and related to the period July 1979 to

December 1983 was also not realised by the Corporation so far. Due to lack of control and co-ordination a sum of Rs. 15.53 lakhs remained unrecovered from 1960 onwards.

The Ministry stated (August 1990) that a team has been formed to pursue the matter with treasury.

14.2 Accounts recoverable from the employees

As regards accounts recoverable from employees also, the Corporation had not been pursuing the cases effectively as per following instances :—

(i) An amount of Rs. 33847 recoverable from ex-Chief Mechanical Engineer was not recovered although all his dues were paid to him at the time of retirement (August 1983). A civil suit for recovery of dues was rejected by Court in 1988. The amount may have to be written off.

(ii) As on 31st March 1989 an amount of Rs. 14.93 lakhs was recoverable from ex-employees towards rent, electricity and water charges relating to the period 1969-70 to 1988-89 for the staff quarters which continued to be occupied by them unauthorisedly. The Corporation dues were not recovered at the time of settlement of their claims. They had not been evicted from unauthorised occupation of the quarters. The Corporation, on the other hand was paying water and electricity charges on their behalf as the connections were stated to be in the name of the Corporation.

The Ministry stated (August 1990) that the unauthorised occupants could not be evicted as in most cases there was stay from courts. The dues of such employees had been kept pending with the Corporation in most of the cases and would be settled only after recovery of rent, electricity and water charges.

The action taken to get the stay vacated expeditiously was not intimated.

15. ENVIRONMENTAL POLLUTION

The Corporation having a fleet of buses numbering 4039 as on 31st March 1985 of its own and 1288 buses of 'Private Operators under the Corporation's Control' was a major contributory factor to air pollution in Delhi City. No efforts were made by the Corporation to measure and control the excessive smoke emitting from the buses until November 1984, when it issued instructions to depot managers for check up of vehicles for excessive smoking before out-shedding and carrying out necessary repairs and analysing the reasons for excess smoking. In March 1985 on a defectwise analysis of the Corporation's own vehicles, 2542 vehicles were found to be smoking excessively.

Sl. No.	Defect	No. of vehicles	Percentage
1	2	3	4
(i)	Timing defects . . .	805	32
(ii)	Injector Defects . . .	814	32
(iii)	F. I. Pump defects . . .	649	25
(iv)	Other defects . . .	274	11
		2542	

No check was exercised by the Corporation to determine the excessive smoke emitted from private operators buses nor corrective steps taken.

The Management had earlier stated (May 1985) that effective steps had been taken to identify vehicles emitting excessive smoke and analyse reasons defectwise. Steps had also been taken to procure 'Smoke meter' to determine exact quantity of smoke emission and the Corporation was also importing Hartridge smoke meter for random checking of vehicles at the second stage of inspection. Apparently these steps were not adequate.

The Management again stated (August 1987) that all vehicles outshedd from depots were checked regularly and smoke meters were provided to each depot for this purpose. As regards exercising pollution control in privately owned buses, the Corporation did not have control on their members and it was for Traffic Police, Delhi Administration to enforce pollution control. It was, however, seen from records that no Hartridge smoke meter had been procured and hence its use could not be assumed.

The Ministry stated (August 1990) that the Corporation was in the process of procuring 15 number of Hartridge smoke meter for periodic check of smoke on line operations.

16. PRINTING PRESS

Printing Press of the Corporation was set up in the year 1962 at Indraprastha depot with one Rotary Ticket Printing Machine for printing tickets, passes, various forms etc. for use by the Corporation. In 1965 one more Machine (Victoria Front) was installed. In 1981 the press was shifted to its new premises at Okhla. The licence for the factory could

be obtained from Delhi Administration only and not the Municipal Corporation—the authority competent. The Ministry stated (August 1990) that the licencing authority viz. Municipal Corporation of Delhi did not issue the licence due to the fact that the plan of building was not got approved by the Delhi Development Authority.

