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REPORT OF THE

COMPTROLLER AND AUDITOR GENERAL

OF INDIA

FOR THE YEAR ENDED 31 MARCH, 1991

NO. 12 OF 1992

MUNICIPAL CORPORATION OF DELHI

AND

NEW DELHI MUNICIPAL COMMITTEE

REPORT OF THE
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NEW DELHI MUNICIPAL COMMITTEE

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PREFATORY REMARKS

The approval of the President of India for carrying out the audit of accounts of the Municipal Corporation of Delhi and the New Delhi Municipal Committee, pertaining to all receipts and expenditure, under the Comptroller and Auditor General's (Duties Powers and Conditions of Service) Act, 1971, was conveyed by the Government of India on 26th April, 1988 and 18th December, 1989 respectively.

2. This report includes some of the points noticed during the test audit of Municipal Corporation of Delhi and New Delhi Municipal Committee conducted in 1990-91. They cover matters relating to the period upto 1990-91. Matters subsequent to 1990-91 have also been included, wherever considered necessary.

OVERVIEW

This Audit Report for the year ended 31st March 1991 contains 12 paragraphs. The points highlighted in the Report are summarised below:

Municipal Corporation Of Delhi

I Administration and Finance

The revenue expenditure of the General Wing of MCD was Rs.305.65 crores during 1990-91 and the income Rs.304.80 crores. The revenue expenditure of Delhi Water Supply and Sewage Disposal Undertaking (DWS & SDU) during 1990-91 was Rs.127.10 crores and receipts Rs.74.85 crores. The revenue expenditure of Delhi Electric Supply Undertaking (DESU) was Rs.879.98 crores during 1990-91 and receipts Rs.631.86 crores, resulting in a revenue deficit of Rs.248.12 crores. Certification of the annual accounts and the annual appropriation accounts by the Municipal Chief Auditor for all the above three wings of MCD was in arrears by 2 to 3 years; with delays in submission of accounts to him of 6 to 15 months.

According to the Municipal Chief Auditor, vouchers for Rs.13.24 crores and payees stamped receipts for Rs.0.55 crores were wanting in the accounts for the year upto 1987-88 going back to a decade.

(Paragraph 1)

General Wing

II Under bridge to cross railway line

The work of construction of under bridge to cross the railway line across the Mehrauli

Badarpur Road was approved by Government of India in 1985 and the work was entrusted to the MCD. Work costing Rs.15 crores was to be done through Railways and the rest (costing Rs.3.28 crores) by wings of MCD.

Land required for the project was 91,582.84 sq.mtrs. out of which, only 69,052.15 sq.mtrs. had been acquired by MCD till September, 1991.

MCD exercised no check on the estimates furnished by Railways, DWS & SDU, DESU and PWD (Delhi Admn.). It neither fixed any time schedule for completion of the components of the project nor exercised any control over the progress of work though it made advance payments to all the agencies.

Steel required for the project was 698 tonnes, but excess provision of steel was made in the contract giving the contractor gratuitous benefit of Rs.27.89 lakhs. Bailing out of water required to be done by the contractor was executed by MCD at a cost of Rs.1.24 lakhs and MCD failed to recover the amount from the contractor.

Payments were made by MCD before due dates resulting in loss of interest of Rs.2.18 lakhs to MCD.

Improper planning of disposal of surplus earth removed resulted in an extra expenditure of Rs.16.71 lakhs on its removal and transportation from the original place of its dumping.

On the increase in the length of railway bridge on a side by 26.79 mtrs. the length of the approach road was not reduced proportionately resulting in an avoidable expenditure of Rs.0.83 lakhs.

(Paragraph 2)

III Primary School Buildings

Planning data such as the requirement and availability of class rooms by reference to number of students on roll and anticipated new admissions were not on record. Also the number of vacant sites for construction of school buildings and details of disputed sites were not available with the Education Department of MCD.

MCD constructed 116 prefabricated class rooms during the year 1990-91 incurring an expenditure of Rs.97.78 lakhs and also spent Rs.158.48 lakhs on construction of 188 prefab class room buildings despite rejection of their proposal by Delhi Administration. The Delhi Administration had advised on the construction of permanent structures in lieu of the temporary prefab structures with a life of only 15 years. The reasons for constructing temporary structures were not on record.

MCD incurred an extra expenditure of Rs.2.28 lakhs by not awarding work before expiry of the extended validity of the tender for construction of pucca school building at Rajkot.

After calling tenders for a third time, work of construction of school building at Nathupura was awarded incurring an extra expenditure of Rs.1.30 lakhs though it could have been awarded on the first call of tenders itself, avoiding extra expenditure.

Failure to follow the normal tender system resulted in an extra expenditure of Rs.3.85 lakhs and delay of more than two years in the construction of the school building at Ram Nagar.

Work of soil testing was got done from a private laboratory at a cost of Rs.0.98 lakhs although soil testing facilities upto a depth of 10 meters were available in the Municipal

Laboratory. Further the contractors engaged on soil investigation work were not registered with MCD.

Delay in making available the design and drawing to the contractor resulted in an extra expenditure of Rs.17.22 lakhs on construction of school building at Kewal Park.

(Paragraph 3)

IV Works in resettlement colonies

Wasteful expenditure of Rs.66.21 lakhs was incurred in 12 resettlement colonies during 1989-90 and 1990-91 on fixing glazed tiles in old lavatory blocks which were proposed for replacement by sulabh sauchalayas. Two additional blocks of sulabh sauchalayas of 80 seats each were required to be constructed in all 44 resettlement colonies by November 1988 but were constructed in only 36 colonies.

Works valuing Rs.438.67 lakhs were awarded without calling tenders in contravention of the prescribed procedure for calling tenders and awarding the work at competitive rates.

Emergent works awarded at higher rates without calling tenders were not completed in time. The main purpose of awarding the works at higher rates was defeated. Avoidable extra expenditure was Rs.31.17 lakhs.

Penalty of Rs.32.60 lakhs leviable on the contractor for delay in completion of works was not levied.

Rs.36.22 lakhs was paid for design, supervision and implementation charges on all the sauchalayas. The design was same in all and work was supervised by MCD staff. The term implementation charges had not been defined.

(Paragraph 4)

Delhi Water Supply and Sewage Disposal Undertaking

V Water supply to regularised colonies

During 1988-89 to 1990-91, Rs.124.15 lakhs was spent on water supply works in unauthorised colonies which had been regularised. Development charges were not recovered from the beneficiaries. For installation of tubewells, work was awarded to Central Ground Water Board at rate higher than the rate offered by private contractors resulting in an extra expenditure of Rs.7.64 lakhs. Extra expenditure of Rs.3.22 lakhs was incurred on installation of 400 bore holes for hand pumps by paying higher rates. By unauthorisedly increasing the number of bore holes in rocky terrain, an extra cost of Rs.6.52 lakhs was incurred.

Crane hire charges of Rs.1.07 lakhs was not recovered from the contractors. By piecemeal purchase of stores worth Rs.6.82 crores scope of getting competitive tender rates was lost.

By purchase of pipes at rates higher than the lowest quote an extra expenditure of Rs.1.27 lakhs was incurred.

(Paragraph 5)

Delhi Electric Supply Undertaking

VI Billing and Collection of electricity charges

Arrears of electricity charges for collection as percentage of total billing increased from 46.3 per cent in 1986-87 to 54 per cent (Rs.616 crores) in 1990-91. Year-wise details of realisation and arrears from categories of consumers was not on record.

Intimations of new connections to the Meter Superintendent were delayed resulting in delay in meter reading and billing for electricity consumed.

In one district, arrears from defaulters amounted to Rs.39.61 crores. DESU had neither disconnected supply nor effected recovery from the defaulters even after 15 months. DESU had not prepared defaulters lists in the other 23 districts. In 173 cases of locked premises, bills were raised (for Rs.79,541) in only 35 cases. Position in the remaining 23 districts had not been reviewed by DESU.

Direct tapping of power supply mains is a cognizable offence under Section 39 of the Indian Electricity Act, punishable with imprisonment or fine upto five thousand rupees or both. In one district, in 138 cases, meters were removed or disconnected and supply was taken directly from overhead lines. Due to inaction DESU suffered a loss of Rs.16.10 lakhs on the minimum load billable and on the penalty leviable.

In six districts, on 8,769 cases of misuse of electricity reported, no action was taken. Some cases are pending since 1987.

In 17,565 cases where defective meters were reported during the period April 1988 to May 1990 no action was taken for changing the meters.

(Paragraph 6)

VII Cables and joint boxes

Avoidable expenditure of Rs.1.92 lakhs was incurred by placing order for cables and joint boxes at rates higher than the lowest rates quoted. Cables and joint boxes costing Rs.15.18 lakhs remained unused for one to four years and purchases valued at Rs.52.77 lakhs remained in stores. Cables valuing Rs.1.54 lakhs had not been put to use because they did not bear DESU's monogram thereon, though they were paid for. Penalty of Rs.2.71 lakhs was not levied on firms who failed to supply full quantities ordered.

(Paragraph 7)

New Delhi Municipal Committee

VIII Administration and Finance

The receipts of NDMC during 1990-91 were Rs.180.42 crores and the disbursement Rs.180.19 crores. The Examiner, Local Fund Accounts, Delhi Administration has completed the audit of accounts only upto 1985-86 and submitted his report to Secretary, Local Self Government, Delhi Administration.

(Paragraph 8)

IX Sewerage System

The sewerage system over an area of 42.74 sq.kms under NDMC is over 50 years old. Rs.9.93 lakhs was paid to two consultants for survey and design. While the survey report was received in August 1990, the report on future sewerage system design was awaited. Even before receipt of reports, 2 works on augmentation of sewer lines in various areas were taken-up. Of these, estimates for one were prepared in October 1986 for Rs.23.65

lakhs mainly to avoid lapse of grant and the other costing Rs.12.04 lakhs was awarded in August 1987 and got executed without checking standard of pipes used. Secured advances for Rs.24.59 lakhs were paid to contractors engaged on sewerage works, but value of material brought to site was not on record.

(Paragraph 9)

X Fictitious entries at close of accounts

Large quantities of cement were shown in the accounts as issued at the very end of the financial year especially on 31st March when the accounts have to be closed. They were taken back on stock between 7 to 114 days after date of issue without any physical movement of cement for many days or months after the entries were made in the accounts.

(Paragraph 10)

XI Excess consumption of bituminous mix

For strengthening and resurfacing of roads in NDMC area bituminous mix required was 20,463 tonnes as per a formula worked out by the Central Road Research Institute, New Delhi. But excess mix was used resulting in avoidable extra expenditure of Rs.27.57 lakhs.

(Paragraph 11)

XII Unissued Stores

Stores purchased at a cost of Rs.45.93 lakhs for use in 11 KV electrical sub stations of NDMC were lying unissued for over 4 years resulting in loss of interest of Rs.31.21 lakhs on the locked-up funds.

(Paragraph 12)

Part I

MUNICIPAL CORPORATION OF DELHI

Chapter - I

1. Administration and Finance

1.1 The Municipal Corporation of Delhi (MCD) was established in April 1958 as a civic body under the Delhi Municipal Corporation Act, 1957 with jurisdiction over the Union Territory of Delhi excluding the areas under the New Delhi Municipal Committee and the Delhi Cantonment Board.

