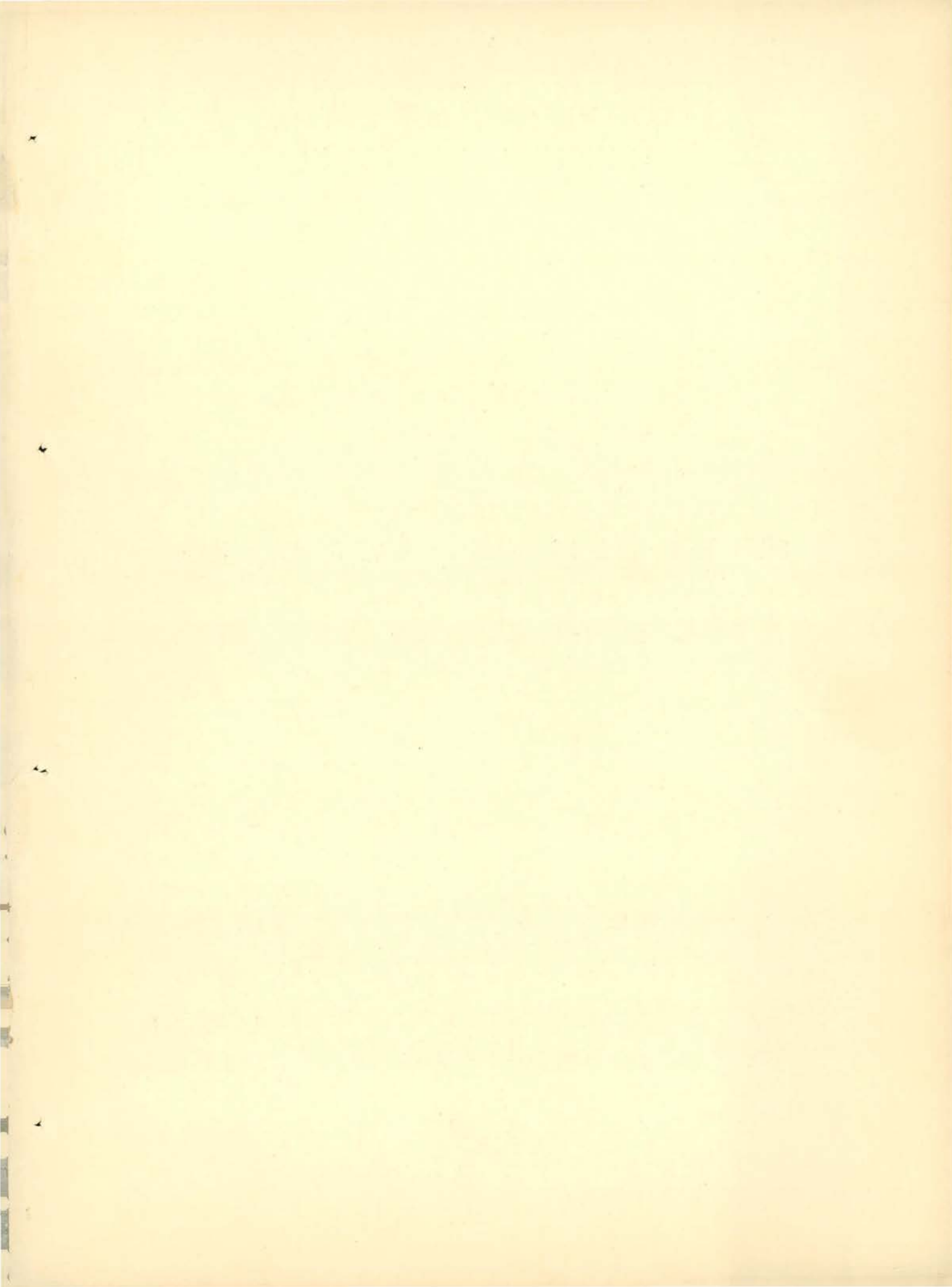




**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

**FOR THE YEAR ENDED 31 MARCH 1989
No. 3 of 1990**

**UNION GOVERNMENT
(DELHI ADMINISTRATION)**



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PREFATORY REMARKS

This Report for the year ended 31 March 1989 has been prepared for submission to the President under Article 151 of the Constitution. It relates mainly to matters arising from test audit of the financial transactions of the Civil and Revenue Departments of the Union Territory of Delhi Administration.

2. This Report includes among others, reviews/paragraphs on Rural landless Employment Guarantee Programme, Rescue Homes, Sahitya Kala Parishad, Hindi, Punjabi and Urdu Academies, Land Acquisition, Allotment of residential and office accommodation and renting of shops and sites, construction activities etc of the Delhi Administration and the Delhi Development Authority, working of Internal Audit Cell of the Sales Tax Department, non-furnishing of sureties, non-accountal of unused statutory forms, delay in finalisation of assessments, ex-parte finalisation of cases, loss of revenue due to suppression of sales, interpolations and declarations, non-levy of penalties and interest and non-execution of liquor bonds.

3. The cases mentioned in this Report are among those which came to notice in the course of test audit during the year 1988-89 as well as those which had come to notice in earlier years but could not be dealt with in the previous Reports. Matters relating to the period subsequent to 1988-89 have also been included, wherever considered necessary.

OVERVIEW

The Audit Report for the year ended 31 March 1989 contains 46 paragraphs including seven reviews. The points highlighted in the Report are given below :

of women, no employment was provided to landless women workers during 1984-85; employment provided to them constituted up to 4.6 per cent only during 1985-86 to 1987-88.

I Financial Aspects

During 1988-89, the total receipts and expenditure of Delhi Administration were Rs. 809.82 crores and Rs. 1212.15 crores respectively. Tax Revenue exceeded the estimated receipts of Rs. 695.80 crores by 14 per cent. There were substantial savings in expenditure particularly on capital heads to the tune of Rs. 112.15 crores against the budget estimates of Rs. 297.95 crores. Utilisation of funds was not to the optimum on developmental, social and community services.

The reliability of figures of reported generation of employment could not be vouched; the figures reported for 1987-88 were inflated by about 82 per cent, when reckoned with reference to the total expenditure on wages and the rate of minimum wage prescribed in Delhi.

Payments made to the workers through muster rolls and certificates recorded there on were undated. Timely payment of wages to workers could not be verified in Audit as the accounts in respect of advances drawn for payment of wages were rendered by officers after several months.

II Rural Landless Employment Guarantee Programme

An expenditure of Rs. 85.88 lakhs was incurred by Delhi Administration during 1984-85 to 1988-89 out of Rs. 101.81 lakhs released by the Ministry of Agriculture.

Veracity of reported plantation and percentage of survival between 67 and 85 per cent of the 4.28 lakh plants during 1985-86 to 1988-89 could not be checked in Audit as neither any census of plants was ever conducted nor were any records in this regard maintained.

Inventory of durable assets created under the programme was not kept.

(Paragraph 2)

Although the main objective of the programme was to provide guaranteed employment up to 100 days in a year to at least one member of every rural landless labour household, identification of rural landless household labourers needing employment was not carried out. Casual labourers, including those from urban areas, were stated to have been engaged, generally, on the recommendations of the Pradhan, Chairman-Block Development Samiti etc. Though the programme envisaged preference for employment

III. Construction of low cost water pour flush latrines in rural areas

Against a target of 9,550 low cost water pour flush latrines, in rural areas, for economically weaker sections of Scheduled Castes and those of general category, during 1986-87 to 1988-89, 7,128

latrines were actually constructed by the Development Department, for weaker sections of Scheduled Castes at a cost of Rs. 149.85 lakhs. However, construction of latrines for the economically weaker sections of general category, involving their financial participation, was not taken up at all. Forty nine per cent of the 6,901 latrines constructed till July 1988 were found to have been either dismantled/abandoned or were not in use. Expenditure of Rs. 67.87 lakhs on their construction was thus rendered infructuous. The objective of improving rural sanitation remained largely unfulfilled.

(Paragraph 3)

IV Rescue Homes

There was no evaluation of the work of the Directorate of Social Welfare in providing care, protection and rehabilitation services to the weaker and neglected sections, of the society. Inspections of the Homes by higher officials of the Directorate were not effective; nor was there any involvement of voluntary agencies/organisation for proper evaluation of the rehabilitation measures.

Free boarding, lodging and medical facilities as also educational and vocational training were to be provided to the inmates of the various Homes administered by the Directorate.

Norms of dietary articles to be issued to the inmates of various Homes were framed without consulting any dietician. Same diet was issued to different categories of inmates regardless of specific requirements due to age factor, sickness etc. Children below two years of age in Rehabilitation Centre were not provided with increased quantity of milk as required under the scheme.

There was no system of proper screening of persons before admission to the Rehabilitation Centre for leprosy set up in 1981 nor were any rules framed for regulating admission to the centre. Only 286 residential units were available in March 1989 to accommodate 1,525 leprosy affected persons.

Out of 120 ration cards entitling them to draw free ration etc. test checked in Audit, in 40 the names of card holders did not tally with those in the register of inmates.

Ration and other items valued at Rs. 177 lakhs were shown to have been issued to inmates during 1985-89 without indicating the names of beneficiaries and ration card numbers. Hence reported issue of ration articles to the intended beneficiaries could not be vouched in Audit.

Vegetables, costing Rs. 9.45 lakhs, were shown to have been issued to the inmates during 1986-87 and 1988-89 though the probable expenditure on vegetables according to norms was only Rs. 2.42 lakhs thus resulting in an unauthorised expenditure of Rs. 7.03 lakhs.

During June 1988 to February 1989 expenditure on purchase of garlic, adrak and fruits alone was shown as Rs. 5.25 lakhs constituting 78 per cent of the total expenditure on vegetables.

Milk and sugar valued Rs. 7.36 lakhs were issued in excess of the prescribed/recommended quantities to the inmates of Homes for leprosy and TB affected persons.

1,455 pairs of canvas shoes (size 6 to 10) worth Rs. 1.45 lakhs were shown to have been issued among 1525 leprosy affected persons who included 210 invalid persons and 404 children of whom 92 were

below two years of age.

None of the inmates was economically rehabilitated during the last five years though training in different crafts was imparted to 224 inmates.

Flit and baygon spray costing Rs. 1.54 lakhs were shown to have been purchased and issued individually to leprosy affected persons during 1985-89. Insecticides etc. worth Rs. 6.91 lakhs were shown to have been issued individually to the inmates of 'After Care Home', Madipur, during 1987-89 instead of issuing them to the sweepers.

Home meant for children arrested under the Bombay Prevention of Begging Act 1959, as extended to Delhi, had not been housing any such children under the Act. Instead neglected children were being accommodated in the Home.

Medical officer-cum-Superintendent of the Home for healthy children of leprosy patients, appointed in 1987, did not possess any medical qualification. Medical examination of children returning to the Home from vacation after living with their leprosy affected parents had not been carried out to ensure that they were not affected by the disease.

Medical Care Unit with 20 beds, established in four centres to provide round the clock medical care to the inmates of various homes had actually been working from 10 A.M. to 5.30 P.M.

(Paragraph 4)

V Sahitya Kala Parishad

After establishment of language academies in 1981, the functions of the Parishad are limited to

promotion of art and culture. During 1985-89, the Parishad received Rs. 218.93 lakhs as grants and spent Rs. 187.25 lakhs. Expenditure on establishment ranged from 44 to 50 per cent of the expenditure on programmes.

In 1987, the Parishad spent Rs. 5.13 lakhs on provisions of facilities for a light and Sound Show organised by a voluntary organisation which involved unwarranted payment of Rs. 0.89 lakh to artists. Materials worth Rs. 1.80 lakhs provided for setting up of stage were not taken back. Out of an advance paid to the voluntary agency, an amount of Rs. 29,000 remained to be accounted for.

The Parishad purchased books and furniture for Rs. 2.77 lakhs during 1986-89 for a library for which neither sufficient accommodation nor a post of librarian was available.

Paintings worth Rs. 2.62 lakhs purchased by the Parishad from various artists upto March 1987 had been stored in a cabin without being displayed.

The Parishad spent Rs. 2.48 lakhs for preparing a school contingent for Republic Day Parade in 1988. Although the number of participating children was only 360, the costume designer was paid for 600 costumes thereby making an overpayment of Rs. 0.55 lakh.

A van acquired at a total cost of Rs. 4.49 lakhs had not been put to any use.

(Paragraph 6)

VI Hindi, Punjabi and Urdu Academies

The Hindi, Punjabi and Urdu academies were set up in 1981 with the primary objective of assisting production of creative literature,

giving recognition and aid to deserving persons and institutions, publishing books and promoting and teaching of the respective languages in furtherance of the composite lingual culture of Delhi.

Each academy consists of 10 to 20 members most of whom were officers of the Delhi Administration, Central Government or local bodies in Delhi nominated by the Lt. Governor.

The Punjabi Academy incurred Rs. 102.88 lakhs on engagement of 1,207 part-time teachers during 1985-89 and the Urdu Academy Rs. 7.73 lakhs on 256 teachers during 1984-88, without any predetermined criteria for selection of schools or teachers; nor was any curriculum prescribed. Urdu Academy teachers were teaching subjects other than Urdu as well.

A sum of Rs. 113 lakhs was released to the Punjabi Academy in March 1987 for opening 300 composite libraries with books in Hindi, Punjabi and Urdu against which only 35 libraries and three reading rooms were established till May 1989, incurring an expenditure of Rs. 53 lakhs.

Notwithstanding that the academies are fully funded by the Delhi Administration, they were asked to pay Rs. 4 lakhs each for a project to bring out the History of Freedom Movement in the three languages for the use of children. The cheques issued by the academies were drawn in favour of the Director of Education and kept outside the Government accounts. The proposal to bring out the book in Punjabi and Urdu remained unimplemented and publications were brought out only in English and Hindi. Although, initially a prize money of only Rs. 1 lakh was contemplated for the best manuscript, 26 prizes totalling Rs.

6.50 lakhs including separate prizes in English and Hindi were given. A sum of Rs. 4.63 lakhs had been paid for evaluation of manuscript and Rs. 1.50 lakhs to the judges in selecting the award winners.

The Punjabi Academy incurred an expenditure of Rs. 2.40 lakhs without approval of the governing council on holding receptions to delegates of international seminars like Non-aligned meet, Afro Asian summit etc. Similarly Urdu Academy incurred Rs. 5.89 lakhs on receptions/dinners at the residence of dignitaries on religious occasions-activities not concerned with the development of languages.

A substantial number of copies of publications brought out by the academies remained unsold. Against 23,250 copies of 37 publications brought out by the Punjabi Academy, not even one copy had been sold. Urdu Academy printed 35,361 copies of 34 publications for Rs. 9.03 lakhs. Out of these 18,226 copies valued at Rs. 6.04 lakhs had remained unsold. Hindi Academy had spent Rs. 5.69 lakhs on publications and had not priced them; account of stock and distribution were not kept.

Hindi Academy gave financial assistance of Rs. 4.15 lakhs to 79 authors and two institutions. The recipients were to give books equal to the value of assistance after the books were printed. Till October 1989 books worth Rs. 2.05 lakhs were to be received from such assisted authors.

Contrary to its charter the Hindi Academy gave financial assistance of Rs. 3 lakhs to a society for construction of a building.

Punjabi Academy hired private

studios and incurred Rs. 3.41 lakhs during 1987-89 as hiring charges, as its own studio could not be made functional though audio recording equipment worth Rs. 2.53 lakhs had been procured in July 1986 for its own studio.

(Paragraph 7)

VII Land Acquisition

Land measuring 27,034.96 acres was acquired at a cost of Rs. 253.31 crores during 1982-83 to 1988-89 under the Land Acquisition Act 1894.

Notification under section 6 to the effect that land was needed for a public purpose was to be issued after two years/one year of the issue of preliminary notification under section 4. Awards were to be announced within two years of the issue of notification under section 6. However delays ranging from 4 to 19 years in the issue of notification and 7 to 25 years for announcing awards were noticed.

Delay in the issue of notification and announcement of awards in 60 cases test checked indicated extra payment of Rs. 969.65 lakhs on account of interest, increased solatium and additional amount to the interested persons. Further, due to non issue of the prescribed notice under Section 12(2) of the Act, in one case, interested persons who filed reference after a lapse of 19 years in January 1985 had to be paid Rs. 43.24 lakhs on account of interest, solatium etc.

Non-remittance of the amount of enhanced compensation to the Court of Additional District Judge even after the receipt of notice from the Court resulted in the attachment of Rs. 11,752.74 lakhs from the cash balance of the department with the bank by the

Court in 264 cases upto March 1989. In 16 cases the Court ordered attachment of Rs. 455.28 lakhs on the basis of claims preferred by the interested persons against the payment of compensation of Rs. 278.88 lakhs worked out by the department in accordance with the decision of the Court. This led to excess attachment of Rs. 216.80 lakhs including Rs. 40.40 lakhs in eight cases in which the payment had already been made.

Action on 1,064 applications received by the Land Acquisition Collectors during 1984-85 to 1988-89 for redetermination of compensation payable to them on the basis of amount of compensation awarded by the Court in other cases was not taken till June 1989. Interest liability on these cases was being accumulated.

Failure to file appeal in the High Court by the department within the prescribed period led to dismissal of appeal in 10 cases.

A number of important registers had either not been maintained or were not properly posted.

(Paragraph 9)

VIII Allotment of residential accommodation and renting of shops and sites

Against the demand of 2,064 quarters, only 503 quarters were available for allotment as on 31 March 1989. Against the target of construction/purchase of 2,000 quarters, at an outlay of Rs. 1,830 lakhs, during the Seventh Five Years Plan (1985-90), 416 quarters were constructed/purchased during four years ended 31 March 1989.