17. MAN POWER ANALYSIS

17.1.1 Operational staff (Traffic)

During the years 1984-85 to 1988-89 (except 1987-88) the operational staff, (traffic conductors, drivers and supervisory staff) had been in excess over the norms of staff fixed by the Management. The staff norms fixed at 6 employees per bus during the years 1984-85 to 1987-88 was reduced to 5.5 employees per bus in 1988-89 but the staff continued to be deployed in excess of norms. The percentage of excess staff which was 9.02 over norms came down marginally to 7.09 in 1988-89. In spite of excess operational staff, the Corporation paid a sum of Rs. 1612.58 lakhs as overtime during the years 1984-85 to 1988-89.

17.1.2 Administrative staff

The staff norm continued to be 1.5 employees per bus. During the years 1984-85 to 1987-88 although the staff in this category was in excess of norms by 3.60 to 11.26 per cent during the last four years ending March 1988; yet overtime of Rs. 38.72 lakhs was paid during these years.

The Ministry stated (August 1990) that overtime paid to operational staff was due to absenteeism of crew and that instructions had been issued that absentees be treated as on leave without pay. The overtime to administrative staff was paid for urgent work. It was stated that efforts were being made to curtail the overtime payments.

The Ministry further stated (August 1990) that concrete steps for developing manpower were being taken to make them aware of latest technological developments and as a result of which the productivity in city transport had improved and that the Corporation had been awarded with first Prize in productivity for the last two years.

17.2 Heavy expenditure on medical charges

17.2.1 The High Level Committee appointed by the Government of India for going into the demands of the employees of the Corporation, recommended that medical facility be extended to the employees through empanelled doctors and chemists and reimbursement to the doctors and chemists be made directly by the Management on presentation of bills by them. Delhi Transport Corporation Board vide Resolution No. 26/84 (January 1984) approved the new medical scheme and directed that in order to eliminate misuse of the facility, a ceiling on the monthly expenditure which an employee could incur be fixed by the Chairman and above that ceiling the bills be

referred to Medical officer of the Corporation for scrutiny.

17.2.2 The new medical scheme introduced with effect from 1st May 1984 on a trial basis for a period of six months initially was, however, operated without the two crucial conditions that were to be included as per the directions of the Board viz., a ceiling on the monthly expenditure which an employee could incur (to be fixed by the Chairman) and secondly reference to the Medical Officer of the Corporation for his scrutiny of all the bills beyond that ceiling. The scheme without the two essential conditions continued to operate on periodical extension basis upto 20th January 1986, when a modified scheme was put into effect stipulating, inter alia, a monetary ceiling of Rs. 1200 per employee per year.

17.2.3 Due to non adherence of the two conditions mentioned above, the medical expenditure during 1984-85 jumped from Rs. 73.24 lakhs to Rs. 915.92 lakhs i.e. an increase of 1150.57 per cent over the previous year even though the total number of employees increased only by 5.70 per cent, i.e. by 2199.

17.2.4 This unprecedented increase in expenditure continued in 1985-86 also (Rs. 927.56 lakhs) but came down sharply in 1986-87 (expenditure Rs. 290.09 lakhs) after discontinuance of the scheme from 20th January 1986. Quite clearly non compliance of the directions of the Board in regard to operation of the scheme led to heavy avoidable expenditure to the Corporation.

17.2.5 Responsibility for these lapses had not been fixed so far (August 1990) even though the Ministry stated that investigation against some defaulters was on.

17.3 Non recovery of Income Tax

During the years 1984-85 and 1985-86 when liberalised medical scheme was in force a number of employees of the Corporation were reimbursed medical expenses in excess of Rs. 5000/- per annum.

As per circular No. 376 dated 6th January 1984 issued by Central Board of Direct Taxes the medical expenses incurred on an employee in excess of Rs. 5,000/- per annum were taxable as income of the employee concerned. The Management worked out a sum of Rs. 9.90 lakhs recoverable towards income tax from employees in respect of medical charges in excess of Rs. 5,000/- per annum at the instance of audit. The recovery of this amount was made to the extent of Rs. 9.72 lakhs by August 1990.