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

1.2 Financial Position

The financial position of MCD for the years 1987-91 is given below:

(a) **General Wing**

(Rupees in crores)

Year	Income			Expenditure		
	Revenue	Capital	Total	Revenue	Capital	Total
1987-88	214.81	110.85	325.66	214.89	105.12	320.01
1988-89	231.77	98.69	330.46	233.31	107.11	340.32
1989-90*	276.18	142.84	419.02	263.98	150.02	414.00
		(115.95)	(392.13)		(115.16)	(379.14)
1990-91*	304.80	176.75	481.55	305.65	176.32	481.97

* *Appropriation accounts and audit certificates by Municipal Chief Auditor still to be finalised.*

The figures for 1989-90 as reported last year (given in brackets) have since been changed.

(b) **Delhi Water Supply and Sewage Disposal Undertaking**

Revenue

(Rupees in crores)

Year	Receipts	Expenditure	Net Surplus(+) Deficit(-)
1987-88	35.94	86.69	(-)50.75
1988-89	36.43	99.76	(-)63.33
1989-90*	47.04	118.28	(-)71.24
	(61.44)	(61.34)	(+)0.10
1990-91*	74.85	127.10	(-)52.25

Loan Account

(Rupees in crores)

Year	Opening balance	Receipts	Expenditure	Cash balance
1987-88	18.03	55.65	47.34	26.34
1988-89	26.34	63.51	62.80	27.05
1989-90*	27.05	83.30	92.00	8.70
		(78.30)	(96.40)	(8.95)
1990-91	8.95	106.75	113.57	2.13

* *Accounts still to be certified by Municipal Chief Auditor.*

The figures for 1989-90 reported last year (given in brackets) have been changed.

(c) Delhi Electric Supply Undertaking

(Rupees in crores)

Year	Receipt			Expenditure		
	Revenue	Capital	Total	Revenue	Capital	Total
1987-88*	360.63	170.11	530.74	586.80	181.78	768.58
1988-89*	456.00*	157.58	613.58	487.01	190.09	677.10
	(419.63)					
1989-90**	522.61	159.36	681.97	755.90	172.60	928.50
	(153.80)	(676.41)	(214.31)	(970.21)		
1990-91**	631.86	183.11	814.97	879.98	181.57	1061.55

* *Accounts still to be certified by Municipal Chief Auditor.*

** *Accounts still to be finalised and sent to Municipal Chief Auditor.*

The figures for 1988-89 and 1989-90 reported last year (given in brackets) have since been changed.

The total receipts (Revenue and Capital) for the 3 wings of the MCD are given below:

(Rupees in crores)

Year	Revenue receipts	Capital including Loan & Plan receipts	Total receipts
1987-88	214.81	110.85	325.66
	35.94	55.65	91.59
	360.63	170.11	530.74
	611.38	336.61	947.99
1988-89	231.77	98.69	330.46
	36.43	63.51	99.94
	456.00	157.58	613.58
	724.20	319.78	1043.98
1989-90	276.18	142.84	419.02
	47.04	83.30	130.34
	522.61	159.36	681.97
	845.83	385.50	1231.33
1990-91	304.80	176.75	481.55
	74.85	106.75	181.60
	631.86	183.11	814.97
	1011.51	466.61	1478.12

Note: The accounts of the Delhi Administration indicate grants-in-aid and loans paid to the 3 wings of MCD at Rs.215.43 crores and Rs.339.82 crores which needs to be reconciled with figure of Rs.466.61 crores. Similar reconciliation for earlier years is also necessary.

1.3 Accounts

The Delhi Municipal Corporation (Maintenance of Accounts) Regulations, 1959 prescribe that three wings of the MCD, viz. (i) General Wing (ii) Delhi Water Supply and Sewage Disposal Undertaking and (iii) Delhi Electric Supply Undertaking shall maintain separate accounts of all receipts and expenditure in the form approved for the budget estimates.

The Regulations lay down that at the end of each month, monthly abstracts of the above three accounts shall be drawn up, signed by the Commissioner or General Manager and sent to the Municipal Chief Auditor by the 15th of the second month to which the accounts relate. Similarly abstracts for the year shall also be sent by 15th June of each year. The Regulations also stipulate that the Municipal Chief Auditor after verification of annual appropriation accounts prepared by the Municipal Chief Accountant shall send them to the respective Standing Committees for being laid before the Corporation. The status on preparation and verification of monthly, annual and appropriation accounts is indicated below:

(a) General Wing

The submission of monthly accounts to the Municipal Chief Auditor for 1988-89 was delayed by one month to seven months, for 1989-90 by three to six months and for 1990-91 by four to six months. The monthly accounts upto November 1990 have been certified by the Municipal Chief Auditor and submitted to the Standing Committee (November 1991).

The annual accounts for 1988-89 to 1990-91 were sent to the Municipal Chief Auditor in the months as given under:

Year	Due Date	Month of submission	Period of delay in months
1988-89	15 June 1989	February 1990	9
1989-90	15 June 1990	October 1990	5
1990-91	15 June 1991	October 1991	5

The position of annual appropriation accounts for the years 1988-89 to 1990-91 which are due for submission to the Municipal Chief Auditor by 15

June of the following year were as given below (in November 1991).

Year	Month of submission
1988-89	November 1990
1989-90	Still to be submitted
1990-91	Still to be submitted

The status on certification of the accounts by the Municipal Chief Auditor were called for in September 1991, but details are still to be furnished by MCD.

(b) Delhi Water Supply and Sewage Disposal Undertaking

The submission of monthly accounts to the Municipal Chief Auditor for 1986-87, 1987-88 and 1988-89 was delayed by seven to forty eight months; for 1989-90 by nine to fifteen months; and for months of 1990-91 also it was in arrears.

The annual accounts and the annual appropriation accounts for the years 1985-86 to 1989-90 were submitted to the Municipal Chief Auditor during the months as given below:

Year	Date of submission: Annual Accounts	Date of submission: Annual Appropriation Accounts	Due Date	Period of delay in months
1985-86	March 1990	March 1990	15 June 1986	44
1986-87	May 1990	May 1990	15 June 1987	34
1987-88	May 1990	May 1990	15 June 1988	22
1988-89	June 1990	July 1991	15 June 1989	12 to 24
1989-90	August 1991	August 1991	15 June 1990	14
1990-91			15 June 1991	Still to be submitted

The annual accounts and the annual appropriation accounts upto 1988-89 have been certified by the Municipal Chief Auditor.

(c) Delhi Electric Supply Undertaking

The monthly accounts upto March, 1989 were submitted to the Municipal Chief Auditor (November 1991). The delay in submission ranged upto 31 months. The monthly accounts for the period April, 1989 to March 1991 are still to be submitted to the Municipal Chief Auditor (November 1991).

The annual accounts for 1985-86 to 1988-89 were sent to the Municipal Chief Auditor in the months detailed as under:

Year	Due date	Month of submission	Period of delay in months
1985-86	15 June 1986	August 1989	38
1986-87	15 June 1987	May 1990	35
1987-88	15 June 1988	May 1991	35
1988-89	15 June 1989	July 1991	25

The annual accounts for the years 1989-90 and 1990-91 and the annual appropriation accounts for the years 1981-82 to 1990-91 are still to be submitted by DESU to the Municipal Chief Auditor (November, 1991). The annual accounts upto 1985-86 and the annual appropriation accounts upto 1980-81 have been certified by the Municipal Chief Auditor. The annual accounts for the years 1986-87 to 1988-89 are still to be certified (November 1991).

1.4 Audit by Municipal Chief Auditor

Under Section 206(2) of the Delhi Municipal Corporation Act, 1957 the report of the Municipal Chief Auditor is to be submitted to the Standing Committee which lays it before the corporation together with a report on orders passed by them on the Audit report.

The printed Audit Report of the Municipal Chief Auditor for 1987-88 was placed before the Standing Committee in April, 1991 and was sent to the Secretary, Local Self Government, Delhi Administration on 15th April 1991. Reports for subsequent years are in arrears.

In the report of the Municipal Chief Auditor for the year 1987-88 it was stated that 2800 Inspection Reports containing 17549 audit objections were still to be answered; some were pending for more than 10 years. Similarly on accounts of Delhi Water Supply and Sewage Disposal Undertaking and Delhi Electric Supply Undertaking, 909 and 1691 Inspection Reports of the Municipal Chief Auditor with over 12,000 objections were pending, some were more than 20 years old. The matter needs to be taken note of by the Chief Secretary, Delhi Administration, who is vested with the power of the MCD. His attention is specially invited to vouchers wanting for the following heavy sums expended.

(Rupees in lakhs)

Period to which objections pertain	Vouchers wanted		Payees' stamped receipts wanted	
	No. of items	Amount Rs.	No. of items	Amount Rs.
(a) General Wing				
Prior to 1975-76	-	-	93	1.94
Between 1975-76 and 1979-80	1,330	195.00	204	2.82
Between 1980-81	3,315	219.00	104	23.96
Total	4,645	414.00	401	28.72
(b) Delhi Water Supply and Sewage Disposal Undertaking				
1974-75 to 1979.80	242	20.56	26	3.57
1980-81 to 1987-88	11,987	886.17	73	16.11
Total	12,229	906.73	99	19.68
(c) Delhi Electric Supply Undertaking				
1974-75 to 1979.80	1,042	3.19	866	6.52
1980-81 to 1987-88	26	0.45	116	0.44
Total	1,068	3.64	982	6.96
Grand Total	**17,942**	**1,324.37**	**1,482**	**55.36**

1.5 Internal Audit

(a) General Wing

During the cycle of four years 1987-91, 1,335 units (against target of 2,747 units) were audited by Internal Audit (October 1991).

(b) Delhi Water Supply and Sewage Disposal Undertaking

133 units were audited against 401 units required to be audited by the Internal Audit of the Delhi Water Supply and Sewage Disposal Undertaking during the four years' cycle 1987-91.

(c) Delhi Electric Supply Undertaking

No details of internal audit were furnished by DESU though called for (December 1991).

The Internal Audit Reports are sent to the heads of the units and not issued to the heads of department.

Chapter - II

GENERAL WING

2. Construction of an under bridge to cross the railway line across the Mehrauli Badarpur Road

2.1 The Project

The Ministry of Surface and Transport approved (December 1985) construction of an under bridge on the Mehrauli Badarpur Road (to cross a Railway line) at a cost of Rs.1,829.73 lakhs. Railway was to incur Rs.181 lakhs more on the project.

2.2 The Components

The Components of the work and the agencies with whom MCD was to coordinate and the cost estimates of components were as under:-

	(Rupees in lakhs)
Construction of approach roads with separators, foot paths and central verge by MCD	143.15
Construction of bridge by Railways	1502.00
Construction of sump well and pump house by DWS&SDU	47.00
Land acquisition by MCD	46.58
Electrical works by DESU	15.00
Horticulture & Sign Boards by MCD	10.00
Miscellaneous items and increase over schedule of rates	66.00
Total	1829.73

Thus the major part of the work was the bridge to be constructed by Railways though resources were channelled through MCD by the Ministry of Surface Transport.

2.3 The Outlays

The following moneys were received from Central Government by MCD through the Delhi Administration during the last seven years, for execution of the project:

(Rupees in lakhs)

Year	Moneys received	Expenditure incurred
1983-84	10.00	4.08
1985-86	50.00	500.34
1986-87	500.00	499.38
1987-88	500.00	167.91
1988-89	200.00	241.04
1989-90	250.00	34.95
1990-91	200.00	48.62
Total	**1,710.00**	**1,496.32**

Moneys required for the balance works to be executed was estimated at Rs.474.95 lakhs, which will take the total of moneys required by MCD to Rs.1,971.27 lakhs against the approval for Rs.1,829.73 lakhs.