While on the one hand, there was a long waiting list for residential accommodation, on the

other, there were delays ranging up to 26 months in the allotment of 176 newly built/purchased quarters reportedly due to lack of basic amenities like market, conveyance, school etc. Delay ranging from 2 to 15 months in the re-allotment of 211 quarters was stated to be due to administrative reasons.

As many as 64 quarters were lying vacant from the date of their construction, one from March 1983, 19 from April 1986 and 44 from March 1987. The resultant amount of loss was Rs. 21.20 lakhs by way of rental and avoidable payment of house rent allowance.

Control mechanisms available with the department were inadequate for taking timely action for eviction of persons ceasing to be eligible for Government accommodation. Consequently a number of quarters had remained under unauthorised occupation resulting in denial of accommodation to eligible employees. Further, there was no effective watch on regular recovery of rent. As on 31 March 1989, an amount of Rs. 11.32 lakhs was outstanding in 68 cases test checked which included Rs. 9.75 lakhs recoverable from 58 Government servants who had already retired, died or were transferred.

A sum of Rs. 2.06 lakhs was recoverable from an ex-Chairman and two ex-Executive Councillors of Metropolitan Council who had ceased to be in office during the last 9 to 14 years.

The ground rent of Rs. 34.94 lakhs due for the period from October 1986 to January 1990 had not been recovered from three oil companies.

(Paragraph 10)

IX Rural house-sites-cum-hut construction scheme for landless workers

The scheme aimed at providing developed house-sites, free of cost, from 1973 and construction assistance from 1982-83 to families of landless workers in rural areas. Out of 23,897 house-sites developed during 1982-83 to 1987-88 at a total cost of Rs. 87.09 lakhs, against 28,888 families found eligible at the end of March 1983, 20,787 house-sites only were distributed till 1987-88. The cost of development of 12,950 house sites up to March 1985 exceeded the prescribed ceiling limit by Rs. 6.96 lakhs.

As against 9,209 house sites handed over under the scheme during 1982-83 to 1984-85, only nine house sites were utilised and 100 were partly utilised. Out of 1,548 persons, to whom a total amount of Rs. 7.74 lakhs was paid as construction assistance, during 1982-83 to 1984-85, not a single beneficiary had utilised the amount for the purpose of construction of a house or a hut till September 1985. The house sites were allotted even to persons not in need. There were cases of sale of the sites on general power of attorney. Utilisation certificates furnished by the beneficiaries were not reliable.

There was no monitoring system to ascertain the extent to which the objectives of the scheme had been achieved.

(Paragraph 11)

X Recovery of dues from a contractor

Contract for the work of construction of a Government Higher Secondary School for 720 students scheduled for completion by May

1980 was rescinded by the Public Works Department in September 1980 due to slow progress of work by a contractor. The balance work was got completed in 1985 at an extra cost. No action to recover Rs. 11.31 lakhs due from the defaulting contractor, had been taken. Further, delay of five years in completion of the work resulted in delayed availability of building for the school.

(Paragraph 15)

XI Undue delay in obtaining refund

Public Works Department had paid an advance of Rs. 117.40 lakhs to the Steel Authority of India during April to July 1981 for supply of 2,385 tonnes of steel. Refund of Rs. 19.74 lakhs due on account of steel supplied short by the Steel Authority of India had not been obtained.

(Paragraph 17)

XII Execution of sub-standard work at Bodella

The construction of 84 houses (Middle Income Group), awarded in January 1982, by the Delhi Development Authority, was abandoned by a firm after 40 per cent of the work was completed in January 1983. The contract was rescinded in January 1984. Failure of supervision by the DDA engineers led to execution of defective and sub-standard work. Recovery of Rs. 8.50 lakhs on account of cost of material found short, expenditure on rectification of defects and extra expenditure incurred on completion of balance work had not been effected from the firm. The flats scheduled to be completed in January 1983 were completed only in May 1989. Delay of more than six years not only

resulted in blocking of investments but also delayed the allotment of houses to the applicants.

(Paragraph 20)

XIII Execution of defective work at Vikas Puri

Failure of supervision by the engineers of the Delhi Development Authority during the construction of 468 houses (Low Income Group) at Vikas Puri and non-approval of the completion certificate of the flats by the competent authority, after due checks, before the allotment of houses resulted in acceptance of defective work. Consequently avoidable expenditure of Rs. 20.26 lakhs had to be incurred on rectification of the defects, besides causing problems to the allottees.

(Paragraph 21)

XIV Increase in the cost of works due to delay in finalisation of tenders

Delay in processing and finalising the tenders for two works in Vasant Kunj by the Delhi Development Authority during the first call resulted in increase in the cost of the works by Rs. 5.07 lakhs.

(Paragraph 22)

XV Un-economical running of road rollers

Ten road rollers had been purchased by the Delhi Development Authority in 1976 at a cost of Rs. 13.70 lakhs. Due to inherent defects in the brake system they worked barely for 62,000 hours upto November 1987 against a minimum of 2,53,000 operational hours. The services of operators also remained largely unutilised resulting in un-productive expenditure of Rs. 2.28

lakhs on their pay and allowances upto May 1989.

(Paragraph 24)

XVI Irregular utilisation of proceeds of lotteries

A total amount of Rs. 70 lakhs out of the proceeds of lottery was given as grant-in-aid during September 1985 to April 1989 to a college for construction of an auditorium. As per norms laid down by the Government of India, lottery funds were meant for extending facilities to the poorer sections of society. Diversion of funds to the college for construction of an expensive auditorium costing Rs. 70 lakhs was not justified.

(Paragraph 27)

XVII Revenue Receipts - General

The total receipts of the Union Territory of Delhi during 1988-89 amounted to Rs. 809.82 crores (Rs. 792.90 crores, tax receipts and Rs.16.92 crores, non-tax receipts) which were 19 per cent more than the corresponding receipts of Rs. 677.19 crores (Rs. 653.28 crores tax receipts and Rs. 23.91 crores, non-tax receipts) during 1987-88. Tax receipts were mainly derived from Sales Tax (Rs. 524.59 crores), State Excise (Rs. 159.40 crores), Taxes on goods and passengers (Rs. 34.73 crores), Stamps duty and Registration fees (Rs. 32.73 crores), and Motor Vehicles Tax (Rs. 27.07 crores).

Sales Tax

(i) In 44 cases non-levy or short levy of tax, duty/penalty and losses of revenue were noticed in the Union Territory of Delhi. The tax effect of the various irregularities pointed out by Audit is about Rs. 127.26 lakhs including penalty and interest. As a result of re-examination of some of the

cases involved in these audit objections, the department revised the assessments and raised a total demand of Rs. 31.61 lakhs on account of tax penalty and interest.

(Paragraphs 36-45)

(ii) A - review by Audit on "working of Internal Audit cell of the Sales Tax department" revealed that :

(a) the procedures laid down by the Commissioner of Sales Tax for the selection of files and number of files to be checked was not followed;

(b) the number of cases test checked by the Internal Audit Cell during 1988-89 was only 0.78 per cent of the total cases assessed by the department in that year;

(c) a test check of the cases scrutinised by the Internal Audit Cell revealed that their scrutiny was mainly confined to routine check and in 20 cases it was noticed that irregularities relating to concealment of purchases/sales/excess grant of deduction were not detected resulting in loss of revenue amounting Rs. 6.43 lakhs;

(d) no proper records were maintained by the cell to watch the compliance made by the assessing authorities on the objections raised by the Internal Audit Cell.

(Paragraph 31)

(iii) out of 1,73,354 cases became due for assessment during the year 1988-89, the department could complete assessment only in 42,820 cases (24.70 per cent)

(Paragraph 34)

(iv) out of 5,777 cases assessed

ex-parte by the department during the years 1986-87 to 1988-89, 5,045 cases were assessed (87 per cent) during last quarter of the financial year.

(Paragraph 35)

(v) failure of the department to detect false/invalid declarations or interpolations in the declaration forms resulted in short levy of tax amounting to Rs. 11.44 lakhs in 11 cases. Besides, penalty amounting to Rs. 20.32 lakhs was also leviable in these cases but was not levied.

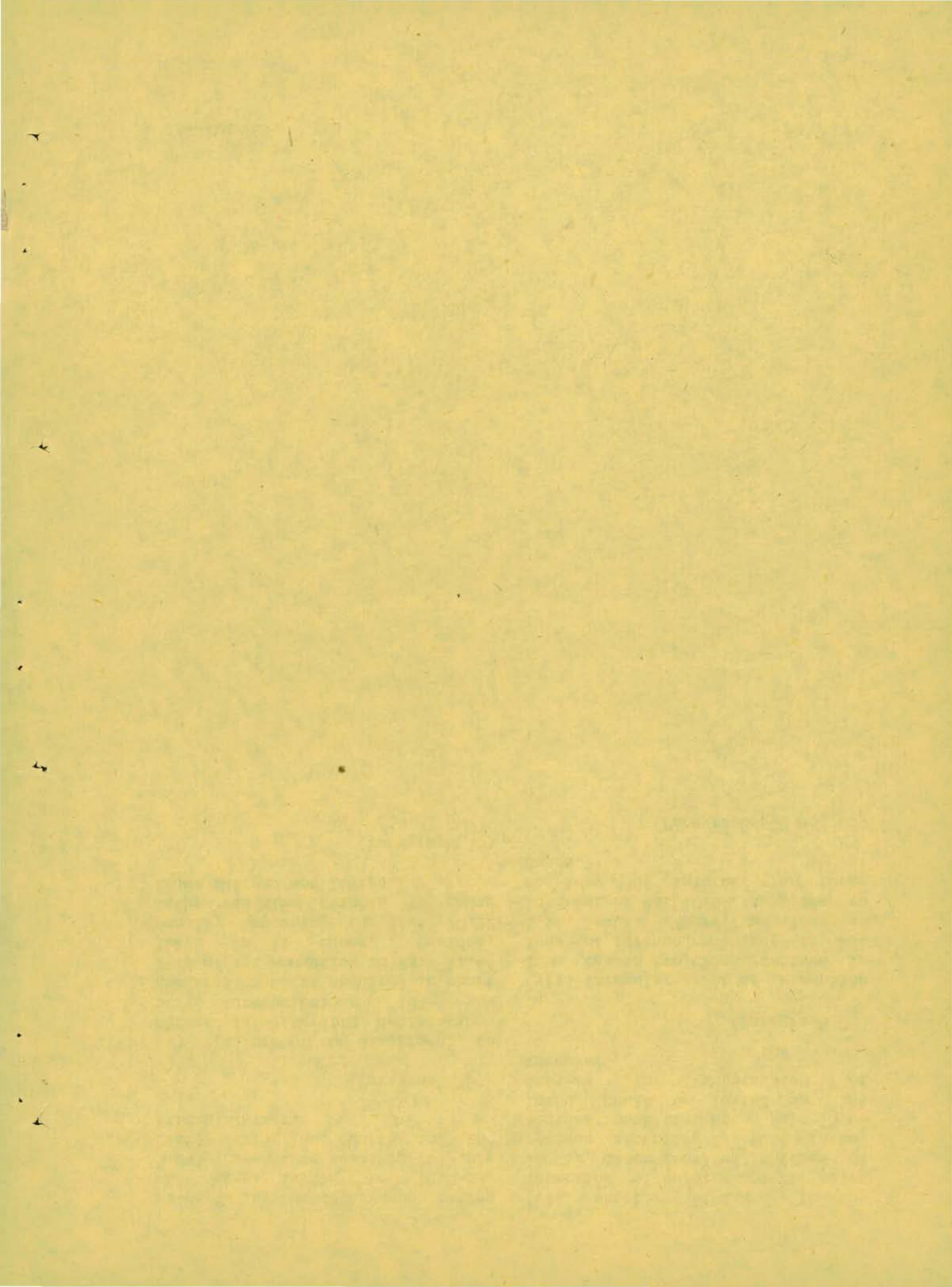
(Paragraph 36)

(vi) shortlevy of tax due to non-detection of suppression of sales in 12 cases resulted in loss of revenue amounting Rs. 6.36 lakhs. Besides penalties upto Rs. 15.04 lakhs could be levied on the dealers for suppression of turnover.

(Paragraph 38)

(vii) Irregular grant of exemption from tax in two cases resulted in loss of revenue amounting to Rs. 5.54 lakhs. There was loss of interest of Rs. 10.04 lakhs due to non-levy of interest in three cases.

(Paragraphs 40 and 43)



CHAPTER-I

1. Administrative set up and financial management

1.1 Administrative set up

Delhi spread over an area of 1,483 sq.kms is a non-legislative Union Territory. The administration vests in the President acting through an administrator designated as the Lieutenant Governor who is assisted by two bodies, namely, the Metropolitan Council and the Executive Council. The main function of the Metropolitan Council is to discuss and make recommendations on the subjects in the State list and the Concurrent List in the Seventh Schedule of the Constitution of India. The Executive Council is organised on the lines of the Council of Ministers in a State but, unlike the latter, all members of the Council are nominated by the President of India.

The administration include three local bodies namely, the Municipal Corporation of Delhi, the New Delhi Municipal Committee and the Delhi Cantonment Board.

1.2 Financial aspects

The budget of Delhi Administration forms part of the overall budget of the Central Government. The budgetary proposals are first introduced in the Lok

Sabha by the Union Finance Ministry and only later they are discussed by the Metropolitan Council. The Council cannot vote on the budget. The funds to meet the expenditure of the Union Territory are drawn from the Consolidated Fund of India and the revenues are credited directly to the Central exchequer.

The following taxes are levied on behalf of Delhi Administration : (i) Land revenue; (ii) Stamp duties and registration fee; (iii) State excise duties; (iv) Sales tax; (v) Taxes on vehicles; (vi) Terminal tax and (vii) Entertainment and betting taxes. Of these, the proceeds from taxes on vehicles, terminal tax and entertainment and betting taxes are assigned to the local bodies. The terminal tax is in fact collected by the Municipal Corporation of Delhi for which it is paid collection charges. Apart from the aforesaid tax proceeds, the local bodies receive substantial grants-in-aid out of the budget of the Delhi Administration to meet their expenditure on general administration and on education, health, urban development etc.

The total receipts and expenditure of Delhi Administration for the three years ending March 1989 were as under :-

(In crores of rupees)

Year	Receipts	Expenditure		
		Plan	Non-Plan	Total
1986-87	595.29	497.35	598.80	1096.15
1987-88	677.19	538.11	642.11	1180.22
1988-89	809.82	557.29	655.22	1212.51

1.3 Trend of revenue receipts

the same period is 214.53 crores.

1.3.1 The main and the most elastic source of revenue is from the Sales Tax which has grown by Rs.145.43 crores from Rs. 379.16 crores in 1986-87 to Rs. 524.59 crores in 1988-89. The overall increase in revenue receipts for

1.3.2 Tax revenue

The tax revenue during 1988-89 vis-a-vis the budget estimates, alongside the corresponding figures for the preceding two years, were:

(In crores of rupees)

Tax revenue	Year	Budget estimates	Actual receipts	Percentage increase (+) or decrease (-) of actuals over budget estimates
Sales tax	1986-87	362.00	379.16	(+) 5
	1987-88	413.00	431.82	(+) 5
	1988-89	460.00	524.59	(+) 14
State excise	1986-87	111.14	113.30	(+) 2
	1987-88	121.00	131.43	(+) 9
	1988-89	133.20	159.40	(+) 20
Taxes on goods and passengers (Terminal tax)	1986-87	24.50	30.34	(+) 24
	1987-88	32.47	33.26	(+) 2
	1988-89	35.52	34.73	(-) 2
Stamp duty and Registration fees	1986-87	19.36	20.17	(+) 4
	1987-88	20.11	24.73	(+) 23
	1988-89	29.95	32.73	(+) 9
Taxes on motor vehicles	1986-87	14.84	13.94	(-) 6
	1987-88	17.81	18.58	(+) 4
	1988-89	22.14	27.07	(+) 22
Land revenue	1986-87	0.03	0.03	—
	1987-88	0.07	0.01	(-) 86
	1988-89	0.025	0.022	(-) 12
Other taxes and duties on commodities and services (including Entertainment tax)	1986-87	12.40	12.73	(+) 3
	1987-88	12.54	13.45	(+) 7
	1988-89	14.96	14.36	(-) 4
Total tax revenue	1986-87	544.27	569.67	(+) 5
	1987-88	617.00	653.28	(+) 6
	1988-89	695.80	792.90	(+) 14

During 1988-89, the overall increase over the budget estimates in revenue was by 14 per cent as compared to 5 and 6 per cent for the years 1986-87 and 1987-88 respectively. The major sources of increase in revenue were Sales Tax (14 per cent), State excise (20 per cent), Taxes on motor vehicles (22 per cent), Stamp duty and registration fees (9 per cent) whereas revenue had declined by 12,

4 and 2 per cent in respect of land revenue, other taxes and duties on commodities and services (including Entertainment tax) and Terminal tax respectively.

1.3.3 Non-Tax revenue

The trend of non-tax revenue during the three years ending 1988-89 was as under :-

Year	Amount (In crores of rupees)
1986-87	25.62
1987-88	23.91
1988-89	16.92

Bulk of the non-tax revenues were accounted for under the heads "Administrative services", "Police" and "Education".

on revenue and capital account (Rs. 1212.51 crores) was more by Rs. 32.29 crores than in 1987-88 (Rs.1180.22 crores).

The non-tax revenue accounted for 2.13 per cent of the total revenue receipts of the Delhi Administration during 1988-89.