18. CAPITAL STRUCTURE AND FINANCIAL RESULTS

18.1 Capital structure

Under section 23 (1) of the Road Transport Corporations Act 1950 necessary Capital for the purpose of carrying on activities of the undertaking is to be provided by the Government. Capital structure of the Corporation is in the shape of repayable interest bearing loans provided by the Government. The total amount of loan capital and ways and means loans released by the Government since inception to March 1989, the amount refunded before the Corporation came into being, amounts written off as a result of restructuring and amounts, outstanding at the end of March 1989 were as follows :

	(Rs. in lakhs)
(a) Amounts released by Govt. of India as capital loan and ways and mean loan	61926.08
(b) Amounts refunded before formation of the Corporation	278.10
(c) Amounts written off as a result of restructuring 27727.00	
(d) Amounts outstanding as on 31st March 1989	
i. e. a—(b+c)	33920.98

Under section 28(1) of the Act, *ibid* interest is payable on the loans by the Corporation at rates fixed from time to time by Government and in the case of non-payment of principal and interest, penal interest is also payable to the Government.

The Corporation had neither repaid the principal nor paid the interest due to Government as loans given to it since its formation in November 1971 and a sum of Rs. 438.81 crores towards interest was outstanding at the end of March 1987. This was due to the continuing losses incurred by the Corporation year after year. In October 1987 Government sanctioned a subsidy amounting to Rs. 713.20 crores as part of restructuring of the capital of the Corporation. This in fact represented a write off of outstanding loans of Rs. 277.27 crores and interest of Rs. 435.93 crores. After making adjustment of the interest written off, a sum of Rs. 56.95 crores was still outstanding by end of March 1989.

18.2 Subsidy

18.2.1 The details of the above mentioned subsidy are given below.

	(Rs. in crore)
(i) Waiver of ways and means loan	277.27
(ii) Waiver of outstanding interest	334.19
(iii) Waiver of differential interest i.e. difference between normal and concessional rate	101.74
Total	713.20

18.2.2 Government also converted repayable capital loans of Rs. 156.57 crores outstanding as on 31st March 1986 as non-refundable (perpetual) loans bearing concessional rate of interest. Additionally, fifty per cent of capital loans of Rs. 51.39 crores given from 1st April 1986 to March 1989 were also treated as non-refundable loans with concessional rate of interest; the remaining fifty per cent were to carry the normal rate of interest.

18.2.3 The Corporation were consequently able to reduce the accumulated losses which were of the order of Rs. 942.39 crores to Rs. 229.19 crores in the accounts for the year 1987-88 (Rs. 942.39 crores-Rs. 713.20 crores) as an adjustment of subsidy.

18.3 Financial position and working results

18.3.1 Financial position

The table below summarises the financial position of the Corporation for the 3 years ending March 1989.

	(Rs. in lakhs)		
	1986-87	1987-88	1988-89
LIABILITIES			
Paid up capital	—	—	—
Capital loan	48,355.11	27,028.11	33,959.11
Interest due to Govt.	44,786.60	3,290.01	6,588.86
Reserves & Funds	7,273.50	8,515.46	9,329.03
Borrowings	—	—	—
Current liabilities and provisions	2,700.04	3,270.88	3,117.75
TOTAL	1,03,115.25	42,104.46	52,994.75
ASSETS			
Gross block	13,188.30	14,572.64	15,843.20
Capital work-in-progress	809.43	1,485.61	1,232.32
Investments	23.29	24.09	29.80
Current assets, loans and advances	2,743.80	3,103.25	3,071.23
Intangible assets (accumulated losses)	86,350.43	22,918.87	32,818.20
	1,03,115.25	42,104.46	52,994.75
Capital employed	(-)37,689.93	(+)3,902.55	(+)1,309.60
Net worth	(-)79,076.93	(-)14,403.41	(-)23,489.17

*Capital employed represents gross block less cumulative depreciation less interest due to Government plus working capital.