2.4 Land acquisition

Land required for the project was 91,582.84 square metres. Though the scheme was approved by Government of India in 1985 and funds were regularly made available to MCD, only 69,052.15

square metres of land was acquired till September 1991 after paying a sum of Rs.10.02 lakhs to the Housing Commissioner, Delhi Administration (May 1991). Balance land measuring 22,530.69 square metres was to be made available by the Railways, the Delhi Development Authority (DDA) and the Delhi Administration. But land has not been made available by them for the last four years (September 1991).

2.5 Progress of work by other agencies

(i) Railways submitted (September 1985) to MCD an estimate for Rs.1,500.10 lakhs including Rs.87.56 lakhs towards departmental charges (13.75 per cent) and Rs.93.25 lakhs towards establishment charges. Claim for establishment charges in addition to departmental charges was accepted by MCD though it is not to be allowed as per practice of Central Public Works Department (CPWD) adopted in MCD. Advance payments amounting to Rs.1,068.16 lakhs were made upto September 1991 by MCD to the Railways. The physical progress achieved by the Railways was 80 per cent upto September 1991 and the expected time of completion was December 1991.

(ii) Delhi Electric Supply Undertaking was to provide electrical service at a cost of Rs.15 lakhs. But the estimates received by MCD were for Rs.30.48 lakhs (July 1985) and Rs.7.88 lakhs (September 1990). MCD paid Rs.38.36 lakhs (September 1991). The physical progress achieved so far was 65 per cent and the expected time of completion is March 1992.

(iii) Delhi Water Supply and Sewage Disposal Undertaking was to construct sump well and pump house and install plant and machinery at a cost of Rs.47 lakhs. The undertaking submitted an estimate for Rs.98 lakhs (February 1987) and revised it to Rs.133.20 lakhs (April 1991). They were accepted by MCD and advances for Rs.98 lakhs were paid till

September 1991. In addition a sum of Rs.4.79 lakhs was also paid to the undertaking for shifting of boundary walls and water mains. The physical progress achieved by the undertaking was 90 per cent upto September 1991 and the expected time of completion was December 1991. On the reasons asked in audit for abnormal increase in the revised estimate no reply was received from the MCD and it had not got the details for the increase.

(iv) The Public Works Department (PWD) of Delhi Administration was to construct an intersection at a cost of Rs.5 lakhs. Estimate received from the PWD was for Rs.40.70 lakhs (July 1988). Advances for Rs.40.70 lakhs were paid in December 1988. The estimate was revised to Rs.39.74 lakhs (May 1989). Excess amount of advance of Rs.0.96 lakh paid was not recovered. The physical progress of the work was 90 per cent (September 1991) and the expected time of completion is March 1992.

2.6 Cost control

Though MCD was the agency for funding the project it had not exercised any check on the estimates furnished by other agencies to whom it made payments. It had not also analysed the reasons for increase in the estimates. MCD had not fixed any time schedule for completion of the components of the works. It had paid till September 1991 advance payments amounting to Rs.1,250.01 lakhs to other agencies. Neither the progress of work was checked with reference to the initial advances nor were adjustment bills demanded before payment of further advance.

2.7 Works executed by MCD

(i) Defective tender notice

For the work of construction of approach roads etc. the notice inviting tenders (NIT) was ambiguous in that rate of Steel was incorporated at Rs.6,370 per metric tonne plus 2 per cent storage charges at one place and at Rs.6,120 per metric tonne plus 2 per cent storage charges at another. Further in the scope of work cartage of surplus earth, RCC slab culvert for diversion of drain, diversion of existing drain by providing and laying RCC pipes, providing and laying CC tiles of foot path, separator and Central verge costing about Rs.97 lakhs were not incorporated in NIT though they were required. This resulted in entrustment of additional items after finalisation of tender at additional cost. Had these items been incorporated in the NIT the department would have obtained more competitive rates because of higher value of work. Time allowed for sending tenders was less than three weeks which is the minimum period as per the CPWD Manual. This reduced the scope for obtaining more competitive tenders.

(ii) Irregular award of work

For the aforesaid work seven tenders were received. One was rejected for want of preliminary designs and drawings. Price bids were opened on 2.4.1986, but on 25.4.86 the six contractors were asked to submit revised price bids by 7.5.1986 because of change of scope of work due to withdrawal of certain items of works pertaining to construction of sump well and pump house. Revised price bids were opened on 7.5.1986. Details of original and revised price bids were as under:

(Rupees in lakhs)

Name of the contractor	Original price bid	Revised price bid
'A'	182.00	189.20
'B'	218.25	213.25
'C'	275.00	225.90
'D'	295.00	305.00
'E'	340.00	340.00
'F'	186.00	172.00

MCD would justify cost upto Rs.176.20 lakhs only whereby the offer of contractor 'F' alone was acceptable. But that contractor had only a provisional registration with CPWD. Negotiations were held (10.10.1986) with the second lowest tenderer (contractor 'A') and he brought his offer down to Rs.171.50 lakhs from Rs.189.20 lakhs. Work was awarded accordingly to contractor 'A' in December 1986. Effecting change in scope of work after the price bids were opened was irregular. It could well have been done at the technical evaluation stage or revised price bids could have been called on revised scope of work without opening the original price bids.

Rejection of the lowest bidder on the plea that he had only a provisional registration with CPWD was irregular. Rejection should have been done, if at all, before opening even original price bid. Having opened his original price bid the lowest bidder should not have been disqualified. Further, he had already executed work of similar nature for MCD viz. construction of approach road under bridge across railway line at Shakti Nagar. By conducting negotiation with the second lowest bidder and bringing his bid to a level below the price of the lowest tenderer, did not prove that the lowest tenderer would not have done the work at a lower cost.

In the contract, steel requirement was estimated by MCD as 698 metric tonnes. But the quantity used till March 1991 for completion of 88.78 per cent of work was only 223 metric tonnes. The requirement of steel for the balance work (11.22 per cent) was estimated at 28.18 metric tonnes. Thus the total quantity of steel likely to be used in the work is 251.18 metric tonnes only. The over estimate of steel going into the contract cost was by 446.82 metric tonnes. Cost of steel issued by MCD is recovered from the contractor by the department at Rs.6,120 per metric tonne plus 2 per cent storage charges. This recovery is made out of the contract value as the contracted cost includes the value of steel likely to be consumed. Thus the cost of over estimated quantity of steel in the cost of contract was Rs.27.89 lakhs (446.82 metric tonnes at Rs.6,120 per tonne + 2 per cent storage charges). The department, however, did not reduce the cost of contract by this amount and the contractor thus derived gratuitous benefit of Rs.27.89 lakhs in the *lumpsum* contract for Rs.171.50 lakhs which included cost of 698 metric tonnes of steel though only 251.18 metric tonnes was really required.

MCD stated (August 1991) that use of steel was less due to tentative nature of estimate in the NIT while the consumption was as per the approved design. The reply is untenable as the evaluation of tenders was made on the basis of cost of 698 metric tonnes of steel included in the value of the contract. If the approved designs would consume so much less of steel the justified cost above which MCD would not award the contract should have been Rs.148.31 lakhs and not Rs.176.20 lakhs (which was justified by MCD in negotiating the contract at Rs.171.50 lakhs). Such a large variation in technical assessment, leading to large overpayment (by wrongly estimating the justified cost) vitiated the whole tender acceptance procedure, which could not be explained away by describing the estimate in the NIT as tentative.

(iii) Irregular benefit given to contractor

(a) The aforesaid work awarded by MCD required that the contractor would carry out earth work, drainage work and pumping and draining of water as part of his work. Also removal of water met during excavation due to seepage, rain or other causes was to be done by the contractor by suitable diversion, by pumping or bailing out and the excavation kept dry. But the department arranged for the execution of such works and incurred an expenditure of Rs.1.24 lakhs which it did not recover from the contractor. MCD stated (August 1991) that pumping of water was carried out by MCD by treating it as an additional item of work done to save the railway embankments where water had accumulated by overflowing from the existing culvert under railway lines. There was heavy collection of water in the marshalling yard and railway workshop, removal of which did not form part of the contracted work.

The reply is not tenable as clearance of water accumulated in railway yard or workshop overflowing from a railway culvert is the responsibility of Railways and not of MCD. As for rain water in work sites of contractor the scope of work awarded required the bailing out of water to be done by the contractor at his cost.

(b) Clearance of site would include removal and disposal of all materials such as trees, brush, shrubs, stumps, rubbish, etc. and is to be borne by the contractor as part of his work. But the department incurred an expenditure of Rs.0.96 lakhs towards cutting of trees (1479 numbers) on the approach road area and did not recover it from the contractor. MCD stated that the work was got executed as an additional item of work because work on approaches to bridge could not have started without removal of trees. The reply is not tenable in view of the provisions in the contract requiring the cost of such work being incurred by the contractor.

The cut trees were handed over to the Horticulture Department of DDA by MCD. Since the land was acquired by the MCD from DDA with the trees and the cost thereof was to be paid to the DDA, the value of cut trees disposed of should have been revenue of the MCD and set off against the expenditure irregularly incurred on behalf of the contractor. MCD was not aware of the value obtained by DDA on the trees and no claim was made by MCD on DDA for their value.

(c) The payment schedule in the contract was for payment of 2 per cent of the contractual amount on approval of design, 4 per cent on completion of footing of retaining wall, 5 per cent on completion of earth work including disposal of surplus earth neatly dressed and 1.5 per cent on completion of balance work before handing over.

Designs were approved only in March 1987, but, Rs.1.72 lakhs being 1 per cent of the contractual amount was paid in February 1987 i.e. even before approval of the designs. Rs.6.86 lakhs 4 per cent of contractual amount was paid in February 1987 before completion of footing of retaining wall, the design of which was approved only in March 1987. Rs.6.86 lakhs (4 per cent) was paid in February 1987 before earth work including disposal of surplus earth neatly dressed was completed. Rs.2.06 lakhs being 1.5 per cent to be paid on completion of balance work and handing over was paid before handing over. On the advance payments of Rs.17.50 lakhs made to the contractor irregularly MCD lost interest of Rs.2.18 lakhs which was the undue gain to the contractor.

(d) In the estimate made by MCD (January 1986), 86,276 cubic meters (Cu.ms) of earth for excavation and Rs.9.71 lakhs for dumping it at place 1 Km. away stood included. During actual execution of the work the quantity increased to 2,30,512 Cu.ms. MCD stated that the estimate was not based on actual ground levels. This caused the increase. Surplus earth was to be disposed off by the contractor. But, the area for dumping was not specified by MCD. The excavated earth was dumped near the work site and later removed to other areas.

The department incurred expenditure on transport of earth for its removal from original place of dumping. Nearly 1,48,544 Cu.ms of earth was transported as an additional item of work. The additional expenditure incurred on this by MCD was Rs.60.20 lakhs which included Rs.45.68 lakhs for transportation of 91,228 Cu.ms to Trans-Yamuna resettlement colonies (at the time of outbreak of cholera) and Rs.14.52 lakhs on transportation of 57,316 Cu.ms to M.B. Road, Khanpur, Mehruali Gurgaon Road and Aurobindo Marg. Had the disposal of surplus earth to various areas been planned and provided for in the contract the department would have saved Rs.16.71 lakhs on transportation of 1,48,544 Cu.ms surplus earth (on the basis of provision for Rs.9.71 lakhs for 86,276 Cu.ms).