The expenditure during 1988-89 on various service heads as compared with the budget estimates alongwith the corresponding figures for 1986-87 and 1987-88 are given below :-

1.4 Expenditure on Revenue and Capital Account

During 1988-89, the expenditure

(In crores of rupees)

Expenditure Sector	Year	Budget estimates		Actual expenditure		Excess (+) savings (-)	
		Revenue	Capital	Revenue	Capital	Revenue	Capital
General services	1986-87	165.47	4.95	151.62	4.86	-13.85	- 0.09
	1987-88	179.77	5.89	178.08	5.86	- 1.69	- 0.03
	1988-89	200.38	7.53	194.07	7.52	- 6.31	- 0.01

Social services	1986-87	281.25	268.10	276.61	250.74	- 4.64	-17.36
	1987-88	343.85	195.92	338.52	196.08	- 5.33	+ 0.16
	1988-89	423.19	245.48	414.87	134.83	- 8.32	-110.65
Agriculture and allied activities	1986-87	7.45	1.62	7.10	1.52	- 0.35	- 0.10
	1987-88	7.54	0.27	7.03	0.25	- 0.51	- 0.02
	1988-89	5.64	1.72	5.32	1.61	- 0.32	- 0.11
Rural development	1986-87	-	-	-	-	-	-
	1987-88	1.31	0.29	1.23	0.26	- 0.08	- 0.03
	1988-89	1.42	0.18	1.40	0.18	- 0.02	-
Irrigation and flood control	1986-87	-	-	-	-	-	-
	1987-88	4.54	10.11	4.44	9.98	- 0.10	- 0.13
	1988-89	5.71	13.71	5.63	13.23	- 0.08	- 0.48
Water and energy	1986-87	4.88	11.04	4.80	10.02	- 0.08	- 1.02
	1987-88	1.66	-	1.66	-	-	-
	1988-89	1.65	-	1.65	-	-	-
Industry and minerals	1986-87	7.83	5.11	7.72	4.64	- 0.11	- 0.47
	1987-88	3.85	10.87	3.82	10.70	- 0.03	- 0.17
	1988-89	3.74	2.58	3.54	2.57	- 0.20	- 0.01
Transport	1986-87	57.02	15.92	56.90	15.79	- 0.12	- 0.13
	1987-88	62.31	21.44	62.42	21.61	+ 0.11	+ 0.17
	1988-89	58.18	26.48	58.17	25.59	- 0.01	- 0.89
Science technology and environment	1986-87	-	-	-	-	-	-
	1987-88	0.26	-	0.26	-	-	-
	1988-89	0.33	-	0.16	-	- 0.17	-
General economic services	1986-87	2.13	0.11	2.03	0.09	- 0.10	- 0.02
	1987-88	15.93	0.38	15.84	0.37	- 0.09	- 0.01
	1988-89	18.61	0.27	18.41	0.27	- 0.20	-
Grants-in-aid and contributions	1986-87	43.59	-	43.59	-	-	-
	1987-88	53.27	-	53.27	-	-	-
	1988-89	54.44	-	54.44	-	-	-
loans and advances	1986-87	258.21	-	258.12	-	- 0.09	-
	1987-88	272.17	-	268.54	-	- 3.63	-
	1988-89	282.36	-	269.05	-	-13.31	-
Total	1986-87	827.83	306.85	808.49	287.66	-19.34	-19.19
	1987-88	946.46	245.17	935.11	245.11	-11.35	- 0.06
	1988-89	1055.65	297.95	1026.71	185.80	-28.94	-112.15

The expenditure of Delhi Administration during 1988-89 was mainly on Education (17.77 per cent), Public Works (13.48 per cent), Police (10.45 per cent), Medical and Public health (7.56 per cent), Transport (6.90 per cent), Slum Development (5.45 per cent), Panchayati Raj Institutions (4.49 per cent) and on grants-in-aid to local bodies (12.44 per cent), the Municipal Corporation of Delhi being the major recipient.

During 1988-89, there were overall savings to the tune of Rs. 141.09 crores as against the budget estimates of Rs. 1353.60 crores which is a pointer towards non-utilisation of funds to the optimum on developmental social and community services and defective budgetary projections.

CHAPTER II

CIVIL DEPARTMENTS OF DELHI ADMINISTRATION

Ministry of Agriculture (Development Department-Delhi Administration)

2. Rural landless Employment Guarantee Programme

Development Agency (DRDA) and Block Development Officers (BDOs) of Shahdra and Najafgarh blocks were test checked during February to June 1989.

2.1 Introduction

The Rural Landless Guarantee Programme was initiated by the Ministry of Agriculture, Department of Rural Development in August 1983. The idea underlying the programme was to tackle the hard core of rural poverty, particularly pertaining to employment opportunities for the landless, in a more direct and specific manner. The basic objectives of the programme were (i) to improve and expand employment opportunities for rural landless with a view to providing guarantee of employment to at least one member of every rural landless labour household up to 100 days in a year, (ii) creation of durable assets for strengthening the rural infrastructure which would lead to rapid growth of the rural economy and (iii) improvement in the overall quality of life in rural areas to bring the poor above the poverty line.

In the Union Territory of Delhi, the programme was started in 1984-85. It is fully financed by the Central Government.

2.2 Scope of Audit

The implementation of the programme relating to construction of rural link roads and social forestry was reviewed in Audit and records from 1984-85 to 1988-89 maintained by the District Rural

2.3 Organisational set up

At the Centre there is a central committee for National Rural Employment Programme and Rural Landless Employment Guarantee Programme responsible to provide overall guidance, laydown guidelines, undertake review and continuous monitoring. The State level co-ordination committee (SLCC) was to be formed for planning, implementation and monitoring etc. of the programme. In order to ensure that projects are prepared in conformity with the objectives of programme, a Project Approval Board was to be constituted under the chairmanship of Chief Secretary or Development Commissioner. In the Union Territory of Delhi, the governing body of DRDA headed by the Development Commissioner with senior officers of the Delhi Administration and a Deputy Secretary of the Ministry as its member was responsible for planning, implementation and monitoring of the programme. The programme was being implemented through a Project Director of the DRDA and Block Development Officers (BDOs) of the five blocks viz. Najafgrah, Kanjhawla, Shahdra, Mehrauli and Alipur.

2.4 Highlights

- The programme is fully

financed by the Central Government for providing guaranteed employment upto 100 days in a year to at least one member of every rural landless labour household. However, identification of the rural landless household labourers seeking work, as envisaged in the programme, was not done by Panchayati Raj institutions through Block Development Officers. Instead casual labourers were stated to have generally been engaged on the recommendations of the Pradhan, Chairman, Block Development Samitee and Municipal Councillors. Consequently cases of providing employment to persons belonging to urban areas were noticed defeating the very objective of the programme.

- The programme envisaged that among the rural landless, preference would be given to women. However, no employment was provided to landless women workers during 1984-85 and that provided during 1985-86 to 1987-88 ranged between 2.8 and 4.6 per cent reportedly due to non-availability of woman job seekers.

- Although the District Rural Development Agency (DRDA) had reported to have achieved/exceeded the physical targets of employment generation, details regarding number of landless household labourers crossing the poverty line since 1985-86 were not available. Further, there was no correlation between the expenditure incurred and employment generated; the figures of reported generation of employment were

therefore not reliable. The employment figures for 1987-88 reported to the Ministry were inflated by about 82 per cent, keeping in view the total expenditure on wages and minimum rate of wages in Delhi.

- Periodical evaluation as envisaged in the programme was also not conducted to find out as to how far the objectives of the programme to improve the over all quality of life in rural areas had been achieved.

- Out of Rs. 95.91 lakhs received by DRDA during 1984-85 to 1988-89, a sum of Rs. 10.03 lakhs remained unutilised.

- A minimum of 50 per cent of the funds utilised on a project were to be spent on wages so as to give employment to rural landless labourers. However, during 1984-85 and 1985-86, the expenditure on wages was less by 6.90 and 6.67 per cent respectively which resulted in lesser employment of the landless labourers under the programme.

- All payments made to the workers through muster rolls and certificates recorded thereon were undated. It could not, therefore, be satisfied in Audit whether timely payments were made to the workers particularly when accounts in respect of advances drawn were rendered after several months of payments.

- There was a discrepancy of 104 bags of wheat in Najafgarh block. Records of receipts and distribution of 45 tonnes of wheat lifted by

DRDA in 1984-85 and details regarding receipts and issue of foodgrains during 1985-86 were not made available to Audit.

The veracity of the reported plantation and percentage of survival between 67 and 85 per cent of 4.28 lakh plants planted during 1985-86 to 1988-89 could not be checked in Audit as neither any census of plants was ever conducted by DRDA nor were any records of plantation maintained.

Records of maintenance and handing over of 0.21 lakh plants planted in a block at the cost of Rs. 1.56 lakhs during 1985 and 1986 to the Panchayat or any other institutions were not available.

No training programme was ever conducted to encourage the small and marginal farmers to raise nurseries in their own field/backyards. Tree patta scheme envisaged in the programme was also not operated reportedly due to non-availability of land.

Two roads on which expenditure of Rs. 0.37 lakh was incurred were abandoned due to encroachment/non availability of land and six works were behind schedule by 1 to 11 months.

Inventory of assets created out of the programme funds giving details of the start and completion of the project, cost involved, employment generated etc. had not been maintained nor was photographic record of various stages of the works, as envisaged in the programme, was kept.

The officers-incharge of implementation of the project at various levels were to closely monitor all aspects of the programme through visits. Although frequent tours for monitoring and implementation of the works under the programme were stated to have been made by the officers of DRDA, no specific record of visits made by them or reports, after their visits pointing out deficiencies, if any, in the implementation of the programme, were maintained by DRDA. In the absence of any records, effectiveness of monitoring could not be ensured.

2.5 Release and utilisation of funds

2.5.1 The details of the release of funds to the Development Commissioner of Delhi for construction of rural roads and social forestry and expenditure incurred during 1984-85 to 1988-89 were as under :-

(in lakhs of rupees)					
Year	Funds released by the Ministry	Funds accounted for by DRDA	Miscellaneous receipts	Expenditure incurred	Balance unutilised
1984-85	12.00	12.00	0.15	6.62	5.53
1985-86	8.80	14.53	0.08	10.01	10.11
1986-87	23.00	23.00	0.18	13.01	20.28
1987-88	23.60	10.80	0.41	19.39	12.10
1988-89	34.41	34.70	0.08	36.85	10.03
Total	101.81	95.03	0.88	85.88	

Against Rs. 101.81 lakhs released by the Ministry during 1984-85 to 1988-89, Rs. 95.03 lakhs only had been released by the Development Commissioner to the DRDA. The information regarding the balance of Rs.6.78 lakhs was awaited from the Development Commissioner. Out of Rs. 95.91 lakhs received by the DRDA, a sum of Rs. 10.03 lakhs, remained unutilised.

2.5.2 One of the basic requirements of the programme was that the wage component should be at least 50 per cent of the total cost of the project. Expenditure on the wage component during 1984-85 and 1985-86 was, however, 43.10 per cent, and 43.33 per cent respectively. Thus, the expenditure on wages was less by 6.90 and 6.67 per cent respectively which resulted in lesser employment of landless labourers under the programme. The Development Commissioner stated, in October 1989, that many equipment etc. required for plantation were procured during that period which resulted in the wage component going below 50 per cent. The reply was not borne out by facts inasmuch as no expenditure on social forestry was incurred during 1984-85 and no equipment forming capital assets were purchased

during 1985-86.

2.5.3 Temporary advances for Rs. 4.07 lakhs were drawn by an official of DRDA during May 1986 to October 1988 for making payment of wages to the workers through muster rolls, against which Rs. 1.53 lakhs and Rs. 2.52 lakhs were accounted for and adjusted in February and March 1989 respectively when Audit was in progress and Rs. 0.02 lakh remained unadjusted (May 1989). Further, account for the advance of Rs. 0.06 lakh drawn by another official during March 1985 for payment to workers had not been rendered till May 1989. All payments made to the workers through muster rolls and certificates recorded thereon were undated. It could not, therefore, be satisfied in Audit whether timely payment of wages was made to the workers particularly when accounts in respect of advances drawn were rendered after several months after payments. The Development Commissioner stated, in October 1989, that as no complaints of non-payment of wages were reportedly ever made, it could be concluded that payments were made to the labourers promptly and that delay in adjustment would have been because of pressure of work. Failure to render account within

the same month was irregular. Annual accounts of the DRDA for 1988-89 had also not been completed (October 1989).

2.6 Physical targets

2.6.1 The DRDA had reported to have achieved/exceeded the physical targets of employment generation during 1985-86 to 1988-89 as shown in the table below:

Year	Employment to be generated			Employment reported to have been generated			
	Scheduled Castes/Tribes	Others	Total	Sched uled Castes/Tribes	Women	Others	Total
	(	In	lakhs	of	mandays)	
1984-85	0.03	0.27	0.30	0.12	-	0.08	0.20
1985-86	0.03	0.27	0.30	0.19	0.01	0.12	0.32
1986-87	0.02	0.22	0.24	0.14	0.01	0.21	0.36
1987-88	0.01	1.30	1.31	0.47	0.06	0.84	1.37
1988-89	0.12	1.07	1.19	0.40	0.35	0.47	1.22

The DRDA did not have information on the number of landless household labourers crossing the poverty line since 1985-86. No periodical evaluation as envisaged in the programme was stated to have been conducted to find out as to how far the objectives of the programme to improve the overall quality of life in rural areas had been achieved.

2.6.2 The programme envisaged that among the rural landless, preference should be given to women, scheduled castes and scheduled tribes for employment. However, no employment was provided to landless women workers during 1984-85. The employment provided to them during 1985-86 to 1987-88 also ranged between 2.8 and 4.6 per

cent only. The DRDA stated, in May 1989, that sufficient employment to women could not be provided due to non-availability of women job seekers.

2.6.3 An analysis by Audit with reference to the expenditure incurred vis-a-vis employment reported to have been generated revealed that there was no correlation between expenditure incurred and employment generated. There were variations ranging from shortage of 14.28 per cent to excess of 82.66 per cent between the possible generation of employment and the reported achievement of generation of employment on the basis of minimum wage paid and the total expenditure incurred on wages as under :-

Year	(in lakhs of rupees)		(In lakhs of mandays)		
	Total expenditure on wages	Minimum rate of wages in Delhi	Reported employment generated	Possible employment generation at minimum rate of wages	Percentage excess/shortfall (+) (-)
1985-86	4.17	15.90	0.32	0.26	23.07 -
1986-87	6.69	15.90	0.36	0.42	- 14.28
1987-88	14.03	18.80	1.37	0.75	82.66 -
1988-89	30.85	21.60	1.22	1.43	- 15.38

Thus the reported figures of generation of employment were not reliable. The employment figures of 1987-88 were inflated by about 82 per cent.

2.6.4 For providing guaranteed employment up to 100 days in a year to at-least one member of every rural landless labour household the programme envisaged identification of rural landless household labourers seeking work by Panchayati Raj institutions through BDOs and issue of identity cards to such households. A survey for identifying rural landless workers was not conducted. In the absence of identification of rural landless workers, it could not be ensured by DRDA that benefits were being passed on to eligible persons. The DRDA stated, in May 1989, that the casual labourers were generally engaged on the recommendations of Pradhan, Chairman- Block Development Samiti and Municipal Councillors through issue of slips/verbal recommendations and personal requests.

A test check of muster rolls for four months revealed that in

42 cases (payments made Rs. 0.22 lakh) employment was given to persons belonging to urban areas. Further, cross verification of 132 names from muster rolls with survey reports maintained by BDO, Najafgarh for Integrated Rural Development Programme disclosed that 131 persons did not belong to the villages of the said block.

The Development Commissioner stated in October 1989, that identification of landless labourer below the poverty line was a difficult task as far as the villages of Delhi were concerned and that to a certain extent labour had got migratory character and implementation of programme would be impossible if too many checks were performed to verify the antecedents of labour. In the absence of proper identification of the labourers, very objective of the programme was defeated.

2.7. Food grains

Out of 248 bags of wheat (238 under the programme and 10 under National Rural Employment Programme) issued to Najafgarh

block during 1986-87, only 144 bags were stated to have been received and accounted for by the BDO. Remaining 104 bags valued at Rs. 0.16 lakh were neither shown to have been received back by DRDA nor were the same accounted for by them. Records regarding receipt and distribution of 45 tonnes of wheat obtained by the DRDA in 1984-85 and in respect of receipts and issue of food grains for 1985-86 were not made available to Audit.

2.8 Social forestry

2.8.1 Out of 4.28 lakh plants reported to have been planted during 1985-86 to 1988-89, details regarding plantation of 1.24 lakh plants for which seedlings were stated to have been produced in nurseries of DRDA were not available.

2.8.2 The survival of plants was reported between 67 and 85 per cent during 1985-86 to 1988-89. No census of plantation was ever conducted. Record of actual surviving plants was also not maintained, though under the rules DRDA was required to keep complete records of the assets created under the programme. In the absence of relevant records and census of plants, the veracity of the plantation and reported survival of plants by DRDA could not be checked.

2.8.3 Out of 0.51 lakh plants purchased for Rs. 0.88 lakh during 1985-86, 0.05 lakh plants were stated to have been planted in Karawal Nagar Government hospital building, (proposed) and 0.16 lakh on the road side of Maujpur, Karawal Nagar, Ioni Road in Shahdra block and an expenditure of Rs. 1.56 lakhs (cost of plants Rs. 0.36 lakh and wages on maintenance etc. Rs. 1.20 lakhs) had been incurred during March 1985 to June 1986. There was no record to show that

these plants were, however maintained by DRDA after June 1986 or that these were handed over to gram panchayat or to any other institution. In the absence of proper transfer for maintenance of these plants entire expenditure of Rs. 1.56 lakhs had become infructuous.

2.8.4 Small and marginal farmers were to be encouraged to raise nurseries in their own field/backyards and training for raising of such nurseries was to be given by meeting necessary expenditure out of social forestry funds. No such training programme was ever conducted by the agency. The Development Commissioner stated in October 1989, that farmers were not readily coming forward to take up this activity.