**Net worth : represents paid-up capital plus reserves and funds less intangible assets,

18.3.2 Working results

The working results of the Corporation for the 3 years ending 1988-89 are given below :—

Sl. No.	Particulars	Total Km. Operated 3810.27 lakhs		Total Km. operated 3433.13 lakhs		Total Km. operated 3017.96 lakhs	
		Total (Rs. in lakhs)	Per km. (Paise)	Total (Rs. in lakhs)	Per km. (Paise)	Total (Rs. in lakhs)	Per km. (Paise)
1.	Capital invested in the form of Govt. loans	48,355.11	—	27,028.11	—	33,959.11	—
2.	Operating						
	(a) Revenue						
(i)	Corporation	9,475.85	334.33	9,406.01	356.73	10,471.34	346.97
(ii)	Pvt. Operators	2,999.23	307.30	2,618.67	328.81	Nil	Nil
	Revenue (Total)	12,475.08	327.41	12,024.68	350.25	10,471.34	346.97
	(b) Expenditure						
(i)	Corporation	11,151.34	393.45	11,909.20	451.67	14,048.47	465.50
(ii)	Pvt Operators	3,673.70	376.41	3,215.03	403.69	NIL	NIL
	Expenditure (Total)	14,825.04	389.08	15,124.23	440.54	14,048.39	465.50
	(c) Deficit						
	Corporation	1,675.49	59.12	2,503.19	94.94	3,577.13	118.53
	Pvt Operator	674.47	69.11	596.36	74.88	NIL	NIL
	Deficit (total)	2,349.96	61.67	3,099.55	90.28	3,577.13	118.53
3.	Non-operating						
(a)	Revenue	274.12	9.67	410.92	15.58	574.70	19.04
(b)	Expenditure						
	Interest on loans	11,374.60	401.32	2,096.45	79.51	3,310.56	109.70
	Administration & contingencies	1,754.20	61.89	1,938.27	73.51	2,251.00	74.59
	Depreciation	1,171.26	41.33	1,207.06	45.78	1,393.50	46.17
	Total (b)	14,300.06	504.54	5,241.78	198.80	6,955.06	230.46
(c)	Deficit	14,025.94	494.87	4,830.86	183.21	6,380.36	211.42
4.	Loss for the year— 2(c)+3(c)	16,375.90	429.78	7,930.41	231.00	9,957.49	329.94
5.	Previous years adjustments	(+)23.65	(+)0.62	(-)41.92	(-)1.22	(-)58.16	(-)1.93
6.	Net loss	16,399.55	430.40	7,888.49	229.78	9,899.33	328.01
7.	Percentage of net loss to operating revenue	131.46		65.60		94.54	
8.	Percentage of net loss to capital invested	33.91		29.19		29.15	

Note (i) Total kms operated include kms operated by private operators. 975.99 and 796.41 lakhs respectively in 1986-87 and 1987-88.

(ii) Capital invested in the form of Govt. loans Includes Rs. 38.13 lakhs given as irredeemable loans.

As mentioned earlier the Corporation had been continuously making losses. But even after restructuring, the losses continued. It would be seen that while operating revenue decreased by Rs. 1553.34 lakhs (13 per cent) in 1988-89 compared to the previous year, the operating expenditure came down by only Rs. 1075.84 lakhs (7.11 per cent). The loss during the year reflected an increase of Rs. 2027.08 lakhs (25.56 per cent) compared to the previous year.

The Corporation attributed the losses incurred from year to year to (i) low fare structure (ii) issue of concessional passes to students and other members of the society; (iii) shortage of buses; (iv) high rate of interest on borrowings; (v) increase in salaries and

wages of the staff. However, as would be seen from the above the Corporation incurred operation (cash) losses even without taking into account interest and depreciation provision.

18.4 Fare Structure

Section 22 of the Road Transport Corporations Act 1950 lays down that the Corporation shall act on business principles. This would imply fixation of fare structure which is sufficient at least to meet the operating expenses. The Corporation, however, charges fares as per the directions issued by the Government. These fares have not been sufficient to cover the operating expenses.

The fares fixed since February 1958 are as under :

Year	Upto 10 kms	10 to 15 kms	15 to 20 kms	20 to 30 kms	Period of duration in years
1	2	3	4	5	6
(in paise)					
February 1958 .	30	35	45	60	5-1/4
25th April 1963 .	32	37	47	62	11
May 1974 .	30	35	40	55	1-1/2
22nd October 1975	30	30	60	60	3-1/4

It would be seen that there was marginal rise in fares upto May 1974 compared to earlier years. In October 1975 for the first two and fourth stage, fares were reduced by 2 to 7 paise while in the case of 3rd stage it was increased by 13 paise, compared to the fare structure of April 1963.