MCD did not make available to Audit, log books of vehicles engaged on transportation of surplus earth. The correctness of quantities transported to various areas could not be checked in audit for want of log books.

(e) Scope of work awarded included construction of approach roads upto the length of 813.20 metres on one side and 300 metres on another side measured from the edge of the railway bridge.

Due to increase in the length of the railway bridge by 26.79 metres on one side the approach road was extended. MCD could have reduced the length of approach road by 26.79 metres and saved an expenditure of Rs.0.83 lakh. This was not done.

The matter was referred to the Ministry of Home Affairs, Delhi Administration and Municipal Corporation of Delhi in October 1991; their replies have not been received (December 1991).

3. Construction of Primary School Buildings

3.1 Introduction

The Municipal Corporation of Delhi (MCD) was running 1,655 primary schools as on 31st August, 1990 employing 17,699 teachers and imparting education at primary level to 6,56,420 students and at nursery level to 43,100 students in Delhi. Section 42(r) of the Delhi Municipal Corporation Act, 1957 requires the MCD to impart primary education to the children living within its limits. The MCD constructs school buildings in the colonies developed by Delhi Development Authority (DDA), and by Co-operative Housing Societies (CHS) as also in unauthorised colonies when they are regularised. In resettlement colonies and in jhuggi-jhopri clusters also MCD organises schools. The Education Department and the Engineering Department of the MCD are entrusted respectively with responsibilities for imparting education and constructing school buildings.

3.2 Organisation

The Education Department is headed by a Director and the Engineering Department by an Engineer-in-chief. Building works are executed by civil engineering divisions headed by Executive Engineers. The co-ordination with the Education Department is effected by an Executive Engineer in the Planning & Monitoring wing of the MCD.

3.3 Scope of Audit

The records relating to the construction of primary school buildings during the years 1988-89 to 1990-91 maintained in the Directorate of Primary Education and in the Civil Divisions of the Engineering Department were test checked in audit between June and September 1991. The points noticed in audit are given below:

3.4 Planning of School Buildings

(i) Failure to survey

In the Seventh Plan (1985-90) the construction of 2,400 class rooms, 200 boundary walls, 350 lavatory blocks and 2 mini stadia in the areas of MCD was provided for. In the Eighth Plan construction of 3,050 pucca class rooms and 4,000 prefab class rooms were envisaged. The basis on which these requirements were arrived at was not available on record. Records did not contain the requirement and the availability of class rooms with reference to the number of students on roll and anticipated new admissions during the plan periods. The number of prefab class rooms including those which had outlived their expected life of 15 years were not on record. The number of vacant school sites available for construction of school buildings and the number of sites where construction work was in progress, number of school sites where construction of boundary walls was necessary to avoid encroachment and details of disputed sites were also not available. The number of schools closed due to shortage of students and the manner of use of school buildings so vacated were not on record. Only copies of some notes and write-ups prepared at the time of projecting the demands to Delhi Administration were available in the MCD but without the above details.

No action was initiated to survey and collect, compile, process, monitor and analyse information from the Zonal offices of Education Department and draw up demand related plans for construction of school buildings and other related works.

(ii) Prefab versus pucca buildings

The MCD was running its 1655 primary schools in 1131 buildings and tents as detailed below:

Type of buildings	**Numbers**
Pucca buildings	347
Pucca-cum-prefab buildings	230
Prefab buildings	463
Rented buildings	59
Tents	32
Total	**1,131**

Above 60 per cent of the buildings consisted of prefabricated structures which have a short life. The estimated cost of construction of buildings including cost of sanitary and water supply installations, internal electric fitting, horticulture works etc. is given below:

Time of estimate	**Estimated cost of construction**		**Cost of pre-fab class room as per-centage of cost of pucca class room**
	one pucca classroom	**one prefab class room**	
	(Rupees in lakhs)		
July 1986	1.00	0.60	60%
August 1988	1.25	0.63	50%
January 1991	1.89	0.84	40%

The expected life and period of construction of the two types of buildings are given below:

	Expected life	period of construction
Pucca school building	99 years	9 to 30 months
Prefab school building	15 years	2 to 3 months

It was observed in audit that the MCD preferred construction of temporary prefabricated structures mainly due to lesser time for construction and lesser financial implication immediately, though in the long run the pucca buildings were more cost effective.

A survey of prefab school buildings constructed prior to 1973 was done by the Education Department in May 1988. The report revealed that about 149 prefab school buildings had been used for 20 years as against the expected life of 15 years. The records did not reveal action initiated by the MCD for replacement of life expired prefab school buildings.

A proposal for construction of 500 prefab class rooms at an estimated cost of Rs.441.48 lakhs sent by the Commissioner of the MCD in January, 1991 was rejected by the Delhi Administration in February 1991. However, the MCD had completed the construction of 116 prefab class rooms during the year 1990-91 incurring an expenditure of Rs.97.78 lakhs. Work on 188 class rooms at a cost of Rs.158.48 lakhs was also in progress. The Executive Engineer (Planning and Monitoring) stated in July 1991 that construction of prefab class rooms was done only on those sites where work was already awarded to contractors. The reply is untenable as the construction of prefab class rooms was not approved by Delhi Administration on the ground that it would approve only construction of permanent school buildings. No comparative economic analysis had been done by MCD keeping in view the requirement of students to be covered to decide in favour of cheaper prefab class rooms instead of the longer lasting pucca ones.

(iii) Shortage and excess of class rooms

Shortage of class rooms had been reported in 259 schools as detailed below:

Schools	Number
Where 1 class room was needed	18
Where 2 class rooms were needed	76
Where 3 class rooms were needed	34
Where 4 class rooms were needed	48
Where 5 class rooms were needed	83
Total	**259**

Thus shortage reported were indicative of lack of survey as aforesaid since the Education Department had not made a realistic projection of its requirement.

As reports on surplus class rooms were unlikely to be received from the schools a request was made by Audit to the Education Department to ascertain from schools the number of class rooms in excess of requirement but the information is still awaited (October 1991).

3.5 Building works

(i) Construction Targets and Achievements

The provision made in the Seventh Plan for construction of buildings and other structures was revised and the achievements against the revised targets are given below:

Year	Pucca class rooms		Prefab class rooms		Boundary walls		Lavator Blocks	
	Revised Targets	Achievements	Revised Targets	Achievements	Revised Targets	Achievements	Revised Targets	Achievements
1985-86	100	20	600	341	50	66	50	42
1986-87	100	38	600	700	40	16	100	34
1987-88	200	33	500	251	50	23	50	42
1988-89	250	206	400	241	50	11	136	36
1989-90	250	136	350	123	30	20	40	26
1990-91	750	143	650	116	35	36	60	10
Total	1,650	576	3,100	1,772	255	172	436	190
Shortfall		1,074		1,328		83		246
Percentage of Shortfall		65		43		33		56

It was stated by the MCD (August 1991) that the main reasons for the shortfall in achieving targets were increase in the cost of construction due to price rise and improvement in specification of buildings in some schools.

Details of increases in costs were, however, not analysed by the MCD to know where the plan provisions had been underestimated or the physical targets mismatched with the financial provisions.

The tendencies noticed are increase in unit cost and expending whole provision in budget or plan over lesser units than targetted for. Also absence of data at planning stage could result in partial coverage or the benefits being planned for a fraction of the population instead of the whole entitled to it. Further quantity of education, percentage attendance of students and teachers required ascertainment at planning stage to ensure expenditure on construction. In the absence of such relevant data value for money achieved by the expenditure on construction could not be ascertained in audit.

(ii) Higher cost due to re-tendering

(a) The lowest offer received against the tender floated for construction of pucca school building at Rajokari, in March 1988 was from contractor 'A'. He quoted 39.99 *per cent* above the estimated cost of Rs.9.71 lakhs. Department justified only 35.12 *per cent* above. After negotiations the rate was reduced to 34.50 per cent above the estimated cost i.e. at Rs.13.07 lakhs. Before the expiry of the extended validity of the tender on 30 April 1989 orders were not placed. Instead, tenders were re-called in September 1989. Contractor 'A' again quoted lowest and again negotiations were conducted (July 1990) and agreement reached at 58 *per cent* above the estimated cost i.e. at Rs.15.35 lakhs.

Had the MCD awarded the work to contractor 'A' earlier for Rs.13.07 lakhs as against Rs.15.35 lakhs at which work was finally given, the extra expenditure of Rs.2.28 lakhs could have been avoided.

(b) Five tenders were received for construction of pucca school building at Nathupura in February

1988 and the lowest was 39.39 *per cent* above the estimated cost of Rs.11.85 lakhs. After negotiations lowest tenderer reduced his rate to 37.90 *per cent* above. The department justified in April 1988 only 31.26 *per cent* above and tenders were again called for. Only one tender was received at 31.25 *per cent* above the estimated cost from a registered class I firm and his technical and financial position was found to be satisfactory. The Standing Committee of the MCD directed on 17th May, 1988 that tenders be again called as only one tender had been received.

Tenders were again called in July 1989 and work was awarded in March 1990 to a contractor at 48.89 *per cent* above the estimated cost. It had been mentioned earlier to the Standing Committee that higher rates were expected in case tenders were again called. By calling for tenders for a third time extra expenditure of Rs.1.30 lakhs was incurred besides delay in construction of the school building.

(c) For the construction of primary school building at Ram Nagar tenders were invited through newspapers in October 1988. Only one contractor quoted at 26 *per cent* above the estimated cost when MCD had justified 48.83 *per cent* above. The rate offered by the contractor was well within the justified cost and similar works were being accepted by MCD upto 34 *per cent* above. The contractor was in registered category and eligible to be awarded the work. The financial and past technical performance of the contractor was also found to be satisfactory. However, the Standing Committee, decided in May 1989 that tenders be again called for.

Accordingly, tenders were called in June 1989 and only one tender at 58 *per cent* above estimated cost was received. After negotiations with registered firms, one of them offered to work at 54 *per cent* above estimated cost and work was awarded to that firm in June 1990 at Rs.21.16 lakhs.

Failure of the MCD to implement the normal tender system resulted in extra expenditure of Rs.3.85 lakhs and delay of more than two years.

(d) Tenders were invited in February 1990 for the construction of pucca school building at Kapashera at an estimated cost of Rs.14.67 lakhs. The lowest tender at 33.70 *per cent* above estimated cost was accepted in September 1990 against MCD's justified rate of 36.71 *per cent* above.

The contractor failed to commence the work. A compensation of Rs.1.46 lakhs was demanded from him under clause 2 of the agreement after rescission of contract and forfeiture of earnest money of Rs.0.20 lakh. The contractor was also debarred (March 1991) from further tendering to the MCD for a period of three years.

Tenders were recalled in March 1991 for executing the work at the risk and cost of the earlier contractor and negotiations were conducted with the lowest tenderer in June 1991. But, though the tenderer reduced his quotation to 54.51 *per cent* above estimated cost, the MCD justified only 51.71 *per cent* above. The work required to be executed at the risk and cost of the original contractor has not so far been awarded to any contractor (October 1991).

(e) For construction of pucca school building at Magazine Road, Majnu Ka Tilla at an estimated cost of Rs.28.44 lakhs tenders were invited in March 1989. The lowest offer received was 45 per cent above the estimated cost while the department justified only 30.60 per cent above. After negotiations failed, tenders were again invited in July 1989. The lowest tender was again from the same contractor at 46 *per cent* above the estimated cost against the MCD's justified rate of

43.63 *per cent* above the estimated cost. In negotiations the lowest contractor reduced his rate to 43.43 percent above estimated cost and work was awarded to him in October 1989.