2.8.5 The seedlings were to be purchased either from the nurseries raised by small or marginal farmers under the programme or from the Forest Department. The DRDA purchased 1.68 lakh plants worth Rs. 2.04 lakhs from the market during 1985-86 to 1986-87 as the same were stated to have not been available with the Forest Department at the time of purchase. Non-availability certificate was, however, not obtained from the Forest Department.

2.8.6 Tree patta scheme envisaged in the programme was also not operated reportedly due to non availability of land.

2.9 Construction of rural link roads

2.9.1 Fourteen road works (total length 26.41 kms) estimated to cost Rs. 79.53 lakhs were approved by Central committee during 1984-85 to 1986-87. No technical sanction for these works was, however, obtained as required under the programme. The DRDA stated that

technical sanction was not obtained as there were two experts viz. Executive Engineer (Minor Irrigation Department) and Joint director (Agriculture) in the governing body. In spite of the approval of the works by the governing body, technical sanction by the competent authority in the DRDA was essential as per the guidelines issued by the Ministry.

2.9.2 Out of 14 roads, five, (length 6.66 kms) had been completed by DRDA and another road on which an expenditure of Rs. 0.13 lakh was incurred was completed by Municipal Corporation of Delhi. Two roads, on which an expenditure of Rs. 0.37 lakh was incurred were abandoned due to encroachment/non-availability of land and work on remaining six (14.75 kms) was stated to be in progress (April 1989). The work on these roads was already behind schedule by 1 to 11 months. The delay was attributed to shortage of technical staff and non-availability of bricks on controlled rates.

2.9.3 For the construction of roads, roughly 25 to 30 per cent of the total cost was required to be utilised for providing culverts, bridges etc. for making them all weather roads. Culverts were not provided to three of the five roads completed during 1984-85 to 1988-89, although provision for the same had been made in the shelf of project/estimates. The Development Commissioner stated in October 1989, that culverts were provided subsequently. However, relevant records were not made available to Audit for verification.

2.10 Records of assets

The programme envisaged that DRDA should have a complete inventory of the assets created giving details of the start and completion of the project, cost involved, employment generated and other details. Photographic records of works were also required to be kept at various stages of implementation before start, during implementation and after completion. No records of assets created out of the programme funds were maintained by the DRDA.

2.11 Monitoring

Monitoring cells both at the district and State level were to be created for the effective functioning of the programme. The officers incharge of implementation of the project at various levels were to closely monitor all aspects of the programme through visits. Although DRDA had created a monitoring cell and frequent tours, for monitoring and implementation were stated to have been made by its officers, no specific record of visits by them or of reports pointing out the deficiencies, if any, were maintained by DRDA. In the absence of any record, it could not be ascertained as to whether the programme was being implemented properly and the extent to which its aims and objectives had been achieved.

The matter was reported to the Ministry in September 1989; reply has not been received (November 1989).

3. Construction of low cost water pour flush latrines in rural areas

In view of poor rural sanitation and the consequent health hazard and the problem, specially for women, of lack of privacy, a scheme for construction of low cost water pour flush latrines (Sulabha Shouchalayas) in the rural areas of Delhi for the benefit of economically weaker sections Scheduled Castes and those of general category, was approved by the Delhi Administration in April 1986. The project proposal of Delhi Administration to construct 4000 units, 2000 each for economically weaker sections of Scheduled Castes and of general category, at an estimated cost of Rs. 80.59 lakhs was technically cleared by the Ministry in January 1987.

The implementation of the scheme was entrusted by the Delhi Administration to the Chief Engineer (Irrigation and floods) (CE). The latrines were to consist of a cubicle of approximately 1.23 x 1.08 metres made up of half brick wall without roofs and door shutter with an estimated cost of Rs. 1650 per unit excluding contingent and other overhead charges. In the case of economically weaker sections of Scheduled Castes, entire cost was to be borne by Delhi Administration and for those of general category an amount of Rs. 500 was to be provided as subsidy and Rs. 650 as loan at simple interest of four per cent per annum and the balance of Rs. 500 was to be met by the beneficiary himself.

Against the target of construction of 9550 units during 1986-87 to 1988-89, to be constructed at an estimated cost of Rs. 190.46 lakhs, 7128 latrines were actually constructed for the weaker sections of Scheduled Castes at a cost of Rs. 149.85 lakhs borne by the Government. Construction of latrines for economically weaker sections of general category involving their financial participation was however, not taken up at all.

On the direction of the Lt. Governor, Delhi, a survey of the latrines constructed under the scheme was conducted by the CE in July 1988. The CE reported in August 1988 that out of 6901 latrines constructed by then, 3,533 latrines were in actual use and the remaining 3,368 were either not in use or being used for other purposes such as dumping of cow dung cakes etc. It was also pointed out that in some cases the villagers had broken the walls of the latrines and used the bricks for flooring in their houses. From the reports received from various officers it was noticed that 212 latrines had been dismantled and 352 were not being used due to non-availability of water supply. Reports also indicated that some beneficiaries found the design absolutely wanting as it was not conducive to their privacy, these being without door and roof. Further, an inspection by the CE in February 1988 in a village revealed that the latrines were constructed at a place where neither any construction had been carried out by individuals nor any inhabitants were available though the latrines

were to be constructed on the land of beneficiaries dwellings.

Thus 49 per cent of 6901 latrines constructed up to July 1988 were either dismantled/abandoned or not in use resulting in infructuous expenditure of Rs. 67.87 lakhs at the estimated cost of construction of Rs.2015 per latrine besides defeating the objectives of the scheme.

The Chief Engineer (Irrigation and Flood Control), while agreeing with the observations, stated that the latrines had been constructed on the basis of design approved by Ministry and that the absence of door did not affect the privacy as the latrines were installed in private houses.

The matter was reported to the Ministry in July 1989; reply has not been received (November 1989).

Ministry of Home Affairs
(Directorate of Social Welfare-Delhi Administration)

4. Rescue Homes

4.1 Introduction

The Directorate of Social Welfare under Delhi Administration was set-up in March 1959 for providing care, protection and rehabilitation services to the weaker and neglected sections of the society. The Directorate provides care, custody, treatment, education and vocational training, free boarding and lodging and medical facilities to the inmates of various homes.

4.2 Scope of Audit

The records of the Directorate of Social Welfare, Delhi Administration relating to the Rehabilitation Centre for leprosy affected persons, Home for leprosy and TB affected beggars, five Beggars' Homes, two After Care Homes, two Medical Care Units and two Children Homes from 1985-86 to 1988-89 were test checked in Audit during April to June 1989.

4.3 Organisational setup

The director of Social Welfare, Delhi Administration has the overall responsibility for looking after the various homes and implementation of the schemes in the Union Territory of Delhi. Each home is looked after by a Superintendent assisted by a number of Case Workers and Welfare Officers, Clerical and Group 'D' staff.

4.4 Highlights

- The Directorate of Social Welfare was set up in 1959 for providing care, protection and

rehabilitation services to the weaker and neglected sections of the society. Though some of the Homes were being occasionally visited by the higher officials of the directorate, no inspection notes pointing out deficiencies in their functioning were found on record. Further, there was no involvement of voluntary agencies/organisations for proper evaluation of rehabilitation measures.

- There were only 286 residential units to accommodate 1525 leprosy affected persons. They had encroached upon public roads, defeating the very purpose of establishing a Rehabilitation Centre for them. For admission to the centre, no rules were framed nor was proper screening carried out. The information about the names of the inmates, date of occupation etc. was not available with the centre.

- Norms relating to the distribution of dietary articles for various categories of inmates in the Homes were approved by the Directorate of Social Welfare in July 1986 without the assistance of any dietician and issued to various Homes etc., in July 1987. All the children in the age group of 6 to 16 years were being given the same diet. Similarly old and infirm persons, leprosy and TB affected persons were being given same diet without keeping in view the age and physical fitness factors. The children below two years of age in the rehabilitation centre were not provided the

increased quantity of milk as required under the scheme.

- Leprosy affected persons had been issued ration cards by the directorate for supplying dry ration to them. Out of 120 ration cards test checked in Audit, names of 40 card holders were found to be different from those recorded in the register maintained by the Rehabilitation Centre. In 15 cases, two ration cards with the same serial number were found to have been issued in different names and benefit of the scheme was provided on both the set of ration cards upto April 1989.
- Ration and various other items valuing Rs. 177 lakhs were shown to have been issued to the leprosy affected persons during 1985-89 without obtaining acknowledgement of the recipients. During 1985-89, 14,789 quintals of fuel wood valued at Rs. 10.23 lakhs were shown to have been purchased and issued whereas in a complaint made by the beneficiaries to the directorate cash payment of Rs. 13 per month per beneficiary was alleged to have been made to them. The directorate did not investigate into the allegations.
- Against the requirement of 7153 kgs of milk powder during 1985-89, 13,087 kgs were shown to have been issued to the children resulting in excess expenditure of Rs. 2.72 lakhs.
- Against the probable expenditure of Rs. 2.42 lakhs on purchase of vegetables for 319 days during 1986-87 and 1988-89 as per norms, vegetables worth Rs. 9.45 lakhs were shown to have been purchased and issued, resulting in unauthorised expenditure of Rs. 7.03 lakhs. A sum of Rs. 5.25 lakhs was shown to have been spent during June 1988 to February 1989 on the purchase of garlic, adrak and fruits, at Rs. 5 to 20 per kg which was 78 per cent of the expenditure incurred on vegetables.
- Flit and baygon spray valuing Rs. 1.54 lakhs were shown to have been purchased and issued individually to leprosy affected persons during 1985-89. Issue of these items was not justified. Insecticides etc. worth Rs. 6.91 lakhs were shown to have been issued to the inmates of 'After Care Home' Madipur during 1987-89 instead of issuing them to the sweepers.
- 1,455 pairs of canvas shoes (size 6 to 10) worth Rs. 1.45 lakhs were shown to have been issued among 1,525 leprosy affected persons who included 210 invalid persons and 404 children of whom 92 were below two years of age.
- Milk and sugar valuing Rs. 7.36 lakhs were issued in excess of the prescribed/recommended quantities to the inmates of Homes for leprosy and TB affected persons.
- None of the inmates was economically rehabilitated during the last five years with the result that the coverage continues to be restricted. Though training in different crafts was imparted to 224 inmates, no job opportunity was provided to them to make them independent.
- Home meant for children arrested under the Bombay Prevention of Begging Act, 1959, as extended to Delhi, had not

been housing any of the children under the Act. Instead, neglected children were being accommodated in the home. In the beggars complex 24 of the 70 inmates were mentally sick/retarded and were unable to do any work. Proper arrangement was not available in the complex for the treatment of the mentally sick nor were they ever taken to a mental hospital for check up.

- Medical officer-cum-Superintendent of home for healthy children of leprosy patients, appointed in 1987, did not possess any medical qualification. Further, in the home meant for children, up-to 10 years of age, 60 per cent of the inmates were ineligible, being above 10 years of age. No medical examination of children returning from vacation after living with their parents affected by leprosy had been carried out to ensure that the children were not affected by the disease. A welfare officer alongwith allied staff had been working under the scheme 'Expansion of existing Beggars Home' sanctioned in January 1976 and an expenditure of Rs. 5.79 lakhs was incurred there on during four years ending March 1989, though the expansion scheme had not actually been implemented.
- Medical Care Unit with 20 beds, established in four centres to provide round the clock medical care to the inmates of various homes had atually been working between 10 A.M. to 5.30 P.M. In one of the units there was no regular doctor from May 1988 to April 1989.
- 104 officials of group B, C and D had been drawing their

pay and allowances from these institutions/homes but working elsewhere.

4.5 *Issue of dietary and other articles*

The directorate had 155 institutions/ services as on 31st March 1989. In a majority of the institutions, boarding and lodging are provided free of cost to the inmates on the basis of ration cards issued by the directorate. Norms relating to the distribution of dietary articles for various categories of inmates prior to July 1986 were not available with the directorate. The norms approved by the directorate in July 1986 were issued in July 1987. No assistance of any dietician was taken while laying down the norms for diets. All the children in the age group of 6 to 16 years were being given the same diet though requirement of calories and protein for age groups between 7 to 9 and 9 to 12 years are different. Similarly old persons, old and infirm persons, leprosy affected persons and the leprosy and TB affected persons were being given the same diet without keeping in view the age factor, extent of TB and leprosy and other conditions.

Under the rehabilitation scheme for leprosy affected persons, children below two years of age were to be provided with proportionately decreased quantity of solid food and increased quantity of milk depending upon the requirement of the child. It was, however, seen that during 1987-88 to 1988-89, ration cards were issued individually to the children of less than two years of age and full ration prescribed, for children above two years was issued. Thus the children below two years of age were not provided the increased quantity of milk as required under the scheme. Apart

from these, 312 ration cards were issued during 1980-81 to 1988-89 to children without indicating their date of birth.

According to dietary scale, each inmate was entitled to 100 grams of pulses and 250 grams of vegetables per day. But the records indicated that the cook was supplied 100 grams of pulses, 50 grams each for morning and evening diet and that no vegetables were supplied during April 1985 to August 1987 (except for 13 days). Strangely payment of vegetable bills for Rs. 0.92 lakh was shown to have been made during the said period.

4.6 Rehabilitation scheme

4.6.1 The Delhi Municipal Corporation Act 1957, charges the authorities with various responsibilities towards leprosy affected persons. Further, the Bombay Prevention of Begging Act 1959, as extended to the Union Territory of Delhi, provides for the arrest of leprosy affected beggars. The scheme for rehabilitation of leprosy affected persons was taken over by Delhi Administration in 1981 and was implemented through (i) Rehabilitation centre for leprosy affected persons (RCL); (ii) Home for leprosy and TB affected beggars and (iii) Home for leprosy affected beggars.

4.6.2 The objectives of the scheme are :

(i) to wean away the leprosy affected persons from begging and to provide them residential facilities, dry ration, clothing, bedding etc. for their maintenance as per prescribed norms;

(ii) to provide medical facilities both preventive and curative;

(iii) to provide suitable work opportunities by training them in simple crafts; and

(iv) to induce them to acquire self confidence and a sense of accomplishment through self-employment scheme leading to their economic independence.

4.7 Rehabilitation Centre for leprosy affected persons (RCL)

4.7.1 Admission to the Rehabilitation Centre is open for leprosy affected persons only and for that purpose an Admission Committee was to be constituted to frame detailed rules. It was, however, seen that no such committee had been constituted (September 1989). Neither rules had been framed nor proper screening carried out before extending the benefits.

4.7.2 As on 31st March 1989, 1,525 leprosy affected persons were being extended the benefits under the scheme and there were only 286 residential units to accommodate them. Information about the names of the inmates, date of occupation etc. was not available with the RCL. The leprosy affected persons had encroached public roads also. Thus the very purpose of establishing the RCL complex had been defeated.

4.7.3 Irregularities in issue of ration cards:-

(i) The leprosy affected persons are issued ration cards entitling them for free rations. A test check of the records relating to issue of ration cards revealed that the RCL authorities had issued 1525 ration cards to individuals by March 1989. There was not even a single medical certificate on record in the case of 1,287 cards issued prior to July 1987. In the absence of the same it was not clear how it could be ensured that

the benefits under RCL scheme were being allowed to leprosy affected persons only.

(ii) Out of 120 ration cards test checked, the names of 40 beneficiaries were different from those recorded in the register maintained by the RCL. The drawal of ration against these cards did not appear to be genuine.

(iii) In 15 cases, two ration cards with the same serial numbers were found to have been issued during January 1987 to November 1988 in different names by the RCL authorities. The benefits of issue of ration etc. under the scheme were provided on both the cards up to April 1989, although the holders of duplicate cards were not on the roll of RCL.

4.7.4 *Issue of stores to leprosy affected persons*

(i) Dry ration and other items of day to day requirements are issued to leprosy affected persons under the scheme. It was seen that ration and various other items valued at Rs. 177 lakhs approximately were shown to have been issued from the stores during 1985-86 to 1988-89 without obtaining acknowledgement of the recipients. Even the names of beneficiaries and their ration card number against which articles were issued were not on record. Total quantity/number issued on a particular date was only recorded in the stock register.

(ii) According to scale, each leprosy affected person was entitled to 26 kgs of fuel wood per month. During 1985-86 to 1988-89, 14,789 quintals of wood (value: Rs. 10.23 lakhs) were shown to have been purchased and issued. A test check of the stock register revealed that 1134 quintals of fuel wood were purchased for Rs. 0.92

lakh in February 1986 and issued during the same month against the normal requirement of 264 quintals for a month.

It was seen that 26 beneficiaries under the scheme sent a reminder in April 1989 to the directorate complaining that they had been receiving Rs. 13 per month in cash at the rate of 50 paise per kg instead of 26 kgs of fuel wood. They also contended that cash payment of Rs. 13 per month was inadequate and that they had not received the amount for the past two months and that they should be supplied kerosene and stove. No action seemed to have been taken to investigate into the complaint.

(iii) Children up to 16 years of age were entitled to 250 ml of milk per day and they were being supplied with powdered milk during 1985-86 to 1988-89 except during July to October 1986. It was seen that against the requirement of 7,153 kgs of milk powder at 1 kg for 7.50 litres of milk, 13,087 kgs of milk powder was shown to have been issued to the children during the three years ending March 1989 which resulted in excess expenditure of Rs. 2.72 lakhs.

(iv) The balance of powdered milk in the stock register as on 31st October 1987 was 851.65 kgs against which only 438.75 kgs was brought forward as on 1st November 1987. Similarly, the stock on 17th October 1987 had been shown as 185.67 kgs against the actual stock of 529.67 kgs. This resulted in short accountal of 757 kgs of milk powder valuing Rs. 0.37 lakh.