However, there were two more fare revisions after 1975 i.e. 1979 and 1986 which are tabulated as under :—

	Upto 4 kms.	4 to 16 kms.	16 to 20 kms.	over 20 kms.
	(in paise)			
February 1979 .	30	40	50	75
	Upto 6 kms.	6 to 16 kms.	over 16 kms	
	(in paise)			
February 1986 .	50	100	150	

Despite the above revisions in fares, the Corporation continued to suffer losses. Due to revision in February 1986 working losses were no doubt reduced by Rs. 3938.40 lakhs in 1986-87 compared to 1985-86 (Rs. 7768.44-Rs. 3830.04). The Management stated (August 1988) that due to increase in cost of inputs the effect of fare revision was neutralised and it expected a loss of Rs. 52.00 crores during 1988-89. The actual loss during 1988-89 was, however, Rs. 98.99 crores. The Management also stated (August 1988) that a further upward revision in fares was under consideration of the Government. The Ministry stated during the Audit Board meeting held in September 1990 that the revision of fare was not being considered now.

18.5 Issue of free/concessional passes

The Corporation has been issuing free and concessional passes to students, handicapped, press, police personnel and residents of resettlement colonies.

According to a statement furnished by the Ministry in September 1990, an inbuilt subsidy of Rs. 20.86

crores was involved in the issue of these passes; out of which Rs. 17.05 crores related to concessional passes issued to students of various categories, Rs. 2.45 crores for issue of concessional season passes to general public, Rs. 1.29 crores to residents of resettlement colonies, Rs. 6.74 lakhs on account of free passes to freedom fighters, disabled persons, sportsmen and war widows. Small sums were involved in concessional passes to police and press personnel.

The bulk of the concessional fare related to students and would continue. The point whether the burden of such concession was a legitimate charge on the Corporation has not been examined. The Corporation has also not so far (November 1990) made any claim on the Government for reimbursement of the inbuilt subsidy.

The persons put in resettlement colonies were given concession more than a decade ago when the areas were not developed. These colonies are now part of and surrounded by developed areas. Therefore, continued concession to such persons was not justified. Any free passes or concessional rates extended to specified persons on other than commercial consideration need to be reviewed and if Government desires the practice to continue, the Corporation could examine the question of claiming reimbursement of such concessions.

18.6 Special hire to public schools and general public

The Corporation provides buses for special hire to schools and to general public by diverting buses from the limited fleet at its disposal. It was noticed in audit that the rates charged from time to time did not even cover the operational cost. A further scrutiny revealed that during the year 1988-89 as against the operational cost of Rs. 5.73 per kilometre, the rate charged for private hire from the schools/public was only Rs. 4.50/5.50 per kilometre respectively. The total loss on special hire to public has not been worked out by the Management. It was, however, noticed that during the year 1988-89, a loss of Rs. 72.15 lakhs was sustained by the Corporation on the hiring out of buses to schools. The Ministry stated (August 1990) that the revision of special hire rate could be done only by Central Government in terms of the provisions of the Road Transport Corporations Act 1950.

18.7 Non-determination of excess profit to school authorities

18.7.1 As a result of suit filed by a private party in 1982 restraining the Corporation from providing buses to public schools on the ground of inconvenience caused to commuters and public schools making huge profit by charging higher rates, the court directed the Corporation to ensure that the schools were not charging higher rates from the students and the excess amount, if any, charged should be retained by the Corporation or a system evolved so that the benefit of lower rates was passed on to students.

18.7.2 The Management stated (September 1988) that the Corporation sent the communication to the schools to comply with the directives of the court. From the information received from schools it was gathered that the schools were charging higher rates from the students. In order to check profiteering by schools, a new arrangement with the schools was introduced with effect from 1st January 1989 by which the Corporation was to charge bus fee per student per month on the basis of length of routes and number of students to be carried by a bus on a particular route and the school bus fee was to be directly deposited in

the bank in the Corporation's account. Though this new system has done away with the profiteering by schools, yet the Corporation would continue to suffer heavy losses since rate per kilometre was based not on operational cost but at Rs. 4.50 per kilometre effective from April 1987.