The departmental justification of 43.63 *per cent* above estimated cost was arrived at by the Planning Department after adding 3 *per cent* (Rs.0.85 lakhs) towards site difficulties. The school site at Majnu Ka Tilla is situated on the main Ring Road near I.S.B.T. and the material like Bricks, Jamuna Sand etc. can be brought on site without any difficulty and the so called justification seemed to include also an element of cosmetic after a negotiated settlement without the lowest tenderer was a leverage for negotiations with him, which could have been done without re-tendering and some extra cost saved. The practice of the MCD working out a justified increase above the estimated cost after the offers are received and reinvite tenders appeared to be subjective and not based on objective reasons; and it was adding to the cost of the works.

(iii) Avoidable expenditure

For soil investigation in five school sites at Hari Nagar Ashram, Madangir Phase II, Bhoomiheen camp Kalkaji, Sarai Kale Khan and Badarpur village tenders were invited in March 1991 and works awarded to the lowest tenderers in July 1991 at a cost of Rs.0.98 lakhs. The works were completed and payments were made in all cases by September 1991.

Soil testing facilities upto a depth of 10 meters were available in the Municipal Laboratory and the Executive Engineers had been directed to get the soil tested from the Municipal Laboratory instead of from outside agencies. However, the contractors to whom the work of soil investigation was awarded were not registered with the MCD in appropriate class and therefore were not entitled for award of the work.

Had the testing been done in MCD laboratory the expenditure of Rs.0.98 lakh could have been avoided.

(iv) Delays leading to cost escalation

(a) For construction of pucca school building at Kewal Park an estimate for Rs.60.14 lakhs was sanctioned in February 1988 and work was awarded to the lowest contractor in February 1989 at a cost of Rs.54.22 lakhs which was 27.75 *per cent* above the estimated cost. It was to be completed by March 1990. The completion was delayed. Designs and drawings were made available to the contractor only in August 1989 i.e. after a delay of over 5 months. There was also delay in making available cement and steel. As a result of delay the value of the work done upto March 1991 went up to Rs.71.44 lakhs.

(b) For construction of pucca school building at Kirari Suleman Nagar work was awarded in June 1989 to the lowest tenderer at Rs.12.80 lakhs i.e. 36.50 *per cent* above the estimated cost. But structural design and drawings of the school building were still awaited from the Planning Department (October 1991), and, as a result, escalation in cost was likely.

(c) For construction of 18 pucca class rooms at Moti Nagar (West) work was awarded to the lowest contractor in November 1990 for Rs.22.32 lakhs (24.40 per cent above the estimated cost). It was to be completed by December 1991 after demolition of 14 pre-fabricated class rooms. The Education Officer, West District, Delhi Administration in September 1991 directed the Head Master, Middle School, to vacate and shift the school to another pre-fabricated school building. But the prefab

building to be demolished was still to be vacated (October 1991).

Delay in making clear site available to the contractor after award of the work is likely to lead to escalation in cost.

In the meantime the department issued a notice in March 1991 to contractor for rescinding the contract with forfeiture of earnest money (Rs.20,000) and debarring the contractor from tendering for a period of three years. The contractor represented in March 1991 over the failure by the department to hand over the site and the notice was withdrawn in August 1991.

3.6 Infructuous Expenditure

Construction of primary school building at Model Town was awarded to the lowest tenderer in July 1987 at 68 *per cent* above the estimated cost at Rs.29.61 lakhs for completion by January 1989. The construction work was stopped consequent to a stay order received in August 1988 from a court which had been sought by a Residents Welfare Association on the ground that the site was meant for development of a lawn in the approved layout plan of the Model Town. After obtaining legal advice the user description of the land was changed by the Standing Committee of MCD from "open lawn" to a "primary school site" and the Court has been requested to vacate the stay orders and orders of the court are awaited (September 1991).

The MCD incurred an expenditure of Rs.7.02 lakhs upto April 1988 on a construction which has remained infructuous so far because of failure of MCD to verify the description of the selected site in its land records before the award of the work for construction of school building on it.

3.7 Non maintenance of Assets Register

Grantee institutions are required to maintain registers of permanent or semi-permanent assets acquired wholly or substantially out of Government grants and furnish a copy there of, annually, to the respective sanctioning authority.

It was observed that no such register was maintained by the MCD in respect of school buildings and other related assets constructed out of grant-in-aid received from Government of India/Delhi Administration.

3.8 Diversion of funds from plan to Non Plan works

The Local Self Government Department of Delhi Administration while sanctioning grants-in-aid to MCD for construction of school buildings have from time to time imposed a condition that no diversion of funds from one scheme to another be made without approval of Delhi Administration. Thus, Plan fund should not be utilised for non plan works like repairs or maintenance. It was, however, noticed that without approval of Delhi Administration Plan funds amounting Rs.10.67 lakhs were spent on works where non plan funds should have been used.

4. Execution of works in resettlement colonies

4.1 Plan

The Delhi Administration transferred 44 resettlement colonies in Delhi to the Municipal Corporation of Delhi from the Delhi Development Authority with effect from 1.6.1988.

The grants received by MCD from the Delhi Administration and the expenditure incurred by it on resettlement colonies during the last three years are given below:

(Rupees in crores)

Year	Grant received		Expenditure	
	Plan	Non-Plan	Plan	Non-Plan
1988-89	30.00	17.36	23.25	17.48
1989-90	30.00	19.00	30.31	18.97
1990-91	29.00	17.00	28.99	18.59
Total	**89.00**	**53.36**	**82.55**	**55.04**

MCD paid Rs.84 lakhs in 1989-90 and Rs.44 lakhs in 1990-91 to the Delhi Electric Supply Undertaking for providing street lighting and Rs.2.5 crores in 1988-89, Rs.12.65 crores in 1989-90 and Rs.8.52 crores in 1990-91 to the Delhi Water Supply and Sewage Disposal Undertaking for development works in resettlement colonies. No accounts for the amounts paid to DESU and DWS & SDU were received by MCD.

The services in the resettlement colonies at the time of transfer were inadequate and were to be augmented to bring them on par with services in other areas of the city. The financial requirement was estimated by MCD in October 1988 at Rs.211.23 crores and in March 1990 at Rs.308.24 crores as detailed below:

(Rupees in crores)

	October 1988	March 1990
General Wing		
Roads Community halls/Centres	11.08	16.17
Barat Ghars & TV rooms	2.30	3.35
Sulabh Sauchalayas	67.09	97.90
Horticulture	14.10	20.58
Conservancy/sanitation	25.00	36.49
DWS & SDU		
Storm Water Drains	13.03	19.01
Water Supply	10.30	19.01
Augmentation of Sewage and storm Water pumping Station	1.13	1.65
Sewage including out falls	52.20	76.17
DESU		
Electrification including street lighting	15.00	21.88
Total	**211.23**	**308.24**

The expenditure incurred on the above items of works was not available on record. MCD was requested to compile and furnish this information, but the same is still awaited (January 1992).

The targets given in the annual plan for 1990-91 vis-a-vis the achievements during the years 1988-89 to 1990-91 were clearly very ambitious.

Name of the work	**Targets as fixed for 1990-91**	**Achievement 1988-91**
1.Seats in Sulabh Sauchalayas (nos)	3410	6492
2.Improvements to seats in lavatory blocks (nos)	25143	14781
3.Metalling/premixing of roads (Kms)	144.09	260.54
4.Dense carpet (Kms)	98.89	74.16
5.Brick pavement (Kms)	273.88	95.60
6.Internal road(Kms)	13.25	Nil
7.Improvements to parks (nos)	707	Nil
8.Improvements to drains (Kms)	209.93	288.99
9.Barat Ghars (nos)	9	5
10.Deep hand pumps (nos)	81	317
11.Dalaos (nos)	18]	74
12.Dustbins (nos)	88]	

4.2 Sulabh Sauchalayas

(i) There were 27,219 seats in the existing community lavatory blocks. Because of lack of sewerage arrangements only septic tanks were provided in them. But most of the septic tanks were not functioning and served only as storage tanks.

The community lavatory blocks were planned to be replaced by sulabh sauchalayas. But a sum of Rs.66.21 lakhs was spent in 12 colonies during 1989-90 and 1990-91 on fixing glazed tiles in the existing lavatory blocks though they were proposed for replacement by sulabh sauchalayas. The expenditure of Rs.66.21 lakhs could have been avoided. The details of expenditure incurred on fixing glazed tiles in other 32 colonies were not made available to Audit.

(ii) An emergent situation arose in 1988 due to out break of cholera and gastro-enteritis. The work of construction of sulabh sauchalayas in 13 resettlement colonies in Shahdara Zone was awarded at 45.90 per cent above estimates (against 36.34 *per cent* justified) without calling for tenders and at a cost of Rs.253.60 lakhs to a contractor with past experience for completion by November 1988. The value of work was later revised (January 1989) to Rs.326.05 lakhs by inclusion of bathrooms also. Neither the details of the estimates nor Justification for the cost of contract was on record. The work was not completed within the stipulated period and therefore the main purpose of awarding the work at higher rates without calling for tenders was defeated resulting in an avoidable extra expenditure of Rs.31.17 lakhs.

The contractor was also paid a sum of Rs.36.22 lakhs (i.e.12.5 *per cent*) towards design, supervision and implementation charges though the design of all the sauchalayas was one and the same and payment could have been restricted to one sauchalayas design. The term implementation charges was neither defined nor its justification given. Since MCD deployed its staff for supervision payment of Rs.36.22 lakhs on this account to the contractor could have been avoided.

The work was completed in March 1989 against the stipulated completion by November 1988 and a penalty of Rs.32.60 lakhs (10 *per cent* of the value of the work) was leviable on the contractor. However, penalty was not levied.

(iii) Sauchalayas were constructed only in 36 of the 44 colonies taken over by MCD though it was decided (August 1988) to construct two additional blocks of sulabh sauchalayas of 80 seats in each of the 44 colonies by November 1988 to combat cholera/gastro-enteritis, at a total cost of Rs.12.65 crores.

4.3 Works were awarded without calling for tenders during the period from April 1989 to January 1991 as detailed below:

Sl. No.	**Name of the work**	**Value of the work (Rupees in lakhs)**
1.	Construction of sulabh sauchalayas in resettlement colonies in Shahdra Zone East Delhi	79.94
2.	Construction of 26 sulabh sauchalayas in resettlement colonies in Shahdara Zone trans -Yamuna Area.	275.73

3. Construction of sulabh complexes in resettlement colonies in Jhangir Puri B-3, H-2, J-3, and EE parks.	50.00
4. Construction of 3 Nos. sulabh sauchalayas complexes of 40 seats each in resettlement colonies in Mangolpuri.	33.00

The award of works without calling for tenders was against the prescribed procedures. No specific reasons for not calling tenders was on record.

Chapter - III

DELHI WATER SUPPLY AND SEWAGE DISPOSAL UNDERTAKING

5. Avoidable expenditure in providing water to un-authorised colonies and colonies regularised.

5.1 Introduction

Water supply to the residents of unauthorised colonies or colonies which have been regularised is provided by Delhi Water Supply and Sewage Disposal Undertaking (DWS & SDU). On installation of tube wells, deep bore hand pumps and supply of water through tanks the cost is met from grants-in-aid received from Government of India through the Delhi Administration. The cost of other works is met from loans received from Delhi Administration while 10 per cent of the estimated cost (revised to 25 per cent from December 1988) is realised from the beneficiaries.