(v) It was noticed that there was no record/information as to how many children of leprosy affected persons were living outside the RCL complex. A test check of stock register revealed that 606 kgs of milk powder worth Rs. 0.26 lakh was

issued during September 1987 in the name of 323 children, who had come to stay in the complex with their parents in July 1987. The issue of milk powder in September 1987 on behalf of the children who had stayed in the RCL complex in July 1987 was not only irregular but also doubtful.

(vi) According to prescribed norms, each leprosy affected person was entitled to 250 grams of vegetables per day. During 1988-89 the directorate had a contract with Delhi State Civil Supplies Corporation (DSCSC) for supply of vegetables at Rs. 2.20 per kg to RCL. The records revealed that against the probable expenditure of Rs. 2.42 lakhs on 1.10 lakh kgs of vegetable for 1,380 persons for 319 days test checked during 1986-87 and 1988-89, vegetables worth Rs. 9.45 lakhs were shown to have been purchased and issued to leprosy affected persons. Thus there was unauthorised expenditure of Rs. 7.03 lakhs in the limited period under test check by Audit. Further scrutiny of bills for supply of vegetables for June 1988 to February 1989 revealed that 78 per cent of these related to purchase of garlic, adrak and fruits at Rs. 5 to Rs. 20 per kg, which were not covered under the norms. The amount spent on these items (44,857 kgs) during the period was to the tune of Rs. 5.25 lakhs against Rs. 0.30 lakh on the purchase of vegetables (12,485 kgs) during the same period. The expenditure of Rs. 5.25 lakhs was thus unauthorised and avoidable.

(vii) There were 1,525 leprosy affected persons during 1988-89 including 210 invalid leprosy affected persons and 404 children of whom 92 were below two years of age. In the stock register for 1988-89, 1455 pairs of canvas shoes (size 6 to 10) valuing Rs. 1.45 lakhs were shown to have been

issued to leprosy affected persons including children.

(viii) Leprosy affected persons were shown to have been supplied 1665 litres of flit and 2095 litres of Baygon spray valuing Rs. 1.54 lakhs during 1985-86 to 1988-89. Issue of these items to leprosy affected persons individually was not justified.

(ix) Four bulbs were issued to each of the 1,364 ration card holders including minor children during 1988-89 although there were only 286 residential units.

(x) Stock register of various stores had not been maintained properly inasmuch as entries of various items issued from time to time viz. atta, rice, masala, dal, kala chana, moongphali, bathing soap, vegetables from February 1989 onwards and sugar, salt, tea, washing soap, milk powder from January 1989 onwards, and coconut oil from March 1989 had not been made in the register (June 1989).

(xi) As per norms male and female leprosy affected persons were entitled to 500 and 450 grams of atta/rice respectively. No distinction had, however, been made and 500 grams atta/rice was issued to woman leprosy affected persons also.

(xii) The directorate had been issuing cloth to leprosy affected persons in bulk against their annual entitlement. Strangely no stitching charges were paid to the inmates although they were wholly dependent upon the directorate for their day to day needs.

4.8 Homes for leprosy and TB affected beggars

Beggars sent by a special court under the Bombay Prevention of Begging Act, 1959 made applicable

to the Union Territory of Delhi are looked after in the homes. Leprosy and TB affected beggars admitted in the home are to be provided with free boarding, lodging, care and treatment. The period of stay in the home which ranges from one to

three years is determined by the court. Beggars suffering from leprosy and TB and leprosy alone are looked after in separate homes. During 1985-86 to 1988-89, the position was as under :-

Year	Number of beggars		Total
	leprosy and TB affected	leprosy affected	
March 1986	82	200	282
March 1987	196	200	396
March 1988	163	200	363
March 1989	178	184	362

According to norms, the inmates are entitled to 50 ml of milk for tea and 50 grams sugar per day, though more quantity of milk could be issued on the recommendation of medical authorities. During 1985-86 to 1988-89, the medical officer recommended 500 ml of milk to each active leprosy and TB affected beggar. However, the directorate extended this benefit to all the inmates of the home. In addition, each inmate was issued 80 grams of sugar against 50 grams as per the norms. This resulted in excess issue of 2.04 lakh litres of milk and 0.03 lakh kg of sugar valuing Rs. 7.36 lakhs.

4.9 After Care Home-Madipur

After care home for boys was established in 1959 for socio-economic rehabilitation of socially handicapped boys viz. orphans, destitutes or neglected children

discharged from various correctional and noncorrectional institutions after attaining the age of 18 years. Admission in the home is open to the boys of the age group of 18-21 years. The activities of the home were carried out by the authorities without any norms till September 1986 as the original scheme was not traceable with the directorate. All the inmates admitted to this institution are provided with educational and training facilities. Necessary assistance in the form of books, stationery, general articles, bedding, clothing, food, etc. is provided to them.

As per the progress report for the month of March 1989 submitted by the home to the directorate, there were 107 inmates in the home (studying in Industrial Training Institute :22; temporary employment : 18; Education : 55 and in search

of job : 12).

A test check of records revealed that :-

(i) 22 inmates had been admitted to the home although their age at the time of admission was between 14 and 17 years against the permissible age of 18 years. In three cases, the date of birth of inmates was not recorded. In the absence of date of birth of the inmates their eligibility for stay in the home could not be ascertained.

(ii) After passing the vocational examination, inmates are allowed to stay in the home for further two years to secure a job and after that they are to be compulsorily discharged. It was seen in test check that 10 inmates who had qualified in vocational courses and had also completed the time limit of two years during 1986 to 1988 had still been staying in the home (June 1989).

(iii) Two sweepers were attached with the home. It was however, seen that insecticides etc. worth Rs. 6.91 lakhs (Baygon spray and pumps - Rs. 2.70 lakhs, Kalinzo - Rs. 1.09 lakhs, phenyl - Rs. 1.50 lakhs, vim - Rs. 0.53 lakh and miscellaneous - Rs. 1.09 lakhs) were shown to have been issued to the inmates during 1987-88 and 1988-89 instead of issuing them to the sweepers.

4.10 *Children Home for boys (beggars)*

The Bombay Prevention of Begging Act 1959 and the rules made there-

under, as extended to the Union Territory of Delhi in March 1961, interalia provides for prevention of begging, detention, training and employment of beggars and their dependents and for the custody, trial and punishment of beggar offenders. Children not below the age of five arrested under the Act are required to be sent by the court to the Juvenile Welfare Board who in turn send them to the Children Homes. Children Home for boys (beggars) was started in Delhi in February 1971. A test check of the various records revealed that against the probable capacity to accommodate 240 children, there were 64 inmates in the home during March 1989. All the children were neglected children and none of them was in any way associated with the begging offence. Records for the year 1985-86 to 1988-89, test checked, also indicated that none of the 64 inmates detained in the home was arrested under the Begging Act and therefore, were not covered under the scheme. These children should, therefore, have been accommodated in Children Home for neglected boys of the directorate.

4.11 *Beggars Complex-Lampur*

Beggars arrested under Bombay Prevention of Begging Act 1959, are in the first instance sent to Reception-cum-Classification Centre for Beggars, Kingsway Camp of the Directorate from where they are sent to five different homes, camped at Lampur. The following table indicates the names of the various homes, their objectives and the number of inmates in these homes during 1985-86 to 1988-89 :-

Sl.No.	Name of Home	Objects	Number of inmates in			
			March 1986	March 1987	March 1988	March 1989
(i)	Beggars Home-I	to provide free boarding-lodging, care, training and medical facilities	128	128	94	132
(ii)	Beggars Home-II	.....do.....	69	79	131	95
(iii)	Home for abled and disabled male beggars	education and suitable training in crafts	60	79	95	84
(iv)	Home for abled and disabled beggars	care, treatment and suitable training in tailoring	125	81	131	137
(v)	Home for old and infirm beggars	care and treatment of aged beggars	99	129	126	105
Total			481	496	577	553

Scrutiny of the records of the beggars complex disclosed the following :-

(i) Though the Home for old and infirm beggars' Narela was shifted to lampur complex in January 1986, the monthly rent for the old home premises amounting to Rs. 0.43 lakh was paid up to December 1988 to the owner of the building. Similarly rent for the building for the Home for abled and disabled beggars at Tikri Kalan amounting to Rs. 0.27 lakh upto March 1989 had been paid though the inmates had been shifted to Tahirpur complex in June 1988. Thus expenditure of Rs. 0.70 lakh on rent was avoidable.

(ii) Of the 70 cases test checked, 24 inmates were mentally sick/retarded and were unable to do any work. It was observed that there was no proper arrangement in the complex for the treatment of mental ailments of the inmates nor were they ever taken to mental hospital for check up.

(iii) A sum of Rs. 2.16 lakhs was paid during 1986-87 to a firm for carrying the inmates of Home No. II (Kingsway Camp) to various places prior to its shifting to lampur complex in 1984-85 for engaging them in various works. It was, however, noticed that the hire charges of Rs. 0.17 lakh of a bus,

for March and April 1984, engaged by the directorate for carrying the beggars from Kingsway Camp to R.K. Puram and back were paid for metre reading 29,401 to 32,405 in March 1984 whereas the metre reading in April 1984 for the same vehicle was from 22,261 to 25,635. Thus the payments were authorised by the authorities without verifying the actual distance covered by the vehicles. The veracity of the payment of Rs. 2.16 lakhs could not be verified in Audit.

4.12 *Children Home for healthy boys of leprosy patients*

The Home is meant for healthy children of leprosy patients below the age of 10 to segregate them from their parents and to provide free boarding and lodging, intensive medical care and congenial atmosphere for the over all development and proper educational facilities.

The home is run by a Medical Officer-cum-Superintendent assisted by a staff nurse, welfare officer and other subordinate staff. As on 31st March 1989, 91 children were on roll in the home. Test check of records of the home revealed that :-

(i) The Medical Officer-cum-Superintendent appointed in 1987 did not possess any medical qualification.

(ii) More than 60 per cent of 91 children were above 10 years of age and were thus not covered under the scheme.

(iii) 13 children were admitted to the home on the basis of false affidavits furnished by their parents that they were residents of Rehabilitation Centre for leprosy affected persons colony, Tahirpur. The parents of these children were actually residents of various Kushth Ashram situated in other

states.

(iv) All the inmates were allowed to visit their parents during vacations and other holidays. In a test check of 25 cases, it was found that the parents of 12 inmates had positive sign of leprosy and were thus liable to infect them. However, medical examination of the children had not been carried out since 1987 to ensure that the children were not infected with leprosy.

(v) Most of the children admitted to the home were leprosy affected with negative findings.

(vi) Under the scheme "Expansion of existing Beggars Home", one welfare officer, one basic teacher, two ayahs, one cook and one sweeper were sanctioned in January 1976. It was observed that pay and allowances against the posts was being regularly drawn through the Superintendent, Home for Healthy Children of leprosy affected persons though the scheme had not been implemented. Thus expenditure of Rs. 5.79 lakhs on pay and allowances of the staff and other expenses incurred during 1985-86 to 1988-89 was largely infructuous.

In one case it was noticed that the parents of the child were leprosy patients. The child was admitted in the Home in July 1982 on the basis of medical certificate of April 1982 issued by the MCD Leprosy Hospital, Shahdra although he was affected with leprosy with negative findings. The child subsequently had treatment for leprosy in Uttar Pradesh during 1983-84 and rejoined the home 1984-85. Thus the leprosy affected child was wrongly admitted to the home.

4.13 *Sheltered workshop for leprosy affected persons*

With a view to providing

employment to burnt out leprosy cases (negative cases), which were expected to be about 200, a sheltered workshop was started in November 1981 to impart training in various trades such as tailoring, handloom, weaving, chalk making, etc. While reviewing the records of the workshop, it was observed that during January 1984 to February 1989, training has been imparted to 224 inmates. No job opportunity to any of the trained persons was, however, provided to make them independent. Information in respect of persons trained prior to January 1984 was not available with the workshop.

4.14 Medical care units

Under the seventh plan (1985-90) the directorate had established 20 bedded Medical Care Unit at Alipur, Tihar, Delhi Gate and Avantika. According to the scheme

each unit was to be looked after by a doctor, three trained nurses and other staff to assist the medical officer. The scheme was designed to cater to at least 1,000 inmates detained at various institutions and to provide round the clock medical care to each inmate. A test check of the records of Medical care units at Alipur and Tihar revealed that the units had been working between 10 A.M. and 5.30 P.M. only. In Alipur there was no regular doctor during May 1988 to April 1989 to look after the patients.

4.15 Diversion of staff

A test check of the records of various institutions/homes revealed that 104 persons of group 'B', 'C' and 'D' had been drawing their pay and allowances from these institutions/homes but working elsewhere as detailed below :-

Name of institution	No. of persons working else where
Rehabilitation Centre for leprosy	13
Home for leprosy and TB and leprosy affected beggars	14
Beggars Home Complex Iampur	43
Children Home II, Alipur	3
Home for healthy children, of leprosy affected persons, Magazine Road.	5
After Care Home for Boys Madipur	6
Nari Niketan, Tihar Complex	12
Children Home for Beggars boys, Narela	8
Total	104

Diversion of staff to other offices was irregular in as much as the services of these officials were being utilised in other offices without proper sanction of the competent authority. In case the staff in these homes were in excess, they should be formally transferred to vacant posts elsewhere.

4.16 *Inspections*

Though some of these Homes were

being occasionally visited by the higher officials of the Directorate, no inspection notes pointing out deficiencies in their functioning were found on record. Further there was no involvement of voluntary agencies/organisations for proper evaluation of rehabilitation process.

The matter was reported to the Ministry and Delhi Administration in September 1989; replies have not been received (November 1989).

(Commissioner of Police-Delhi Administration)

5. Non-recovery of expenditure on police staff deployed at airport

The Ministry of Home affairs sanctioned in January 1977 the creation of 401 posts of various categories in the Delhi Police for perimeter security and anti-hijacking measures at the Palam airport. The expenditure on the staff deployed for these measures, initially incurred by the Delhi Administration, was to be reimbursed by the International Airports Authority of India (IAAI) and the Ministry of Tourism and Civil Aviation (MTCA) respectively.

Delhi Administration incurred an expenditure of Rs. 191.94 lakhs on the staff deployed for IAAI during March 1977 to December 1986 and Rs. 541.43 lakhs for MTCA during March 1977 to December 1985. Out of this, a sum of Rs. 39.54 lakhs on account of expenditure on

contingencies and travelling allowances, etc. had not been reimbursed by IAAI and MTCA (May 1989) although it was clarified by the Ministry in October 1986 that these expenses were also to be borne by the respective beneficiaries. Further, Rs. 869.91 lakhs upto December 1988 had also been incurred by the Deputy Commissioner of Police but no payment had been received till May 1989 despite repeated reminders.

Thus sum of Rs. 909.45 lakhs which had become recoverable upto December 1988, had not been reimbursed to the Delhi Administration by IAAI and Ministry of Tourism and Civil Aviation (May 1989).

The matter was reported to the Ministry, Delhi Administration and Commissioner of Police in July 1989; but replies had not been received (November 1989).

Ministry of Human Resource Development

(Department of Education-Delhi Administration)

6. Sahitya Kala Parishad

6.1 Introduction

Sahitya Kala Parishad was registered in 1968 as a society under the Societies Registration Act, 1860 to promote literature and art and to effect co-ordination between literateurs and artists and to publish or get published in Hindi and other languages works on music, dance, drama, fine arts, critical and creative literature, basic terminology etc. and to give grants to individuals or institutions in this regard. The Parishad was to give award, prizes, distinctions, recognitions to literateurs and artists for their outstanding contributions in their respective fields and also to organise programmes for the promotion of arts. However, in 1981 separate academies for promotion and propagation of Hindi, Punjabi and Urdu languages and literature were set up.

6.2 Scope of Audit

The audit of the Sahitya Kala Parishad was conducted under Section 14(1) of the Comptroller and Auditor General (Duties, Powers and Conditions of Service) Act, 1971 for the period 1985-86 to 1987-88. The accounts for 1988-89 had not been finalised (July 1989). No specific date has been fixed for finalising the accounts.

6.3 Organisational set up

The Parishad consists of a General Council, an Executive Board and a Finance Committee. Any other committee could be constituted for

discharging any specified functions. The General Council consists of members who hold ex-officio positions in the body. The General Council is an advisory body and have the right to give policy directions regarding programmes to be taken up during the year. The Chief Executive Councillor of Delhi is the Chairman and the Chief Secretary, Delhi Administration is the Vice-Chairman. The Executive Board consists of the Chairman, the Vice-Chairman, the Financial Advisor, Secretary (Education), Director of Education and four members elected by the General Council from amongst its members. The Executive Board is vested with the powers of general superintendence, direction and control of the affairs of the Parishad. The Finance Committee consists of the Financial Advisor, two representatives of the General Council and one representative of the Executive Board. The Secretary is the principal officer of the Parishad and is appointed by the Chief Secretary, Delhi Administration on such terms and conditions as the Executive Board may determine.

6.4 Highlights

- The promotion of literature and art by giving awards, prizes, recognitions to literateurs and artists for outstanding contribution in their respective fields was the objective of the Sahitya Kala Parishad till the language Academies were formed in 1981. Thereafter, the functions of the Parishad were limited to the promotion of art and culture, stage

programmes of performing and visual art.