18.7.3 Further with regard to the excess amount charged earlier by the schools (as per Court's direction) no headway was made by the Corporation in as much as it could not recover the excess charges from the schools.

19. INTERNAL AUDIT

The Committee on Public Undertakings in their fifteenth Report (Fourth Lok Sabha—April 1968) on 'Financial Management' in Public Undertakings' had recommended that the functions of internal audit should include a critical review of the systems, procedures and operations as a whole rather than merely of the accounting work. The Ministry of Finance (Bureau of Public Enterprises) while accepting the above recommendations had directed the public enterprises in September 1968 to introduce such a system. The Internal Audit Cell of the Corporation, however, confined itself to the establishment audit only and did not conduct any such appraisal on the performance of the Corporation so far (March 1989).

The number of outstanding internal audit inspection reports and paras for the last five years is given below :—

As on	No. of outstanding Inspection reports	No. of outstanding paras
31-3-1985 . . .	366	25002
31-3-1986 . . .	381	37184
31-3-1987 . . .	395	45045
31-3-1988 . . .	267	47002
31-3-1989 . . .	671	47076

Though the organisation had been in existence for over three decades, no Internal Audit Manual outlining the scope, quantum, methodology etc. of the internal audit work had been drawn up. The Management stated (November 1988) that 'Manual of Internal Audit' has been prepared by the Delhi Productivity Council and would be implemented after approval of the Corporation's Board.

There was no system of reporting of internal audit findings to the Board through the Chief Executive. In June 1985 internal audit started reporting the progress of said reports to the Finance and Establishment Committee. The Internal Audit Cell had been separated from accounts and placed under the direct charge of Chairman.

The Ministry stated (August 1990) that Manual of Internal Audit had since been approved by the Board and the scope of internal audit had been extended to cover all the areas.

20. OTHER TOPICS OF INTEREST

20.1 *Award of contract for display of advertisements on buses*

Prior to 1961, the work relating to advertisements on buses and bus queue shelters was handled through sole agents. After 1961, the Corporation undertook the work departmentally. In March 1981, the Corporation decided to award the entire rights of advertisements/publicity on buses again to a sole agent for a period of three years.

The switching over to sole agency system was based on the ground that publicity department did not have adequate resources to boost the revenue and to curb the corruption among publicity staff. The Chairman had emphasised the need for the appointment of sole agents in Board's meeting held on 26-5-1981.

The Corporation on the basis of tenders awarded the contract for display of advertisements on bus panels to the agent with effect from 1-7-1981 for a period of 3 years, for Rs. 137.20 lakhs. The strength of the fleet stood at 2404 at the time of award of the contract. Following were some of the important terms and conditions of the contract :

- (i) According to para 1 of the agreement dated 30-6-81, if the Corporation increased its fleet, the sole agent alone shall have the right of publicity/advertisement for the increased fleet on the same terms and conditions and shall pay proportionate increased licence fee during the existence and validity of the agreement.
- (ii) If 75 percent of the fleet mentioned in the agreement remained off the road due to strike, war, riots, etc. for a period exceeding one week at a stretch, the sole agent shall be entitled to proportionate adjustment of the licence fee. At the time of execution of the agreement (1-7-1981) the Corporation fleet was 2404.

The strength of the fleet of 2404 buses as mentioned in the agreement i.e. "1800 single deck buses (to be painted on back and one side), 500 single deck buses (for complete exterior painting) and 104 double deck buses" increased year after year and accordingly the Corporation should have raised the bills for the proportionate increased licence fee based on increased fleet. The Corporation informed the sole agent from time to time regarding increase of the fleet.