Out of 553 regularised colonies, water supply was provided in 527 colonies upto 1990-91. Out of 486 unauthorised colonies not regularised, water supply was provided only in 64 colonies, till 1990-91.

5.2 Financial outlay

Details of grants received from Delhi Administration and expenditure incurred by DWS & SDU on execution of works for water supply to unauthorised/ regularised colonies during the years 1987-88 to 1989-90 are given below:

(Rupees in lakhs)

Year	Grants-in-aid received	Expenditure
1987-88	340	303.41
1988-89	280	224.08
1989-90	200	174.80

Similarly details of loans received and expenditure incurred on such works during the years 1987-88 to 1989-90 are as under:

(Rupees in lakhs)

Year	Loan received	Expenditure
1987-88	260.00	164.32
1988-89	450.00	306.15
1989-90	300.00	486.43

5.3 Execution of works financed from grants

(i) Extra expenditure on installation of tube wells

Due to shortage of water as a result of drought, DWS & SDU decided (in October 1987 and October 1988) to install 60 tube wells and award the work to Central Ground Water Board (CGWB) a Govt. of India Undertaking at Rs.1.01 lakhs per tube well (in 1987-88) and for Rs.0.82 lakh each (in 1988-89). Advance payment of Rs.20.15 lakhs was in October 1987 for 20 tube wells and Rs.24.58 lakhs in October 1988 for 30 tube wells. No agreement was concluded with the CGWB. No record was kept to indicate the dates of completion. During 1989-90 DWS & SDU awarded, after calling tenders, similar works (25 tube wells) to other contractors at a negotiated rate of Rs.0.74 lakh per tube well. Apparently, the rate allowed to CGWB during 1987-88 and 1988-89 was costlier and not justified. The extra expenditure incurred on installation of 50 tube wells by CGWB amounted to Rs.7.64 lakhs.

(ii) Drilling of bore holes in resettlement colonies in an emergency

Due to outbreak of cholera and gastroenteritis in parts of Delhi during 1988 it was decided to provide 500 deep bore hand pumps within 90 days from 30th July 1988. Rs.139 lakhs was sanctioned (August 1988) for drilling of 500 bore holes and purchasing connected hand pumps and pipes.

Tenders were invited through news papers between 31st July and 2nd August, 1988 for receipt by 5th August, 1988. 12 tenders were received. Rate offered by firm 'A' was lowest at 4.70 per cent below the estimated rate of Rs.12,519 per borehole. Justified cost as worked out by DWS & SDU was 5.45 per cent above the estimated rate. Since completion was to be done within 90 days, it was decided to distribute the work amongst the firms who responded to the tender. Negotiations were held and work was awarded to the following ten firms:

Name of the firm	No. of borewells	Total cost (Rupees in lakhs)	Percentage Above(+) Below(-) estimated cost
'A'	50	5.96	(-) 4.70
'B'	50	6.01	(-) 4.00
'C'	40	5.12	(+) 2.25
'D'	50	6.51	(+) 4.00
'E'	50	6.51	(+) 4.00
'F'	50	6.51	(+) 4.00

'G'	40	5.21	(+) 4.00
'H'	30	3.91	(+) 4.00
'I'	20	2.60	(+) 4.00
'J'	20	2.60	(+) 4.00
Total	**400**	**50.94**	

The firms who responded were well aware of the target date of completion and none of them had expressed their inability to complete drilling of bore wells within the stipulated period of 90 days. The award of work to firms other than the lowest firm, at higher rates, was not justified and resulted in an extra expenditure of Rs.3.22 lakhs. Reasons for awarding only 400 bore holes against 500 Nos. estimated as needed were not on record. The dates of completion, installation and supply of water to the beneficiaries was also not on record. Thus, the decision to distribute the work to all the tenderers could not be justified.

(iii) Purchase of pipes for installation of hand pumps in resettlement colonies

Rupees 139 lakhs was sanctioned (August 1988) for providing 500 deep bore hand pumps in resettlement colonies. Tenders for purchase of plain and slotted pipes were called (August 1988) and 11 tenders were received. Negotiated rates after evaluation of rebates worked out by DWS & SDU were as given below:

Name of the firm	**Rate per metre in rupees** Plain (17,500 MTRS)	Slotted (3,500 MTRS)
'P'	124.05	133.98
'Q'	119.71	155.68
'R'	118.75	154.75
'S'	116.00	158.90

Firm 'T' quoted Rs.121.97 per metre for plain and Rs.160 per metre for slotted but did not attend the negotiations. It's higher offer was rejected. Six other firms quoted higher rates and were not considered.

To avoid risk of dependence on one firm, orders for supply of both the pipes were placed on Firms 'P' 'Q' 'R' and 'S' in the ratio of 15:40:15:30 respectively at their negotiated rates for a total value of Rs.27.26 lakhs. Purchase of pipes at rates higher than the lowest, therefore, resulted in an extra expenditure of Rs.1.27 lakhs. Had the purchases of plain pipes been made from firm 'S' and slotted pipes from firm 'P', the extra expenditure of Rs.1.27 lakhs could have been avoided.

The reason advanced for purchase of both the pipes from a firm was that the pipe assembly consisted of plain and slotted pipes which were to be lowered into the deep bore and therefore threading of the pipes should match perfectly to avoid difficulty in connecting slotted pipes with plain pipes. This was, however, not on record nor was it mentioned in the Notice Inviting Tenders.

(iv) Drilling of deep bores in unauthorised colonies

It was decided in January 1989 to provide safe drinking water in unauthorised colonies in order to prevent outbreak of cholera and gastroenteritis as occurred in July 1988. Rs.175 lakhs was sanctioned in April 1989 for installation of 500 deep bore hand pumps and construction of 25 Tube Wells in the unauthorised colonies. Estimated cost of one bore in alluvial soil was Rs.12,770 and in rock it was Rs.28,000.

It was decided that contract would be given through negotiations. Eleven offers were received (though no tenders were called). Nine were from firms who had drilled bores in resettlement colonies during 1988. They offered the same rates. During negotiations (March 1989) the lowest 2 firms did not accept any reduction in their rates. Other firms reduced their rates by 4 per cent to 2 per cent above the estimated rate for boring holes in alluvial soil. No reduction was agreed to for boring holes in rocky terrain and the original offer of 3 firms was 17 per cent below the estimated rate. After negotiations it was decided that 470 bores in soft soil and 30 in rocky soil would be awarded to 11 firms as under:

Number of bore holes		**Amount (Rupees in lakhs)**
Alluvial	**Rocky**	
55		6.69
55		6.74
50	10	8.84
25		3.25
55		7.17
40		5.21
25		3.25
40		5.21
25		3.25
50	10	8.84
50	10	8.84
Total 470	**30**	**67.29**

The Commissioner was authorised (May 1989) to re-allocate or reduce or increase the quantum of work of any of the above firms in the interest of speedy execution without changing the total number of bore holes in each category. But, while awarding the work number of bore holes in alluvial soil was reduced from 470 to 405 and holes in rocky terrain increased from 30 to 95 with consequent increase in total cost by Rs.6.52 lakhs. In the re-allocation a twelfth firm which had not attended the negotiations was also awarded work of drilling 15 bore holes at a cost of Rs.3.49 lakhs.

The following irregularities were noticed in audit:

(i) Negotiations were held with firms who had earlier responded to short tender notice and executed similar work in 1988 during outbreak of cholera. The circumstances existing during 1988 were entirely different as the works were required to be executed on war-footing. The short tender notice floated in 1988 had received a very good response even though the period allowed for receipt of tenders was hardly a week. Similar circumstances did not prevail in 1989 to justify not calling of tenders or failing to float even short tender notice.

(ii) During awarding of works, the number of bore holes to be drilled in rocky terrain was increased from 30 to 95. No reasons were on record to justify the increase. The Commissioner was only authorised to increase or decrease the quantum of work depending on the performance of the firms. There was no record of performance.

(iii) Drilling of 15 bore holes in rocky terrain was awarded to a firm which had neither quoted a rate nor associated itself in the negotiations. The award of work to the firm was against the authorisation given to the Commissioner to go by performance of firms.

(v) Too many cases of purchase of Stores in small quantities

Purchase of galvanised iron pipes, joints, fire hydrants, poly-vinyle-cloride pipes and fittings required for water supply works were made at zonal and sub- division levels. But indents were to be sent to the Stores Division for bulk procurement which was to be done at competitive rates after calling for tenders. The value of each purchase at zonal and sub-divisional ranged upto Rs.50,000 and the total purchases made during the years 1987-88 to 1990-91 was Rs.6.82 crores as given below:

(Rupees in lakhs)

Year	Number of purchases	Amount
1987-88	246	47.63
1988-89	713	143.30
1989-90	1,154	263.60
1990-91	785	227.68
Total	**2,898**	**682.21 or 6.82 crores**

By allowing the consuming divisions to procure material in small quantities the department lost the scope of obtaining competitive rates through rate contract with firms after inviting quotations.

5.4 Execution of works financed from loans

(i) Irregular expenditure.

It was decided (November 1989) to provide civic amenities like drainage, roads, brick pavement etc. in the left out pockets and unauthorised colonies in Delhi existing as on 1st January, 1981. Delhi Administration was not to provide any funds to the local bodies for this purpose. They were to be generated by the local bodies by recovering development charges from the beneficiaries in the colonies @ Rs.15 per sqm. upto October 1990 and at Rs.20 per sqm. from November 1990.

A sum of Rs.124.15 lakhs was spent during the years 1988-89 to 1990-91 on water supply works as shown below by diversion of funds allotted for other purposes:

(Rupees in lakhs)

Name of the zone	**1988-89**	**1989-90**	**1990-91**
Shahdara (North)	17.70	23.58	18.31
Nangloi	-	26.18	18.88
West	-	-	2.51
Shahdara (south)	-	9.29	7.70
Total	**17.70**	**59.05**	**47.40**

DWS & SDU had not, however, recovered the development charges from the beneficiaries.

(ii) Failure to conduct prescribed checks

On the 'laying and jointing of pipes for supply of drinking water', cent per cent check of measurements recorded is required to be done, because checks cannot be conducted after they get hidden underground and repairs of leaks would be costly. Only 10 *per cent* test check by Executive Engineer and 50 *per cent* check by Assistant Engineer had been conducted.

(iii) Unauthorised payment of crane hire charges

For laying and jointing of peripheral water mains Rs.1.07 lakhs was paid to the contractors towards hire charges for crane engaged for lifting of cast iron pipes. The payment was not admissible as the contractors had to make their own arrangements for execution of the work.

(iv) Non-employment of Technical Agent

A contractor is required to employ a diploma holder engineer if the cost of the work exceeds Rs.2 lakhs and a graduate engineer if the cost of the work exceeds Rs.5 lakhs, failing which the contractor is liable for levy of charges at different rates depending on the value of the work.

In 17 cases where the cost of work exceeded Rs.2 lakhs each diploma holder engineers required to be employed by the contractor were not appointed. DWS & SDU had neither insisted on their appointment nor levied any charge for the failure.

(v) Non-submission of labour reports

Under the terms and conditions of the agreement, the contractor was required to maintain employment cards for the labour employed. They were to be submitted to the department fortnightly. Failure to submit the report rendered the contractor liable for payment of a sum not exceeding Rs.50 for each default or materially incorrect statement. The contractor had to provide security arrangements as per CPWD safety code and failure in this regard also makes him liable to pay a penalty of Rs.50 for each default.