- During 1985-89, the Parishad received grants of Rs. 218.93 lakhs and spent Rs. 187.25 lakhs. The expenditure on establishment which was Rs. 8.14 lakhs in 1985-86, increased to Rs. 14.79 lakhs in 1987-88 and ranged between 44 and 50 per cent of the expenditure on programmes.
- The Parishad holds, each year, one art exhibition, one drama and one dance festival, 'yuva mahautsava', annual celebration and awards programmes and organises poetic symposium on the occasion of the Republic and Independence days and had spent Rs. 46.55 lakhs on these functions during 1985-88.
- In 1987, the Parishad was asked to provide facilities for a light and sound programme organised by a Hyderabad based voluntary organisation and spent Rs. 5.13 lakhs. Though the payment to artists was not to be borne by the Parishad, yet a sum of Rs. 0.89 lakh was paid. The stage material like wooden sleepers etc. worth Rs. 1.80 lakhs, provided for the stage, were not resumed after the event was over. A cash payment of Rs. 29,000 advanced to the voluntary agency had not been refunded or adjusted.
- The Parishad spent Rs. 2.48 lakhs, beyond its ambit, for preparing a contingent of school children for Republic Day parade 1988. Although the number of participating children was only 360, the costume designer was paid for 600 costumes thereby making an over payment of Rs. 0.55 lakh.
- The Parishad purchased books

and furniture for Rs. 2.77 lakhs during 1986-89 for a library for which neither sufficient accommodation nor a post of librarian was available.

- Paintings worth Rs. 2.62 lakhs purchased by the Parishad from various artists upto March 1987 had been stored in a cabin without being displayed.
- a chassis purchased in March 1986 was handed over to a contractor for building the superstructure within 90 days but was received after November 1988. The van costing Rs. 4.49 lakhs had not been put to any use.

6.5 Objectives

After the setting up of three separate language Academies for promotion and propagation of languages and literature in Urdu, Punjabi and Hindi, the Delhi Administration issued orders in March 1984 that the work relating to state awards for literary work promotion of respective language/literature would be handled by the new academies. It ordered that the Parishad, besides concentrating on the promotion of art will continue to look after the remaining field of literary activities, which inter-alia included promotion of other regional languages and their literature in Delhi, poets meet of Hindi, Urdu and Punjabi at Red Fort on Republic Day and any other literary activity of common interest. It was clarified in December 1987 that the Parishad was meant for promoting art and culture and the academies were formed to promote the respective languages. Stage programmes of performing and visual arts i.e. folk dances, musical songs, ghazals or drama should be organised by the Parishad.

6.6 *Financial outlay*

incurred by the Parishad from 1985-86 to 1988-89 were as under :-

Grants received and expenditure

		(in lakhs of rupees)	
		grants received	expenditure
	1985-86	38.92	26.75
	1986-87	43.26	46.51
	1987-88	61.90	44.47
	1988-89*	74.85	69.52
(*) provisional			

6.7 *Activities*6.7.1 *Sound and light programme*

In connection with a proposal to stage a sound and light programme entitled Bharat Ratna Indira Gandhi programme by a Hyderabad based voluntary organisation, a meeting was called in October 1987 by the Chief Secretary, Delhi Administration. It was considered that the Administration would take responsibility for setting up the stage, lighting and publicity etc. for which purpose technical guidance of the Song and Drama Division of the Central Government was desirable.

The minutes of the meetings did not indicate whether any payment was to be made to artists by the Parishad. A sum of Rs.0.89 lakh had, however, been paid by the Parishad on this account. A sum of Rs.1.80 lakhs was also paid towards cost of plywood, wooden sleepers and other hardware items for the setting up of the stage. The payments were made by the Parishad on the basis of bills verified by the representative of the Song and Drama Division but these items were

provided to enable the units to present the programme. The assets so acquired rightfully belonged to the Parishad, yet it did not take over the assets and salvaged material after the programme was over.

A sum of Rs.95,500 was paid in cash to a voluntary organisation for expenses on hoardings and hand bills out of which account for Rs.29,000 was still to be rendered by the voluntary organisation to the Parishad (July 1989).

6.7.2 *Contingent for Republic Day Celebration*

A sum of Rs.2.48 lakhs was spent for a contingent of school children for Republic Day parade in 1988. The expenditure included a sum of Rs. 75,000 to three persons at Rs.25,000 each which included production, music choreography and script writing which was not approved by the Executive Board/ Finance Committee nor was there on record any justification for the quantum of fees in relation to the job entrusted.

A costume designer was engaged

to supply costumes for 600 children at a maximum cost of Rs.1.50 lakhs with a fee of Rs.5,000. Only 330 out of the 360 selected children participated in the programme. Costumes were, however, ordered for 600 persons. The bill of the contractor did not indicate the exact number of costumes prepared and supplied. No stock entry was available in the records. Based on the number of children selected (360) and the terms accepted in the offer *ibid*, the payment should have been restricted to Rs.90,000 whereas the Parishad paid Rs.1,44,980 on the costumes resulting in an excess expenditure of Rs.54,980.

6.8 Acquisition of a mobile van

In March 1986, the Parishad proposed to purchase a chassis costing Rs. 2.25 lakhs for construction of a van. Another sum of Rs.2.04 lakhs was to be spent on building of body and fixing of other accessories before the van could be used for display of art in the far-flung parts of Delhi. The chassis was handed over to the contractor in November 1986. The agreement stipulated that the van would be delivered within 90 days which could be extended by 30 days by the Parishad and thereafter penalty at the rate of 2 per cent of the cost would be levied.

The Parishad made full payment of Rs.2.24 lakhs by March 1987 to the contractor without getting the body built on the chassis. The van was not delivered till November 1988, but no penalty was levied on the contractor. The van had not been put to use for the purpose for which it was meant for nearly three years (July 1989).

6.9 Financial assistance to cultural institutions

The Parishad gave financial assistance to various institutions

engaged in the promotion of cultural activities in Delhi in order to enable them to present cultural programmes jointly. During 1985-89 the Parishad rendered financial assistance of Rs.6.47 lakhs to 114 such institutions.

The Parishad had not fixed any norms in regard to the grant of financial assistance to these institutions. No guideline was laid down by the General Council or Executive Board fixing the quantum of assistance and the specific purpose for which the same was to be given.

6.10 Expenditure on library without activities

Books worth Rs.1.50 lakhs were lying in the library as on 31st March 1987 but there was no librarian nor was sufficient space available for the library. Book cases worth Rs.0.34 lakh purchased in March 1986 were lying unused. Four book cases purchased in March 1989 for Rs.6,900 were also lying unpacked. Similarly, furniture for the library purchased till March 1989 for Rs. 0.86 lakh was also lying unused.

Due to lack of planning and coordination an amount of Rs.2.77 lakhs spent for library remains blocked and idle.

6.11 Expenditure on purchase of paintings

Up to March 1987 the Parishad had purchased 202 paintings for Rs.2.62 lakhs at prices ranging from Rs.300 to Rs. 8,000 per painting from various artists on the basis of resolution made by its Arts Committee. Earlier these were being displayed at the Art Gallery of the Parishad but it was decided in 1986-87 to store all these paintings in a small cabin at the Arts Gallery. Apart from likely deter-

ioration in storage, the main purpose of purchase to popularise art by regular display has been defeated.

6.12 *Irregular award of printing work*

During 1985-87, printing jobs for Rs.2.04 lakhs were got done from a printer without calling for quotations. The expenditure on printing of brochures/ leaflets and tickets for programmes was 25 per cent of the total cost of the various programmes for which the printing jobs were got done.

6.13 *Annual accounts*

6.13.1 Expenditure on advertisement as a percentage rose from 18 of the expenditure on programmes in 1985-86 to 27 in 1986-87. In 1987-88 alone advertisement charges amounting to Rs.6.34 lakhs was incurred against programmes expenditure of Rs. 29.67 lakhs. The advertisement expenses included payments to small periodicals by way of assistance for printing the promotional activities of the Parishad.

6.13.2 As per the pattern of assistance, the grants cover the net deficit. Depreciation cannot be covered by grants. On being pointed by Audit, the charges on account of depreciation were dispensed with from 1987-88. However, a sum of Rs.4.02 lakhs

already charged as depreciation up to 31st March 1987 was yet to be written back in the accounts and refunded or adjusted against future grants.

6.13.3 It was observed that grants sanctioned and disbursed in a particular year were not accounted for in full in the accounts of that year. Grants to the extent of Rs.12.37 lakhs and Rs. 17.44 lakhs received before the closing of the financial years 1985-86 and 1987-88 respectively were not accounted for as receipt in the respective year on the plea that the cheques were encashed in the next year.

6.14 *Non-maintenance of register of assets*

As per conditions of the grant, the Parishad was required to maintain a register of assets in form GFR-19 but the same had not so far been prepared. The Parishad had not conducted physical verification of the stock and stores, in the absence of which discrepancies in stores and stock could not be ascertained.

The matter was reported to Ministry of Human Resource Development (Department of Education), Delhi Administration, and Secretary, Sahitya Kala Parishad in August 1989; no reply has been received (November 1989).

Language Department -- Delhi Administration

7. Hindi, Punjabi and Urdu Academies year.

7.3 Organisational set up

7.1 Introduction

The promotion of literature, art, the coordination between literateurs and artists, publication of books, assistance by way of grants to institutions and individuals engaged in art and literature, and to give awards, prizes, distinction to writers were amongst the objectives assigned to the Sahitya Kala Parishad which was established in 1968. To give an impetus to these activities so far as these related to Hindi, Punjabi and Urdu, separate academies for each of these languages were constituted in 1981. Apart from encouraging new works in these languages, the academies could give financial assistance for translation of literary works from Hindi, Punjabi and Urdu into other Indian regional languages and foreign languages and vice versa. They could give financial assistance to the deserving and aged literateurs and grant scholarships for higher education and research.

7.2 Scope of Audit

The audit of the academies was conducted under section 14(1) of the Comptroller and Auditor General of India's (Duties, Powers and Conditions of Service) Act, 1971 for the period 1985-86 to 1987-88. The accounts for 1988-89 had not been finalised by the academies (September 1989). Specific date for finalisation of accounts by academies had not been prescribed. However, accounts are required to be placed before the annual general meeting of the academies before the end of March of the subsequent

Each academy consists of 10 to 20 members, most of whom were officers of the Delhi Administration, Central Government or local bodies in Delhi and they are nominated by the Lt. Governor of Delhi who is the Chairman/President of the academies. The members elect a Vice Chairman/ Vice President from amongst themselves.

The Chairman and Vice Chairman of each academy functions as Chairman and Vice Chairman of the executive committee of the concerned academy which looks after the day to day affairs of the academy. Each executive committee has on its strength, five members nominated from among the members of the academy. The executive committees are responsible for giving effect to the decisions of the academies and have the powers for carrying out the objects of the academies.

Each academy as well as its executive committee is required to be re-constituted every two years.

Rules and regulations of the academies lay down that each academy shall meet at least twice a year.

7.4 Highlights

- The promotion of literature, art and coordination between literateurs and artists in the respective languages of Hindi, Punjabi and Urdu, as a part of the composite lingual culture of Delhi which were performed in an integrated fashion till 1981 by the Sahitya Kala Parishad were transferred to

separate academies constituted for these languages in 1981.

- The primary objectives of the academies were to publish books and assist in the production of creative literature including reference work, dictionaries, encyclopaedias and the like and also to give recognition and aid to deserving persons and institutions for the above purpose and to promote the teaching of the respective languages.
- Each academy consists of 10 to 20 members most of whom were officers of the Delhi Administration, Central Government or local bodies in Delhi nominated by the Lt. Governor.
- Expenditure on the establishment and administration of the language academies during 1985-88 ranged from 13 to 32 per cent of the expenditure on programmes.
- On the engagement of part-time language teachers, Punjabi Academy incurred Rs. 102.88 lakhs on 1,207 teachers in 1985-89 and Urdu Academy Rs. 7.73 lakhs during 1984-88 on engagement of 256 teachers. There were no predetermined criteria followed in the selection of schools or in the selection of teachers. No curriculum was prescribed for the language teachers either by the Punjabi Academy or the Urdu Academy. Urdu Academy teachers were teaching subjects other than Urdu as well.
- A sum of Rs. 113 lakhs was released to the Punjabi Academy in March 1987 for opening composite libraries where books and literature supplied by the Hindi and Urdu Academies were also to be distributed/displayed. Against the target of 300 libraries, 35 libraries and 3 reading rooms were opened till May 1989 by incurring an expenditure of Rs. 53 lakhs. As per the scheme, the libraries were required to be kept open till 10 p.m. so that the underprivileged persons could use them after earning their livelihood. The libraries were closed at 4 p.m. or 5 p.m. thereby denying the use to the intended persons.
- Notwithstanding that the academies are fully funded by the Delhi Administration, they were asked to pay Rs. 4 lakhs each for a project to bring out the History of Freedom Movement in the three languages for the use of children. The cheques issued by the academies were drawn in favour of the Director of Education and kept outside the Government accounts. The proposal to bring out the book in Punjabi and Urdu remained unimplemented and publications were brought out only in English and Hindi. Although, initially a prize money of only Rs. 1 lakh was contemplated for the best manuscript, 26 prizes totalling Rs. 6.50 lakhs including separate prizes in English and Hindi were given. A sum of Rs. 4.63 lakhs had been paid for evaluation of manuscript and Rs. 1.50 lakhs to the judges in selecting the award winners.
- The Delhi Administration spent Rs. 1.98 lakhs for printing 3,000 copies each in English and Hindi and kept 1,000 copies of each edition for official purpose and complementary distribution. Only 268 copies were sold till October 1989. 360 copies were damaged by termite. The remaining copies priced at Rs. 2 lakhs were

lying unsold.

- The Punjabi academy incurred an expenditure of Rs. 2.40 lakhs on receptions to delegates of international seminars like the Non-aligned Meet, Afro-Asian Summit etc., activities not concerned with the development of Punjabi language and culture. The approval of the governing council for these expenses was not on record. Similarly, an expenditure of Rs. 5.89 lakhs was incurred by the Urdu Academy on receptions or dinners at the residences of the dignitaries on religious occasions. Such gathering had little to do with the promotion of the language or literature.
- A substantial number of copies of publications brought out by the academies remained unsold. Against 23,250 copies (involving 37 publications) brought out by the Punjabi Academy, not even one copy had been sold. 1,045 copies were distributed free of cost. Urdu Academy printed 35,361 copies of 34 publications at a cost of Rs. 9.03 lakhs. After sale and free distribution of 2,820 copies, 18,226 copies valued at Rs. 6.04 lakhs had remained unsold. Hindi Academy had spent Rs. 5.69 lakhs on publications and had not priced them.
- The Hindi academy had given cash assistance to 79 authors and 2 institutions and paid Rs. 4.15 lakhs on this account. The authors were required to give books equal to the value of assistance after the books were printed. Books worth Rs. 2.05 lakhs were still awaited from the assisted authors. The Punjabi Academy had extended financial assistance to 114 authors by purchasing 250

copies each of their publications. The Urdu Academy had not spent any sum on this account.

- None of the academies had published any dictionary, encyclopaedias etc. Urdu Academy had published, in 1987, a directory of publishers; of which only 700 copies were sold and 389 distributed free. 2,008 copies priced over Rs. one lakh were still lying unsold.
- The Hindi Academy spent Rs. 11.58 lakhs on 23 seminars and 'goshties' and 14 'kavidarbars' during 1985-88. An expenditure of Rs. 8.36 lakhs was incurred by the Punjabi Academy on 14 conferences and seminars and 16 poetic meets. Urdu Academy spent Rs. 21.80 lakhs on 22 conferences and seminars and 15 'mu:shairas'.
- Contrary to its charter, Hindi Academy gave financial assistance of Rs. 3 lakhs during 1985-86 and in 1987-89 to a society named as Purshottam Hindi Bhawan Nyas for construction of a building.
- A set of an audio-recording equipment purchased by the Punjabi Academy at a cost of Rs. 2.53 lakhs in July 1986 to equip its studio for recording programmes could not be made functional and it continued to hire private studios on which a sum of Rs. 3.41 lakhs had been spent on hiring during 1987-89.

7.5 Objectives

In July 1982 the Central Government approved rules governing the pattern of grant-in-aid to the three academies to avoid confusion about the functions of the Sahitya Kala Parishad and the language

academies. Delhi Administration clarified in March 1984 that the work relating to state awards for literary works, promotion of respective language/ literature would be handled by the new academies.

Each academy is required to utilise the grant for the purpose of promotion of the respective language as a part of the composite lingual culture of Delhi by way of publishing books, creative literature including reference work, dictionaries, encyclopaedia, basic terminology etc. The academies are authorised to give recognition and aid to meritorious and deserving institutions for the purpose of achievement of the objectives. They have to organise various conferences, seminars, poets meets etc. and also to keep a watch over the teaching of the languages in Delhi.

7.6 Constitution and meetings

7.6.1 Reconstitution of academies

It was observed in Audit that the Punjabi Academy constituted in April 1984 was reconstituted in July 1987 i.e. after a lapse of three years instead of two years as required under the Rules and Regulations of the Punjabi Academy. However Hindi and Urdu academies were re-constituted in time.

7.6.2 Membership of academies

Punjabi and Urdu Academies have besides the Lt. Governor of Delhi as its chairman, 22 nominated members including one vice-chairman and one member secretary ex-officio instead of 20 as envisaged in its constitution. In contravention of the rules and regulations of the academy, the vice-chairman of the academy has not been elected by the members but has been nominated by the chairman.

7.6.3 Reconstitution of executive committee

The executive committee required to look after the day to day affairs of the Punjabi and Urdu Academies was formed at the time of registration of the academies in 1981. The executive committee is required to be re-constituted after every two years. This has not been done. The affairs of the academies are being looked after by the full house of the academies. In the case of the Hindi Academy, the executive committee, initially formed in 1981, was reconstituted in 1983. Thereafter no reconstitution of the executive committee had taken place even after a lapse of six years.