In a meeting held in December 1983 by the Corporation with the agent, it was agreed to determine the increased fleet on annual basis and the Corporation asked the agent to pay Rs. 4.11 lakhs for 347 enhanced buses for the period from 1-7-1983 to 30-10-1983 @ Rs. 171.02 per bus. This was disputed by the agent and he desired to pay on the basis

of per sq. ft. area @ Rs. 1.39 per sq. ft. The Management accepted the contention of the sole agent and raised 3 bills aggregating to Rs. 14.49 lakhs for the period from July 1981 to June 1984 for enhanced fleet on the annual average basis. The sole agent, however, refused to pay these bills. The Corporation filed before the Arbitrator its claims of Rs. 14.49 lakhs being the recovery of enhanced licence fee for increase in fleet and Rs. 60,731 towards rent of space allotted in depots, electricity and water charges. The agent filed claims amounting to Rs. 35.66 lakhs against the Corporation. The Arbitrator gave a non-speaking award of Rs. 15.35 lakhs in favour of the sole agent and Rs. 1.10 lakhs in favour of the Corporation. This resulted in total loss of Rs. 13.39 lakhs to the Corporation (claims of Rs. 14.49 lakhs were rejected by the Arbitrator and only a sum of Rs. 1.10 lakhs was awarded towards increased fleet). This does not include the award given in favour of the sole agent. Board in its resolution No. 82/81 dated 27-5-1981 at the time of deciding the agreement stipulated that all conditions of agreement should be clear cut and well defined leaving no scope for ambiguity. The Corporation should have stipulated that the award should be a speaking award. This was not done to safeguard the financial interest of the Corporation.

The Ministry stated (August 1990) that the award in favour of sole agent was being contested in the High Court of Delhi and that the clause of arbitration had also been modified to the extent that if the award was for more than Rs. 50,000/- the Arbitrator would have to give a speaking award.

20.2 *Exemption of auxiliary vehicles from payment of Road Tax*

The auxiliary vehicles of the Corporation like stores vans, break-down trucks, trainee buses, pass and mobile court vans etc. were exempted from payment of road tax as per decision of the Delhi Administration (Transport) (January 1962). Later on State Transport Authority stated that the contents of notification (January 1962) were amended in 1963 whereby the Corporation shall have to pay the registration fee as well as road tax for all such vehicles (March 1972). The matter was taken up by the Corporation with the Delhi Transport Authority for exemption which was not agreed to (May 1982). The Corporation referred the matter to Government for exemption from road tax (May 1983). Decision was still awaited (September 1990). The Corporation had neither paid the tax so far nor assessed the quantum for providing this liability. The liability of road tax upto 31st March, 1985 worked out to Rs. 27.11 lakhs. Liability for the years 1985-86 to 1988-89 had not been intimated by the Management. The Management stated that the matter had been taken up with Government/State Transport Authority. The

Ministry stated (August 1990) that there was no claim from the State Transport Authority regarding non-payment of road tax for earlier periods. The Corporation was paying road tax for new vehicles.

20.3 Lost Property Section

For restoring the articles left over by the travelling passengers back to the owner, lost property section is responsible for collection, custody and the disposal of lost and unclaimed property. Each depot Manager was to forward all the articles remaining unclaimed to Central Lost Property Section at Shadipur depot/ Scindia House for taking disposal action. The table below indicates the instances of some items which were received prior to December 1983 and thereafter and were not disposed off.

	Upto 31-1-83	1-2-83 to 30-9-83	1-10-83 to 31-12-83	Total
1	2	3	4	5
1. Ornaments like Gold & Silver .	297	—	—	297
2. Watches .	369	64	18	451
3. Old clothes .	2553	1472	579	4604
4. Utensils (Steel, Brass & Alu- minium) .	248	364	100	712
5. Attaches, Trunks, brief cases, bags .	62	40	119	221
6. Umbrellas .	—	48	1	49

	1	2	3	4	5
7. Electrical goods .	—	—	39	19	58
8. Misc. items .	—	—	537	178	715
9. Cycles .	—	—	1	—	1
10. New clothes .	—	—	214	33	247
11. Shoes .	—	—	—	31	31
12. Spectacles .	—	—	55	25	80

From February 1983 to March 1985 among 4257 articles received by the Corporation, only 1328 articles were restored to the owners and 2929 unclaimed articles were not disposed off. The items (except gold and silver ornaments etc.) were put to auction on 29th June 1984 alongwith other scrap material but due to high reserve prices, no bids were forthcoming.