Labour reports were, however, not submitted by the contractors giving number of labour employed, working hours, wages paid, accidents that occurred, number of female workers allowed maternity benefit and amounts paid. DWS & SDU did not levy any penalty as required under the agreement.

The above observations were reported to the Ministry in October 1991; their reply is awaited (January 1992).

Chapter - IV

DELHI ELECTRIC SUPPLY UNDERTAKING

6. Billing and collection of electricity charges

6.1 The Delhi Electric Supply Undertaking (DESU) has divided Delhi into 24 DESU districts and in each district an Assistant Finance Officer is in charge of billing and an Executive Engineer of technical matters. The number of consumers in all the districts is 15,15,300 out of which, 14,46,782 are domestic consumers. The billing was computerised 1988.

In August 1990 DESU changed over to the bimonthly billing system from monthly billing on account of expected reduction in collection cost.

6.2 Billing and Poor collection

Details of demand raised and collection of energy charges made by DESU during the years 1986-87 to 1990-91 are as under:

(Rupees in crores)

Year	1986-87	1987-88	1988-89	1989-90*	1990-91*
1. Revenue pending collection at the beginning.	201.28	239.38	298.49	418.91	533.19
2. Revenue assessed					
i) Domestic	68.26	79.64	101.91	106.18	114.76
ii) Non-Domestic	72.78	77.61	90.59	110.78	139.12
iii) Industrial & others.	174.14	191.50	248.45	288.75	354.53

3.	Total demand	516.46	588.13	739.44	924.62	1,141.60
4.	Revenue realised	277.08	289.64	320.53	391.43	525.37
5.	Revenue out-standing	239.38	298.49	418.91	533.19	616.23
6.	Percent-age of revenue outstanding to total demand.	46.35	50.75	56.65	57.66	54.00

* Provisional

It will be seen that the percentage of outstanding arrears to total demand for the year had increased from 46.3 per cent in 1986-87 to 54 per cent in 1990-91.

Year-wise details of actual realisation from each category of consumers (i.e domestic, non-domestic and others) was not on record. In the absence of the details, DESU was not aware of the arrears pending against each category for analysing cases.

what were the reasons for not keeping a record. 1

6.3 Delays in billing

According to the prescribed procedure, new connections must be given in 14 days of application and report of the connection made to Meter Superintendent on 1st and 15th of each month for issue of bills. The Meter Superintendent is allowed only 3 days to record the particulars in the meter book and send particulars to the computer agency for billing.

In Shalimar District it was observed that the

Assistant Engineer of the zone delayed sending the intimation of new connections to the Meter Superintendent in 2,146 cases by more than a year. In Janakpuri District also in 125 cases delay was more than a year. The delays resulted in delay in meter reading and billing for energy consumed.

(2) what were the reasons for delay

6.4 Disconnections

In Shakti Nagar district out of 74,023 domestic consumers (March 1990) 13,088 consumers had defaulted on payment of electricity bills amounting to Rs.39.61 crores upto 31st May, 1990. From 152 consumers amounts due ranged from Rs.30,000 to Rs.80 lakhs totalling Rs.33.94 crores. Rs.5.67 crores was due from 12,936 consumers as on 31st May, 1990.

(3) what steps taken for recovery of dues

In 1,077 of the 12,936 cases supply was stated to have been disconnected and orders were issued between July 1988 to July 1989 for removal of meters. But meters in all these cases continued to remain connected and were working despite removal orders having been made by DESU. The Assistant Finance Officer, Shakti Nagar District stated (October 1991) that in all the 1,077 cases reference had again been made to the Zonal Officer. A further review of the defaulting consumers indicated 7,487 cases with dues amounting to Rs.4.94 crores (September 1991). DESU had neither disconnected the supply nor effected any recovery from the defaulters even after more than 15 months. Interest lost on dues at 18 per cent per annum amounted to Rs.1.11 crores. The defaulters lists in Shakti Nagar district, were prepared at the instance of Audit. Such lists have not been prepared by DESU at its own initiative in other 23 districts so far (October 1991). DESU paid interest of Rs.22.85 crores for 1989-90 (actual) and Rs.27.85 crores for 1990-91 (RE) towards loans taken from Government, which would

(4) Mismanagement & gross delays what steps are taken to recover amts from the defaulters?

(5) lack of planning + management

come down if its Management of the marketing of electricity improves.

6.5 Locked premises and meters not read

In Najafgarh District in 173 locked premises 60 were cases of Locked Premises since 1987,52 were so observed from 1984 to 1988, 20 cases pertained to the period 1971-72 to 1984-85 and balance 41 to period 1984-85 to 1987-88.

On the failure to take action in such cases being pointed out in audit, in 35 cases for the period March 1983 to April 1991 bills were raised for Rs.79,541. Action to raise bills for energy consumed in other cases was still pending (November 1991). Position in the remaining 23 districts not audited has not been reviewed by DESU.

regarding review of 23 cases

6.6 Failure to finalise cases of theft of energy and install working meters

Direct tapping on power supply mains is a cognizable offence under Section 39 of the Indian Electricity Act. Theft of energy is to be reported to police by the officers with two or three photographs of the location as evidence of illegal drawal of energy. Under section 44 of the Indian Electricity (Amendment) Act, 1986 penalty for interference with meters is punishable with imprisonment or fine upto five thousand rupees or both.

In Najafgarh District meters were removed from the site or were disconnected and power supply was taken directly from overhead lines. In 138 such cases the district officers did not register offences against the defaulters.

In 12 such cases, after Audit pointed out bills amounting to Rs.15,185/- were raised. DESU suffered a loss of Rs.16.10 lakhs on the 138 cases at minimum load billable and on penalty leviable.

In six districts, on 8,769 cases of misuse of electricity, action was not taken to levy penalties.

(9) Present position

Name of Distt.		Cases awaiting final action	Period
Shankar Road		926	7/89 to 3/90
Jhilmil		380	1988 to 4/90
Nizamuddin		938	7/88 to 2/90
Shalimar Bagh	(a)	223	8/89 to 4/90
	(b)	2,255	upto 4/89
Shakti Nagar		1,061	4/89 to 4/90
Najafgarh	(a)	1,590	12/87 to 5/90
	(b)	1,396	upto 11/87
Total		**8,769**	

In six districts in 17,565 cases defective were meters reported by the Meter Readers or in Inspection during the years 1988-90. Action was still pending on changing meters as per details given below:

(10) Present Position

Name of Distt.	No. of pending cases on defective meters.	Period
Shankar Road	4,063	5/88 to 3/90
Jhilmil	4,673	2/89 to 1/90
Nizamuddin	1,097	4/88 to 5/90
Shalimar Bagh	3,630	9/88 to 5/90
Shakti Nagar	742	6/89 to 12/89
Janakpuri	3,360	22/7/88 to 2/90
Total	**17,565**	

7. Irregularities in procurement and utilisation of Stores-Cables and Joint Boxes

7.1 Cables and joint boxes constituted between 15 per cent and 18 per cent of the expenditure incurred on purchase of stores in DESU.

(Rupees in crores)

Year	Expenditure on stores including cables and joint boxes	Expenditure on cables and joint boxes
1988-89	174.29	26.73 (15.34%)
1989-90	238.81	39.63 (16.59%)
1990-91	301.19	53.68 (17.82%)

7.2 Avoidable extra payment

Tenders for supply of 2000 numbers of joint boxes were floated in February 1989. Seven firms responded as detailed below:

(Rate per piece in rupees)

Name of the firm	Epoxy & other type		Heat shrink type	
	Quoted	Computed*	Quoted	Computed*
A	-	-	911	1,001.88
B	-	-	3,000	3,472.00
C	1,250.00	1,250.00	2,505	2,505.00
D	770.00	770.00	1,030	1,030.00
E	701.68	858.71	Nil	Nil
F	606.85	606.85	Nil	Nil
G	703.00	703.00	Nil	Nil

* Computed rates are arrived at from the rates quoted by adjusting excise duty, sales tax etc. for purpose of comparison.

The requirement of joint boxes was raised to 2,500. In October 1989 orders for only 400 Epoxy type joint boxes at Rs.606.85 each were placed on firm 'F' on trial basis as its kit had not included two items. The decision involved an extra expenditure of Rs.1.92 lakhs on the orders placed on firms 'G' and 'D', in that orders for 2,000 Epoxy type joint boxes at Rs.703 each were placed on firm 'G' (1,200 Nos.) and firm 'D' (800 Nos.) after negotiations in October 1989 and June 1990 (additional quantities). No additional order was accepted by firm 'F' in June 1990.

375 Heat shrink type joint boxes on firm 'A' at Rs.911 each and 250 boxes on firm 'D' at Rs.1,001.88 each were ordered in October 1989 and June 1990. The tender did not give specification for either type of joint boxes and since both were acceptable, the reasons for ordering the costlier Heat shrink type joint boxes were not on record.

7.3 Excess procurement

4,674 metres of cables costing Rs.14.67 lakhs and 14 joint boxes costing Rs.0.51 lakh were issued for use but remained unused for periods ranging from one to four years. The requirement of material for purposes of procurement was also not properly assessed and stock available for use with the consuming units had also increased. As on April 1, 1991, 22 items of cable and joint boxes purchased before 1988-89 and valued at Rs.52.77 lakhs remained in stock. While joint boxes had remained in stock since 1980, the periods for which cables had remained in stock were not available on record.

7.4 Unused cables

Cables valuing Rs.1.54 lakhs purchased in July 1988 have not been put to use because they were received without DESU's monogram thereon (to discourage theft). But full payment was made though supplier did not fulfill the condition in purchase order in this respect.

7.5 Non-levy of penalty

On eight purchase orders, the firms failed to supply full quantities as per purchase orders placed during the period from February 1986 to July 1989. In terms of the conditions in the purchase orders, penalty leviable on the firms for the unexecuted portion of the orders amounted to Rs.2.71 lakhs, but it was not levied and no reasons were on record.

Part II

NEW DELHI MUNICIPAL COMMITTEE

Chapter V

8. Administration and Finance

8.1 A Municipality was established in 1926 to cater to the sanitary needs of large number of workers deployed in the construction of the new capital and came to be known as Imperial Delhi Municipal Committee. In 1927, it was named New Delhi Municipal Committee (NDMC) and was granted licence for distribution of electricity in the area.

NDMC is governed by the Punjab Municipal Act, 1911 as extended to Union Territory of Delhi and is a nominated body. It was superseded in February 1980 and an Administrator was appointed by the Central Government to exercise the powers of NDMC.

The Administrator is assisted by a Secretary, a Financial Adviser, Chief Engineers (Civil and Electrical), Director (Estate, Tax, and Horticulture) and Medical officers (Health) and various other officers.

The main functions of this NDMC are to provide civic amenities, supply water and electrical energy, providing street lighting, make sanitary arrangement and attend to public health, primary education, Children parks, gardens and roads. NDMC also provides some special amenities like swimming pools, stadia, Palika clubs and hostels, working girls hostels, youth centres, community centres and barat ghar.