7.6.4 Non-appointment of executive director

Executive officer of Punjabi Academy has not been appointed as required under the rules while Hindi and Urdu language academies have full time executive officers, designated as Secretary to the academies. The commissioner (Slums) in Delhi Development Authority has been looking after the work of Punjabi Academy since 1981. He draws honorarium for the work of the academy. He has delegated his powers of day to day supervision to the Joint Secretary, a retired official of Delhi Administration, who is working on contract basis since October 1985.

7.6.5 Meetings of the academies

In 1985 - 86 and , 1987 - 88 two meetings of the Punjabi Academy were held in each year but in 1986-87 and 1988-89 only one meeting was held each year. The Urdu Academy met once in 1985-86, twice in 1986-87, once in 1987-88 and twice in 1988-89. Hindi Academy, had been meeting regularly

as required under its constitution.

utilisation by all the three academies were as under :-

7.7 Financial outlay

The grants received and their

Year	(In lakhs of rupees)					
	Grants received			Expenditure incurred		
	Hindi Academy	Punjabi Academy	Urdu Academy	Hindi Academy	Punjabi Academy	Urdu Academy
1985-86	41.85	55.90	39.00	43.64	34.88	38.01
1986-87	38.82	181.12	42.00	43.59	73.75	41.69
1987-88	39.10	56.85	41.00	41.52	102.66	46.23
1988-89*	NA	68.10	65.19	NA	164.44	46.81

(*) Provisional figures.

The Hindi Academy spent Rs. 11.58 lakhs on 23 seminars and 'goshties' and 14 'kavidarbars' during 1985-88. An expenditure of Rs. 8.36 lakhs was incurred by the Punjabi Academy on 14 conferences and seminars and 16 poetic meets. Urdu Academy spent Rs. 21.80 lakhs on 22 conferences and seminars and 15 'mushairas'.

7.8 Publication of History of the Freedom Movement

In March 1984, Secretary to the Punjabi Academy recorded a note that no standard book on the History of the Freedom Movement was available in the Punjabi language. The note also recorded that the offer of a reward of Rs.1.00 lakh for such a book announced by the Chief Executive Councillor had not drawn much of a response and institutional backing for a large scale publication was necessary. A sum of Rs.1.50 lakhs was proposed to be deposited in the fund which was being coordinated in the Delhi

Administration. It was approved by the Vice-Chairman and Chairman of the Punjabi Academy.

The payment of Rs.1.50 lakhs was made in March 1984 and a further payment of Rs.2.50 lakhs was made in 1985-87. Payment of Rs.4 lakhs each was also made by the Hindi and Urdu Academies during this period in favour of the Director of Education, Delhi Administration. The Director of Education had confirmed in October 1989 that the money had been kept outside the Government account. Keeping of money received in favour of a Government officer outside the regular account thus was improper.

The documents produced to Audit showed that the payments were made as per directions of the Delhi Administration. The approval of the Governing Council or the executive committee was not obtained by any of the academies.

Since the academies are fully

funded by the Delhi Administration the reasons for which the academies paid to Delhi Administration to finance the publication are not clear. Why the grant could not have been released directly by Delhi Administration for the publication is not clear.

The note approved by the It. Governor of Delhi had clearly stated that a fund for the purpose will be coordinated by the Delhi Administration. As the relevant papers had not been made available to Audit, the formation of the fund could not be verified.

As per the brochures, only one prize of Rs. 1 lakh for the best manuscript was contemplated. There was no mention of separate prizes in English and Hindi or of second, third or merit prizes. Against one award of Rs. 1 lakh announced by the Administration, 26 prizes totalling Rs. 6.50 lakhs had been paid. A sum of Rs. 4.63 lakhs had been paid for evaluation of the manuscripts and Rs. 1.50 lakhs to the judges for selecting the award winners.

Contribution of Rs. 12 lakhs had been received from three academies and Rs. 0.50 lakh each from a Nationalised Bank. A sum of Rs. 1.80 lakhs had been earned as interest thereon making a total of Rs. 14.30 lakhs out of which Rs. 12.63 lakhs have been spent leaving a balance of Rs. 1.67 lakhs in the accounts opened in a bank.

Punjabi and Urdu Academy had, contributed Rs. 4 lakhs each for the project but manuscripts in Hindi or English only were called. The purpose of contributions by Punjabi and Urdu Academies for bringing out the publication in respective language had not been fulfilled.

Delhi Administration, got printed the book on History of Freedom Movement in English and Hindi.

A sum of Rs.1.98 lakhs was paid by the Delhi Administration for printing of 6,000 copies of the History of Freedom Movement (3,000 each in Hindi and English). After retaining 1,000 copies each of the Hindi and English versions for official purposes and complimentary supplies, the balance of 4,000 copies were sent to the Publication Department, Government of India for sale. Only 268 copies (246 English edition and 22 Hindi edition) were sold till October 1989. The remaining 3,732 copies priced at over Rs.2.00 lakhs (Rs.55 per copy) were lying unsold.

7.9 *Unplanned appointment of teachers*

In order to promote Punjabi and Urdu the respective Academies formulated a scheme of providing part time language teachers in various schools of the Delhi Administration, New Delhi Municipal Committee, Municipal Corporation of Delhi and other aided and recognised schools.

Punjabi Academy appointed 451 part time teachers in 1986-87 on a salary ranging from Rs.400 to Rs.600 per month. The number of such teachers had increased to 1207 in 1988-89 and the salary was enhanced to Rs.500 to Rs.700 per month with effect from April 1987. The expenditure on part time teachers was Rs.10.68 lakhs in 1986-87, Rs.32.28 lakhs in 1987-88 and Rs.59.92 lakhs in 1988-89.

Urdu Academy appointed 256 teachers between 1984-85 and 1987-88 and an expenditure of Rs.7.73 lakhs was incurred.

No curriculum was prescribed

for language teachers either by the Punjabi Academy or by the Urdu Academy. The teachers in Urdu were engaged to teach various subjects like science, history, etc. in Urdu while Punjabi teachers were engaged in teaching Punjabi language alone.

The Punjabi Academy employed 36 teachers who were in regular employment of schools of New Delhi Municipal Committee and were assigned the job of teaching Punjabi language after school hours on a part time basis. An amount of Rs.2.40 lakhs was paid to the 36 teachers employed for teaching Punjabi in the school in which they were employed in 1986-87 and Rs.3.46 lakhs in 1987-88. There were no records or reports to indicate the number of students who attended classes after school hours. No plan or scheme regarding areas/zones or the earmarked schools where teachers were required to be posted had been drawn up. Moreover, no minimum strength of the students of a school where part time teachers were being provided had been fixed by Punjabi Academy. There was no predetermined criteria followed in the selection of schools or in the selection of teachers. After the need for evaluation of Punjabi language teaching scheme was brought out by Audit, the appointment of literary and language teaching committee of the Punjabi Academy was decided in March 1988.

7.10 *Library and reading room facilities*

The Executive Council of the Delhi Administration decided in December 1986 to open 300 library-cum-reading rooms and study centres in slum areas, jhuggi-jhompri resettlement pockets, urban villages etc. in various parts of the Union Territory of Delhi. It was conceived that slum dwellers who had no facility for study in their

homes, may carry on their studies in the evening in the study centres which were required to be kept open up to 10 P.M. daily. In a meeting held under the Chairmanship of the Executive Councillor (Education) in December 1986, the Commissioner (Slums) of the Delhi Development Authority, who is also Secretary of the Punjabi Academy confirmed that there were about 65 places where built up accommodation could be provided for establishment of such libraries, reading rooms and study centres. He also agreed to construct the accommodation where it was not available. He further offered to take up the responsibility of setting up 300 libraries. It was also proposed that four mobile libraries may be commissioned. The expenditure on these libraries was estimated at Rs.828 lakhs.

Delhi Administration released in March 1987 a sum of Rs.113 lakhs as first instalment to Punjabi Academy on the condition that the grant stipulated would be spent before September 1987 and that the progress report will be submitted to the Administration along with the utilisation certificate. The grant was to be allocated to three academies in equal share although it was released to Punjabi Academy. In the year 1987-88 a sum of Rs.17.52 lakhs was spent on establishment of 19 libraries and three reading rooms.

The unspent balance of library funds amounting to Rs.95.48 lakhs was put in a saving account earning interest at the rate of five per cent. Had short term deposits of 91 days been made, an interest at the rate of 8 per cent could have been earned. The sums were not immediately required in full, as such a substantial sum could have been put in deposits to earn additional interest. Punjabi Academy had appropriated to itself in 1987-88 a

sum of Rs.0.83 lakh (20 per cent of interest) out of Rs.4.16 lakhs earned on unspent library funds as its own income.

As per the project report, approved by the Executive Council of the Delhi Administration, 16 libraries were already working prior to 1987-88. In May 1989, 51 libraries were working. The academy had thus set up only 35 libraries at a cost of Rs.53.96 lakhs, out of the funds of Rs.113 lakhs released by the Delhi Administration.

Absence of accommodation was given as one major reason although Delhi Development Authority had confirmed that there were 65 places where building accommodation would be provided by the Delhi Development Authority.

Punjabi Academy purchased three jeeps on the basis of one for each of the academies at Rs.1 lakh per jeep for supervision of libraries where as no expenditure was incurred by other academies on this item. Similarly, a sum of Rs.17.50 lakhs at the rate of Rs.0.50 lakh per library per annum was required to be spent on the purchase of books in the three language academies viz. Hindi, Punjabi and Urdu, for 35 composite libraries opened by the academy. Against this, a sum of Rs.13.98 lakhs (Hindi Rs. 8.80 lakhs, Urdu Rs.4.90 lakhs and Punjabi Rs.0.28 lakh) was spent on the books. While the Hindi Academy over spent Rs.3 lakhs against its share of Rs.5.83 lakhs, Punjabi Academy spent Rs.0.28 lakh against its share of Rs.5.83 lakhs which was less than 5 per cent of the allocation on books.

The scheme envisaged that the residents of jhuggi jhompri and slum areas who had no facility for study in their homes could carry on their studies in the evening in the study centres. These centres were

required to be kept open up to 10.00 P.M. daily. The timings of the libraries had been changed from 10.00 A.M. to 5.30 P.M. to 8.30 A.M. to 4.00 P.M. The library cum study centres did not provide a reading place to the under-privileged persons to study in the premises in the evening as the centres closed before such persons could come home from the place of their livelihood.

7.11 Purchase of publication of books

7.11.1 To promote language and culture, the academies purchased books from publishers, and from authors. Some authors were given separate financial assistance. These books were either distributed free of cost to the schools and colleges or housed in libraries.

Academies bring out publications and also sell their publications. Except Hindi Academy the selling price is fixed by adding 20 per cent over and above the cost of compilation, paper, printing, calligraphy and binding etc. Hindi academy, however, distributed books free of cost to individuals, institutions and libraries.

7.11.2 Hindi Academy gave a sum of Rs.4.15 lakhs as financial assistance during 1985-88 to 79 authors and two institutions at Rs.5,000 for each book. One institution was given an assistance of Rs.10,000. In return each assisted author/institution was required to supply the published books worth the financial assistance received from the academy as envisaged in the scheme. It was observed that 38 authors and three institutions had not supplied the prescribed number of books. Books worth Rs.2.05 lakhs were still to be received by the academy till September 1989.

During 1986-88, 6,087 books

were received from the assisted authors out of which only 1,591 books had been distributed. The remaining 4,496 copies valued at Rs.1.46 lakhs were lying with the academy. Books worth Rs.9 lakhs were purchased in 1987-88 for distribution to the library maintained by Hindi Academy and library-cum-reading rooms under the control of the Punjabi Academy. No consolidated record showing titles of books and number of copies purchased and sent to composite libraries was maintained by the Hindi Academy.

7.11.3 Urdu Academy published 35,361 copies of 34 titles at a cost of Rs.9.03 lakhs during 1985-89. 17,135 copies including, 2,820 complimentary copies of the publications were shown as sold at Rs.3.47 lakhs. The remaining copies numbering 18,226 were lying in stock for period ranging between 6 and 36 months (August 1989).

The normal print order for each book released by the Urdu Academy during 1986-88 was for about 1,100 copies which was subsequently reduced to 600 and finally to 300. Directory of Publishers named as "Nashreen" compiled and published in April 1987, for which an order for 3,100 copies priced at Rs.50 each was placed with the printers, only 3,097 copies were actually received. An expenditure of Rs.1.04 lakhs was incurred on its publication. 1,089 copies were shown as sold during 1987-89 including 389 complimentary copies. The remaining 2,008 copies priced at over Rs.1 lakh were still lying in stock (March 1989). The directory unless revised yearly loses its usefulness. The academy stated that due to various constraints like collection of information at an all India level etc. the Urdu Academy has now decided to revise the directory after five years. There is little possibility of the remaining 2,008 copies being sold.

7.11.4 Punjabi Academy made a direct purchase of 32,110 copies of 114 publications for Rs.8.49 lakhs during 1984-88 of which 26,261 copies were distributed to various schools and colleges under Delhi Administration and the balance 5849 copies valued at Rs.1.20 lakhs were lying undistributed.

During 1983-89, the Punjabi Academy published 37 publications numbering 23,250 copies the cost of which was Rs.11.61 lakhs. The formula of pricing of books was decided in July 1987 according to which the cost of books should be determined by taking into account expenditure incurred on paper, printing, etc. and by increasing it by 20 per cent to cover overheads. The academy, however, notified the pricing of only 15 publications in August 1987. A costing committee was constituted in December 1988 which decided to add 100 per cent towards cost of paper, wastage, depreciation, etc. with the result that the price determined in August 1987 almost doubled. Not a single copy had been sold out of the 23,250 copies of 37 publications.

Punjabi Academy purchased 30,000 copies of primer named "Learn Punjabi through English" for Rs.0.90 lakh during 1985-86 for free distribution in schools. In 1986-87, another 24,500 copies of a primer named "Punjabi Bhasha Gyan" Part-I written by the same author were also purchased for Rs.1.23 lakhs. Although there was a library, literary and publication sub-committee to recommend purchase of books, these purchases were not placed before the committee. Due to by-passing of the properly constituted sub-committee, Punjabi Academy had been burdened with an expenditure of Rs.2.13 lakhs on purchase of publications not found suitable for use of school children for whom these were intended.

7.12 Expenditure on receptions

7.12.1 During 1985-89, an expenditure of Rs.2.40 lakhs was incurred by Punjabi Academy and Hindi Academy on receptions to delegates to Afro-Asian journalists, delegates for removal of apartheid, delegates for Inter-University Debate on Non-aligned meet, delegates to the National Convention on Uniform Civil Code and delegates to international seminars on Non-aligned and World Peace etc. These functions did not fall within the objectives of the academies as incorporated in the respective Memorandum of Association. No approval of their Governing Council with regard to this expenditure was on record.

7.12.2 Urdu Academy arranges iftar dinner every year at the residence of Lt. Governor and Eid milan at the residence of Chief Executive Councillor. A sum of Rs. 5.89 lakhs was spent during 1985-89 on such parties. Sums of Rs. 25,600 in 1987-88 and Rs. 29,800 in 1988-89 were reimbursed by Lt. Governor's office towards Iftar dinners held during these years. A sum of Rs. 5.34 lakhs was borne by the academy. As these appear to be state functions, the holding of such functions by the academy does not appear to fall under any of the objective of the academy.

7.13 Appointment of Research Officer in Hindi

An official of the Adult Education Department, Delhi Administration was appointed on deputation by Hindi Academy as Research Officer in November 1986. He had been paid pay and allowances amounting to Rs.1.53 lakhs till September 1989.

It was observed that during the period of his service in the academy no research work was done

by him. A book named as "Sahityakar Nirdeshika" (Directory of literateurs) compiled by him was not considered upto the mark for publication or other use. It was confirmed by the Secretary of the Academy that no important research work had been done by the officer so far.

7.14 Release of financial assistance for capital expenditure

As per conditions of annual grants released by Delhi Administration the assets created or acquired wholly or partly out of the grant could not be disposed of by the grantee and should revert to Delhi Administration in case the institution ceases to exist. The assistance given to any other agency for creation of capital assets does not appear to be within the ambit of the objectives of the academy. However, if any, capital grant is given, a condition similar to the one imposed by Delhi Administration that assets created out of the assistance would revert to the Academy/Delhi Administration must be imposed on the receiving agency.

During the years 1985-86 and 1987-89 Hindi Academy released sums aggregating Rs. 3 lakhs to a society known as Purushottam Hindi Bhawan Nyas Samiti for construction of building of Hindi Bhawan. But the condition regarding academy's right to resume the assets had not been imposed.

7.15 Purchase of studio equipment

The Programme Adviser proposed (in May 1986) that the Punjabi Academy should purchase audio recording equipment for its studio for making recording of music concerts, seminars and recording for broadcasting of Punjabi folk lore on All India Radio on Vividh Bharti channel. A studio had

already been provided in the building in occupation of the academy. The academy purchased a set of portable tape recorders at a cost of Rs.2.53 lakhs in July 1986. The academy continued to hire private studio for recording of programmes and no steps were taken to make its studio functional/operational. During 1987-89, a sum of Rs.3.41 lakhs was spent on hiring of studio. It was ascertained from the academy, in August 1989 that only five programmes in 1987-88 and nine in 1988-89 were recorded with the equipment. The tape recorders which were meant for recording of programmes had not been used for regular recording of programmes which were got done from outside agencies.

7.16 Annual accounts

A test check of the accounts for 1985-86 to 1987-88 (accounts for 1988-89 were not ready in September 1989) revealed the following:

(i) As per the pattern of assistance approved by Central Government in July 1982, the grant in aid would be 100 per cent of the net deficit in any financial year. For determination of the deficit, all receipts irrespective of the source shall be treated as income for the purpose of giving grant in aid. Although compilation of receipts and payments accounts on the basis of actual cash receipts and cash out go is implied but a clear direction that accounts are to be compiled on cash basis had not been given by Delhi Administration. The academies adopted different formats of accounts. Punjabi and Urdu Academies were preparing both the receipts and payments accounts and income and expenditure accounts with balance sheet on commercial basis. While Hindi Academy was

preparing income and expenditure account as well as balance sheet on cash basis.