The Chairman of the Corporation (February 1986) constituted a Committee for fixing the reserve price for auction of the items received upto 11th December 1983. The Committee fixed the reserve price in the meeting held on 17th February 1986 lot-wise and Controller of Stores and Purchase was to arrange auction.

The Corporation had been spending about Rs. 50,000/- per year on the emoluments of the staff working in the Lost Property Section. The Ministry stated (August, 1990) that 3830 items received between February 1983 and November 1987 were auctioned in 1988. Items like gold and silver could not be disposed as no approved valuer was coming forward to price the materials.

A. C. Tiwari

(A. C. TIWARI)

Deputy Comptroller and Auditor General-
cum-Chairman, Audit Board

New Delhi

The

Countersigned

C. G. Somiah

New Delhi

The

(C. G. SOMIAH)

Comptroller and Auditor General of India

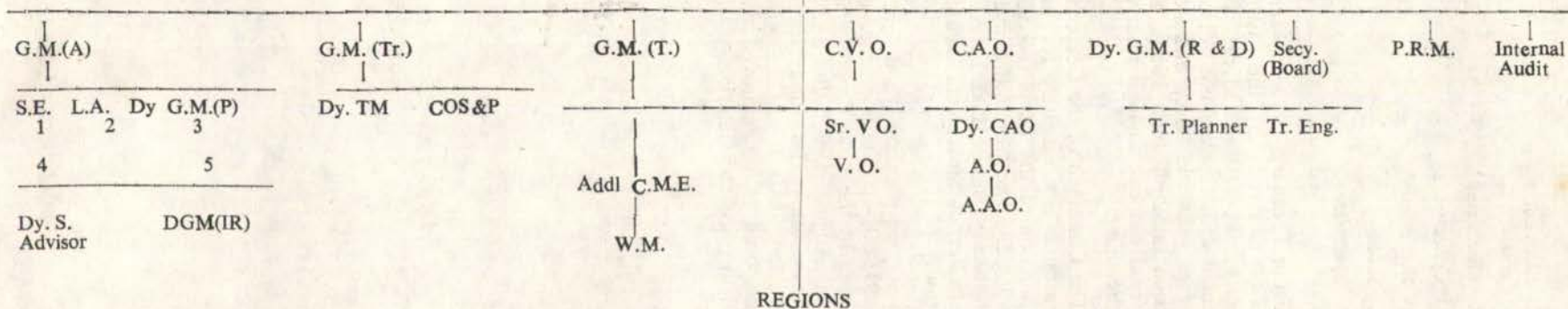
ANNEXURE

(Refer to Para 2)

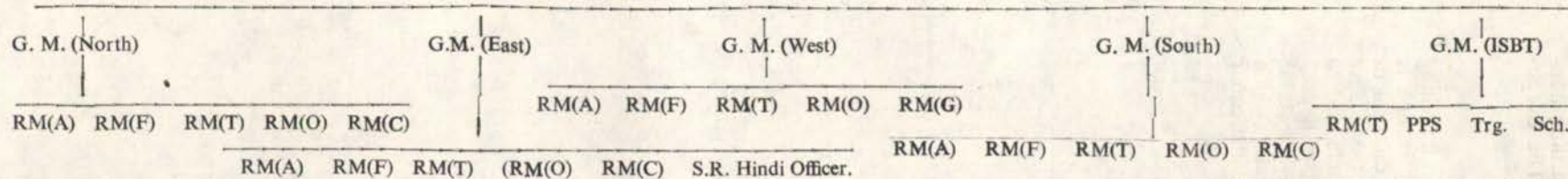
Organisational Chart of DTC as on 31-3-1989

BOARD OF DIRECTORS

Chairman-cum-M.D.



REGIONS



- A —Administration
- F —Finance
- T —Technical
- O —Operational
- C —Civil
- Tr. —Traffic
- L.A. —Legal Adviser
- S.E. —Supdt. Engineer
- PPS —Printing Press Superintendent.