8.2 Financial position

The receipts and expenditure of NDMC during the year (1990-91) and previous three years are given below:

(Rupees in crores)

		1987-88	1988-89	1989-90	1990-91
1.	**Non-plan**				
(i)	Receipts				
	Revenue	91.40	110.81	126.73	147.29
	Grants	1.81	2.03	2.80	4.75
	Loans	0.32	0.32	0.35	-
	Total	**93.53**	**113.16**	**129.88**	**152.04**
(ii)	Expenditure	90.45	109.24	133.89	152.96
(iii)	Balance	3.08	3.92	(-)4.01	(-)0.92
2.	**Plan**				
(iv)	Receipts				
	Grants	16.00	12.90	14.81	17.31
	Loans	14.06	17.62	13.48	11.07
	Total	**30.06**	**30.52**	**28.29**	**28.38**
(v)	Expenditure	31.20	34.42	24.17	27.23
(vi)	Balance	(-) 1.14	(-) 3.90	4.12	1.15
3.	**Percentage of Grants to Expenditure**				
(vii)	Non-Plan	2.00	1.86	2.09	3.10
(viii)	Plan	51.28	37.48	61.27	63.57

4. Surplus/Deficit				
(ix) Total Receipt Plan and Non-Plan	123.59	143.68	158.17	180.42
(x) Total Expenditure Plan & Non Plan	121.65	143.66	158.05	180.19
(xi) Surplus	1.94	0.02	0.11	0.23
5. Grants				
(xii) Total Grants Received	17.81	14.93	17.61	22.06
(xiii) Component of Grants Received from Delhi Admn. in Total Grants Receipt	7.53	15.70	16.71	21.93
6. Loans				
(xiv) Total Loans Received*	14.38	17.94	13.83	11.51
(xv) Component of Loans Received from Delhi Admn. in Total Loans Receipt	10.76	18.76	13.72	11.07

* Figures are from March Final Accounts of NDMC. Figure for 1988-89 at Rs.17.94 crores needs to be reconciled with figures taken as per accounts of Delhi Administration at Rs.18.76 crores. The figures of grants and loans as per NDMC accounts

need to fully reflect figures as per accounts of Delhi Administration. NDMC needs to take action accordingly.

The NDMC is not self financing itself and was subsidised to the extent of 3.10 *per cent* on non-plan and 63.57 *per cent* on plan expenditure, in 1990-91. Grantee institutions are required to maintain Registers of Assets acquired wholly or substantially out of Government grants and furnish a copy there of annually to the respective sanctioning authority. Therefore, there is a need for maintaining progressive capital expenditure from year to year for each scheme/project and linking it up with register of Assets so that the assets position stands correctly recorded at all times.

8.3 Accounts

The New Delhi Municipal Committee maintains its accounts in accordance with the Punjab Municipal Account Code, 1930 extended to Delhi. The Code provides that at the end of a year, the annual account after signed by the Secretary is to be laid before the NDMC for approval. After approval a copy is sent to the Delhi Administration by August each year.

The Chief Accounts Officer stated (November 1991), that the account for 1990-91 was approved by the NDMC. But it is still to be submitted to the Delhi Administration (November 1991).

8.4 Audit by Examiner, Local Fund Accounts

The Examiner, Local Fund Accounts, Delhi Administration audits the accounts of NDMC under the Punjab Municipal Act. The Examiner has audited the accounts upto 1985-86, and submitted the reports to the Delhi Administration.

8.5 Internal Audit

Out of 219 units required to be centrally audited during the years 1990-94, the Internal Audit Wing audited 30 units during 1990-91 and 53 units during 1989-90.

9. Augmentation of Sewerage System in NDMC area

9.1 The NDMC is responsible for providing and maintaining the sewerage system over an area of 42.74 sq.kms. The disposal of sewage in 1,400 Sq.kms of the Union Territory of Delhi covering areas of Municipal Corporation of Delhi and NDMC is done by the Delhi Water Supply and Sewage Disposal Undertaking (DWS & SDU). The sewerage system in the area of NDMC is over 50 years old. The population in that area increased from 70,000 in 1931 to 2.73 lakhs in 1981. It is projected at 4.83 lakhs by the turn of the century.

9.2 Survey of sewerage system and design for future.

The DWS & SDU charges the NDMC for the bulk disposal of sewage generated in its area. Some of the main sewerage trunk lines of MCD also pass through the NDMC area. The DWS & SDU entrusted to a consultant the work of studying the existing sewerage system in Delhi and preparing a master plan covering upto the year 2001. The NDMC also decided to get a system design from the same consultant after 'Study of Sewerage System' over its area of 42.74 sq.kms. The NDMC incurred an expenditure of Rs.9.93 lakhs till September 1991 on survey and preparation of a project report. It paid Rs.2.20 lakhs to the aforesaid consultant for design covering upto 2001 and Rs.7.73 lakhs to another consultant for survey in the NDMC area. The Survey Report from the second consultant was received in August 1990. The report from the first consultant on the future sewerage system has still not been received. He was paid Rs.55,000 in March 1989 and another instalment of Rs.55,000 in March 1990. The Department stated (December 1991) that the first instalment fell due in March 1989 when the first field data report was handed over to them. But the survey report from the second consultant was received only in August 1990 and the value of field data report received in March 1989 is not very clear. The payments for designing system by NDMC need to be looked into and integrated into plans for execution which are going on as indicated below.

9.3 Sewerage works

(i) Project not formulated under any plan

(a) An estimate for Rs.23.65 lakhs for work of augmentation of sewer lines in Aliganj and Jorbagh areas of NDMC was prepared in October 1986 without awaiting report from the consultant and in order to avoid lapse of funds for Rs.50 lakhs available in the year 1986-87. Included in the estimate was an amount of Rs.4.06 lakhs (later revised to Rs.6.55 lakhs) for the work in Jorbagh. Tenders were invited in December 1988 and work was awarded in March 1989 for completion by September 1989. Though the estimate was sanctioned during 1986-87 the department failed to utilise the funds till 1989-90.

(b) An estimate for Rs.17.76 lakhs was projected for "Augmentation of Sewerage system in North Avenue". The work was awarded to the lowest tenderer in November 1990 at 82.92 per cent above the estimated cost and 20.01 per cent below the cost justified by NDMC. The work was to be completed by August 1991. Physical progress achieved by September 1991 was only 17 per cent. The NDMC was considering rescinding of the contract (October 1991).

The capability of the lowest tenderer was not verified before award of the work even though the bid was for an amount lower than what was justified. The Department stated (December 1991) that the contractor himself was a graduate engineer and technically competent to undertake this work and due to increase in the rates of stoneware pipes the work could not be completed. The reply is not tenable as knowledge of costs and profits is as important in registering contractors as technical competence.

(c) The work of "Remodelling of trunk sewer lines along the Bishop Marg" was allotted in August 1987 to a contractor for completion by November 1988. In the execution of the work 830 metres of RCC pipe valued at Rs.12.04 lakhs was laid by the contractor. Test by the National Test House on the mild steel used in RCC pipes showed that elongation was only 11 per cent as against the minimum of 23 per cent as per ISI standards. No reasons were on record as to how the NDMC allowed the use of the substandard material by the contractor.

The Department stated (December 1991) that 6 mm dia wire was used for spiral re-inforcement and it was inadvertently mentioned by Central Vigilance Commission (CTE's organisation) as of mild steel. The reply is not tenable as clear technical test report on tensile strength of pipe has not been given to say that it compares to specification.

The reply of the Department is not corroborated by any document from CTE's organisation and hence untenable.

(ii) Irregular secured advances

Secured advances amounting to Rs.24.59 lakhs were paid during the period from March 1987 to October 1990 to various contractors engaged on execution of sewerage works. But the value of the material brought to site as security for the advances was not on record, contrary to the provisions of the CPWD Manual. The Department stated (December 1991) that advances paid were least of justification rates/prevailing market rates/agreement rates.

It was not clear to Audit as to how the rates were compared in the absence of market invoices and their values determined.

(iii) Short recovery of hire charges

For a work laying of sewer line, the contractor was issued corrugated galvanized iron sheets on hire. The hire charges worked out to Rs.6,837.18 but only Rs.2,566.20 was recovered from the contractor. Reasons for short recovery were not kept on record. The work was completed in October 1987.

The Department stated (December 1991) that all the sheets arranged were not issued. The reply of the Department is not tenable as the recovery statement was prepared and approved by the Executive Engineer/Chief Engineer in July 1988, about ten months after the completion of the work in October 1987.

The matter was reported to the NDMC and Ministry of Home Affairs in November 1991.

10. Fictitious entries in accounts

In the Stores accounts of Central Stores Division of NDMC supplying material to executing divisions against indents received, following entries were noticed during audit.

Large quantities of cement are shown in the accounts as issued at the very end of the financial year and especially on 31st March against many indents raised at the fag end of March. 6,049 tonnes of cement valued at Rs.78.21 lakhs were so shown as issued on 31st March of last three years to 63 works. But in 39 cases 4,445.40 tonnes were taken back on stock of the Stores Division between 7 to 114 days after 31st March as per entries in the Stores accounts.

In one case the proposal to execute the work was turned down. Still 1,000 bags of cement were indented and issued on 31.3.1988. In four cases work was commenced 35 to 162 days after date of issue of cement as per accounts. Two works were commenced before the issue of cement by Stores Division, out of which in one case cement was not delivered even after it was shown as issued. In the other case only part delivery was made.

Also in another 24 cases cement shown as issued in accounts was partly lifted. The unlifted balance was 870.10 tonnes valuing Rs.11.37 lakhs which was taken as receipt by Stores Division, on its own, after a gap of 12 to 135 days after the date of issue.

Indents for cement are to be raised for immediate use only. This fact and the fact of having to show higher expenditure on works before the end of the year would point to fictitious accounts entries being resorted to in accounts, without any physical movement of cement for many days or months after the accounts entries are made.

Fixation of responsibility alongside power to control availability of funds to Stores Division and automatic lapsing of funds which are not used (out of the *prorata* budget for each of the months of the year) and insisting on monthly accounts being sent within 30 days to Financial Advisor/Controller are clearly indicated.

11. Excess consumption of bituminous mix

Works for strengthening and resurfacing of roads were taken up in NDMC area during the years 1986-90 requiring laying of 25 mm and 40 mm thick layers of bituminous mix. According to a formula worked out in July 1988 by the Central Road Research Institute, New Delhi, bituminous mix required for laying of 25 mm and 40 mm thick layers on the roads in works taken by NDMC was 20,643 tonnes. But 27,581 tonnes of mix was used. The excess consumption of 6,938 tonnes of mix cost Rs.27.57 lakhs was avoidable.

NDMC stated (October 1990) that during execution initial and final levels of the roads were measured to ascertain the quantities of mix used. Between preparation of estimates and actual execution of works certain settlement occurred causing additional requirement of mix. Slopes and cambers of the existing surface also resulted in the excess use of mix. The reply is general and does not indicate the extent of such deviation from norms to justify excess of 25% over run.

The matter was referred to the Ministry in November 1991, their reply has not been received (January 1992).

12. Unissued Stores

In a Store Division of New Delhi Municipal Committee (NDMC), 31 High Tension and 8 Low Tension Panels purchased at a cost of Rs.45.93 lakhs were lying unissued for over 4 years. These were to be used in 11 KV Electrical sub stations of NDMC. Of the above, 7 L.T. Panels costing Rs.2.34 lakhs purchased in January 1987 proved non-compatible with other makes and hence could not be used. one HT Panel purchased at a cost of Rs.65,000 prior to 1986 had also not been used. Reasons for non-use were not on record. The loss of interest on the funds locked up was Rs.31.21 lakhs computed at the rate of 18 per cent per annum.

SSRao

New Delhi
The 8 APR 1992

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Countersigned

New Delhi
The 8 APR 1992

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