(ii) On the pattern of assistance of net-deficit basis no charge which is not covered by actual cash outgo can be reimbursed by grant-in-aid. A sum of Rs.5.34 lakhs was charged as depreciation on the value of assets till March 1987 by Hindi Academy. On being pointed by Audit in June 1988 the sum was written back and adjusted in the accounts for 1987-88. In the case of the Urdu Academy a sum of Rs.4.55 lakhs was charged as depreciation till March 1988, such depreciation was not an admissible expenditure from grants. It was pointed out by audit in June 1988 that assets be shown at book value in balance sheet and depreciation charges written back. But no action had been taken so far (September 1989).

(iii) In the balance sheet of Hindi Academy as on 31st March 1988 an overdraft of Rs.5.70 lakhs was exhibited. The concerned banks had on the contrary confirmed credit balance of Rs.1.89 lakhs as on 31st March 1988 (Rs.0.22 lakh by State Bank of India and Rs.1.67 lakhs by Punjab National Bank). The necessity of overdraft was not clear. In case of State Bank of India academy had 17 outdated cheques for Rs.0.42 lakh which were issued three to four years back. The time-barred cheques had not been cancelled nor the amount credited to academy's accounts.

The matter was reported to the Ministry of Human Resource Development, (Department of Education), Delhi Administration and Academies in September 1989 in respect of Punjabi and Urdu Academies and on 6th November 1989 in respect of Hindi Academy; replies have not been received.

Ministry of Industry

(Commissioner of Industries-Delhi Administration)

8. Non-utilisation of imported stitching machines

The Commissioner of Industries placed an order in February 1985 with a firm for the purchase of two imported True Moccassion stitching machines at a cost of Rs. 1.16 lakhs for the leather goods complex in Wazirpur. An irrevocable letter of credit in favour of the foreign firm for the full value (DM-24898) of the machine was opened in February 1985. On receipt of the machines at Bombay, the Department appointed a clearing agent and a cheque for Rs. 0.72 lakh was issued in his favour in November 1985 to meet the charges on account of custom duty, wharfage, freight, insurance etc. No formal agreement for proper handling of the machines and to cover the transit risk from Bombay to Delhi was, however, entered into with the clearing agent. After taking delivery in April 1986 the clearing agent insured the machines for Rs. 1.86 lakhs and despatched them through a transporter. He submitted a bill for Rs. 0.48 lakh and refunded the unspent balance of Rs. 0.24 lakh in July 1986. The machines were delivered by the transporter to the Department at Wazirabad complex in April 1986. The machines were opened by the Department in June 1986 and found in damaged condition. The Department approached the insurance company in June 1986 to inspect the machines. The company in its survey report of June 1986 attributed the cause of loss to careless handling, possibly during inland transit and advised the Department to lodge monetary claim with the transporter. The

Department took up the matter with the transporter in July 1986 to make good the loss of Rs. 1.85 lakhs. The transporter did not accept (August 1986) the claim on the plea that the consignment was delivered to the Department in a safe and sound condition. The claim preferred on the insurance company in September 1986 was not accepted (May 1987) on the ground that the damage occurred due to careless handling possibly during inland transit which was not covered by the policy. When the transporter and the insurance company did not accept the claim, the Department approached the clearing agent in July 1987 to make good the loss. The agent also did not accept the claim on the plea that all packages were delivered by the transporter in sound condition and that the claims had not been handled properly within a reasonable time with the carriers.

The Department approached the foreign supplier in March 1988 during a trade fair in Delhi to inspect the machines. The firm inspected the machine in March 1988 and submitted a list of parts damaged. The cost of the damaged parts was assessed at Rs. 0.18 lakh. A letter of credit was opened in April 1989 in favour of the foreign firm.

The Ministry stated in November 1989 that the damaged machines had since been put into operation.

Thus the failure on the part of Department to specify the terms and conditions to the clearing agent to insure the machines to cover the risk of damages in transit and the acceptance of

delivery of the consignment for more than three years apart
without proper inspection from the extra expenditure of Rs.
resulted in non-utilisation of 0.18 lakh towards cost of damaged
machines costing Rs.1.64 lakhs parts.

Ministry of Urban Development

(Land Acquisition and Land and Building Departments—Delhi Administration)

9. Land acquisition

9.1 Introduction

The Land Acquisition Department and the Land and Building (I&B) Department are responsible for acquiring land for various schemes in the Union Territory of Delhi under the Land Acquisition Act, 1894 (Act) as amended from time to time. Proposals for acquisition of land for plan schemes initiated by the Delhi Development Authority (DDA) and for non-plan schemes by different departments are submitted to the Land and Building Department, which in turn forwards the same to the Land Acquisition Collector (LAC) for initiating action under the various provisions of the Act.

9.2 Scope of Audit

The records of the Land Acquisition and Land and Building Departments from 1982-83 to 1988-89 were test checked in Audit during April to June 1989.

9.3 Organisational set up

The Land Acquisition Department is headed by a Deputy Commissioner, assisted by one Additional District Magistrate, six Land Acquisition Collectors and other subordinate staff. The work in the Land and Building Department is looked after by the Secretary (Land and Building) who is assisted by the Joint Secretary, Under Secretary (Land Acquisition) and other subordinate staff.

9.4 Highlights

- Notifications under section 6 of the Land Acquisition Act, 1894 that the land was needed

for a public purpose were issued after 4 to 19 years of the issue of preliminary notification under section 4 and the awards were announced during 1986-87 after 7 to 25 years of the issue of notification under section 6 as there was no time limit prescribed prior to the amendment of the Land Acquisition Act in 1967 and 1984. Due to abnormal delay in announcing of awards, the department incurred in 38 cases test checked in audit, extra expenditure of Rs. 1,300.22 lakhs on payment of interest and enhanced solatium which became admissible under the Act as amended in 1967 and 1984

- In another 22 cases where notifications under section 6 were issued during 1962-63 to 1971-72, awards were announced between April 1982 and September 1984. As a result the department had to issue supplementary awards involving additional payment of Rs. 669.43 lakhs under the Act as amended in 1984 with retrospective effect from 30th April 1982.

- In five cases the possession of land was delayed up to six years from the issue of notices under section 9 (i) of the Act and awards were announced after 7 to 12 years of the issue of notifications under sections 4, 6 and 17 of the Act resulting in avoidable payment of interest amounting to Rs. 7.64 lakhs and solatium of Rs. 2.27 lakhs.

Notice, after announcing of award as required to be issued under the Act, to the interested persons, to enable them to file a reference within the prescribed period, were not issued in many cases. Consequently the department had to pay Rs. 43.24 lakhs in one case due to receipt of reference from the interested person after a lapse of 19 years on account of additional compensation, interest and enhanced solatium as ordered by the court.

In 19 cases test checked, references received from the interested persons for enhancement of compensation were sent to the Court of Additional District Judge after 11 to 40 months. The delay in sending cases to court resulted in avoidable payment of interest of Rs. 5.82 lakhs.

An amount of Rs. 440.95 lakhs was released by the IACs for payment to the interested persons by the Court of Additional District Judge in 93 cases during 1985-86 against bank guarantees. The payments were made without bank guarantees. The department did not file appeal in individual cases in the High Court for release of payment against bank guarantees by Additional District Judge despite the advice given by the Ministry of Law and Justice in January 1987 and released payment of Rs. 1,861.62 lakhs to the court of the Additional District Judge in 508 cases during 1988-89.

In 16 cases, against the payment of compensation and interest of Rs.278.88 lakhs worked out by IACs in accordance with the decision of the courts, the Additional District

Judge ordered attachment of Rs.455.28 lakhs for payment to the interested persons according to the claims preferred by them. The failure of the IAC's to make timely payment on receipt of the court's notice resulted in extra attachment of Rs.216.80 lakhs including Rs.40.40 lakhs in eight cases where the payment had already been made to the court. No action to appeal against excess attachment was taken.

- Action on 1064 applications received during 1984-85 to 1988-89 for enhancement of compensation under section 28 A of the Act had not been taken. In four of these cases, checked in Audit, interest of Rs. 1.90 lakhs had already become due as on 31st March 1989.
- Failure to file appeal in the High Court against the judgement of Additional District Judge in ten cases within the period allowed for appeal led to dismissal of appeals by the High Court. As a result, the Delhi Administration filed appeal with the Supreme Court and incurred avoidable expenditure of Rs. 0.35 lakh.
- Various important registers had either not been maintained or were not properly posted.

9.5 Procedure for acquisition of land

A preliminary notification under section 4 of the Act for the acquisition of land is published in newspapers and in the Gazette. After issue of notification, any person interested in the land has to prefer objections, if any, within 30 days from the date of publication. After scrutiny of the objections, if any, the IAC forwards the necessary documents

along with his recommendations to the Land and Building Department for issuing declaration under section 6 of the Act that the land is needed for a public purpose or otherwise. Thereafter, awards are issued by the IAC under section 11 of the Act. In case of urgency, provisions of section 9 (i) and section 17 of the Act are made applicable. Under the Act, as amended in 1967, notification under section 6 was to be issued after the expiry of two years from the date of issue of notification under section 4. The Act was further amended in 1984, with retrospective effect from 30th April 1982, providing for issue of notification under section 6 after the expiry of one year from the date of publication of notification under section 4. Awards are required to be announced within two years from the date of issue of notification under section 6 of the Act. Before announcing the award, the indenting department is asked to deposit the amount with the Land Acquisition Collector. On receipt the amount is deposited in the Land Acquisition Account. After announcing of awards, the possession of land is taken over by IAC from the awardees and handed over to the acquiring department through the Land and Building Department. A statement indicating the name of the owner and the amount of compensation assessed by the IAC and approved by Deputy Commissioner is sent by IAC to the accounts branch for making payment to the land owner within 45 days of the announcement of the award. The amount of enhanced compensation allowed by various courts is checked by the accounts branch and further payment demanded from the indenting department. The amount is remitted to the court of Additional District Judge for payment to the interested person.

9.6 Acquisition of land

During 1982-83 to 1988-89, the department acquired 27,034.96 acres for Rs. 253.31 crores. The year-wise position of land acquired, number of awards announced and amount of compensation paid are indicated in annexure 'A'.

9.7 Delay in announcing of awards

Land owners were entitled to interest at 6 per cent per annum after the expiry of three years from the date of issue of notification under section 4 and 6 till the date of announcement of the award apart from solatium at 15 per cent with the amendment of the Act in 1967. With further amendment of the Act in 1984, solatium was raised from 15 to 30 per cent with additional amount at 12 per cent per annum from the date of issue of notification under section 4 till the date of announcement of the award or the date of possession of land, whichever is earlier.

A test check in Audit revealed that in 38 cases, where awards were announced during 1986-87, notifications under section 6 were issued 4 to 19 years after the issue of notification under section 4 during 1959 to 1965 and the awards were announced after 7 to 25 years after issue of notification under section 6. The department had to incur extra expenditure of Rs. 1,300.22 lakhs on payment of interest and enhanced solatium. Likewise in 22 other cases, where notifications under section 6 were issued during 1962-63 to 1971-72, and awards were announced during April 1982 to September 1984, the IAC had to issue supplementary awards involving additional payment of Rs. 669.43 lakhs to the interested persons under the Act as amended in 1984 with retrospective effect

from 30th April 1982.

In the case of urgency, the possession of land is to be taken on the expiry of 15 days after the publication of a notice under section 9 (i) along with the notification under sections 4, 6 and 17 of the Act. In cases of default, additional amount at 12 per cent per annum was payable to the owner of the land from the date of issue of the notification under section 4 to the date of possession or announcement of award whichever was earlier. In addition, interest at 9 per cent per annum was also payable from the date of possession of land to the date of announcement of the award during the first year and there after at 15 per cent per annum instead of 6 per cent.

In five cases, awards were announced during 1986-87 after 7 to 12 years of the issue of notices under section 9 (i) of the Act during 1974-75 to 1979-80. Taking of possession of land was also delayed up to six years after issue of relevant notifications. The undue delay in taking possession of the land and announcing of awards resulted in avoidable payment of interest of Rs. 7.64 lakhs, and additional solatium of Rs. 2.27 lakhs under the Act as amended in 1984.

9.8 *Non-issue of notices under section 12(2)*

The IAC after announcing of awards is required to issue notice under section 12(2) intimating the date on which the award had been announced. As per provisions contained in section 18(2), the interested persons can file references against the award within the prescribed period.

It was observed that notices under section 12(2) were not issued by the department in many cases.

As a result interested persons were free to file references under section 18(2) at any time. In a case pertaining to village Karkardooma the land was acquired and handed over to DDA in April 1965. An award of Rs. 0.58 lakh (excluding interest) was announced in March 1965 but notice under section 12(2) was not issued. The interested persons filed reference under section 18 for enhancement of compensation after a lapse of about 19 years in January 1985. The reference was referred to the Court of Additional District Judge in October 1986. The judgement of November 1986 enhanced the compensation to Rs. 6,000 per bigha against Rs. 400 to Rs. 1100 per bigha allowed by the IAC in March 1965. Consequently, a sum of Rs. 43.24 lakhs including interest up to February 1987 and solatium under the amended Act 1984 was remitted to the court in March 1987 and 1989 for payment to the interested persons. Thus the lapse on the part of the department in not issuing notices under section 12(2) resulted in avoidable expenditure of Rs. 43.24 lakhs.

9.9 *Reference to court*

A claimant who is not satisfied with the award of IAC files an application with the IAC under section 18, for referring the matter for determination of the Court of Additional District Judge. During 1985-86 to 1988-89 the court had enhanced compensation awarded by the IAC by Rs. 7,954.48 lakhs in 2,655 cases.

During test check it was revealed that 19 applications, received under section 18 of the Act from the interested persons during 1982-83 to 1986-87, were forwarded to the court of Additional District Judge after delays ranging from 11 to 40 months from the date of receipt by the

IACs. In nine cases where the judgements on the applications were announced by the court during 1983-84 to 1987-88 the IACs had to pay enhanced compensation, solatium and interest amounting to Rs. 67.17 lakhs including interest of Rs. 5.82 lakhs partly due to delay in submission of references to the court under the provisions of the Act as amended in 1967 and 1984. The decision of the court in the remaining ten cases had not been received so far.

4,025 applications received under section 18 of the Act during 1978-79 to 1988-89 were still pending with the IACs and had not been referred to the court of Additional District Judge which would result in payment of additional interest.

In 93 cases of acquisition of land under plan schemes, the IACs released Rs. 440.95 lakhs during 1985-86 to the Additional District Judge for payment of enhanced compensation to the interested persons against bank guarantees. The payments were made to the interested persons without bank guarantees. The Ministry of Law and Justice clarified in January 1987 that the High Court be approached for orders in individual cases for payment against bank guarantees and the orders passed by High Court in two similar cases in 1987-88 should not be taken as general orders. The department, however, did not take any action in the matter and released Rs.1,861.62 lakhs to the Court of Additional District Judge in 508 cases during 1988-89 which the court paid to the interested persons without bank guarantees.

9.10 Attachment of amounts by the court

On receipt of judgement from the court, the department had to

work out the amount payable to the interested persons and make payment of enhanced amount of compensation alongwith interest as ordered by the court. In case the payment is not made within the prescribed time limit, the amount of award is attached by the court after giving a notice.

It was observed that the amounts of enhanced compensation were not remitted to the Court of Additional District Judge even after the notice of attachment issued by the court with the result that an amount of Rs. 11,752.74 lakhs had been attached by the court in 264 cases upto March 1989 from the cash balance maintained by the department with a bank. In 16 cases against the payment of compensation and interest of Rs. 278.88 lakhs worked out by the department in accordance with the decision of the court, the court ordered attachment of Rs. 455.28 lakhs for payment to the interested persons according to the claims preferred by them. Failure on the part of the IAC to make timely payment of enhanced amount of compensation in compliance with the court's orders resulted in extra attachment of Rs. 216.80 lakhs by the court including Rs 40.40 lakhs in eight cases where the payment had already been made to the court. No action to appeal against the orders of the court for recovery of excess amount attached had, however, been taken. Details of few cases test checked in Audit were as under:-

(i) In a case of acquisition of land for DDA, award in favour of a claimant was announced in April 1980 and possession of land was also handed over to DDA. The claimant, not satisfied with the award of Rs. 1,100 to Rs.3,300 per bigha submitted reference to IAC under section 18 for enhancement of compensation in May 1980 and the

same was forwarded to Additional District Judge in April 1982. The Judge in his judgement (January 1987) enhanced the amount to Rs. 5,000 per bigha and also allowed interest and solatium. The IAC did not make the payment and filed an appeal in the High Court in August 1987 against interest and solatium allowed by the court. The court attached an amount of Rs. 71.56 lakhs against the amount of Rs. 29.02 lakhs on the basis of court orders at Rs. 5,000 per bigha and interest and solatium due thereon payable within two months i.e. by 14th March 1987. No action for the refund of excess amount of Rs. 42.54 lakhs attached by the court had been taken (June 1989).

(ii) In the case of acquisition of land in village Badli, the award in favour of another claimant was announced in November 1981. The claimant, not satisfied with the award money of Rs. 1,800-2,400 per bigha submitted reference under section 18 for enhancement of compensation in December 1981 which was forwarded to the court of Additional District Judge in January 1982. The Additional District Judge enhanced the compensation in September 1984 to Rs. 2,725 per bigha and allowed interest and solatium thereon. The interested person, not satisfied with the judgement, preferred an appeal in the High Court which enhanced the compensation to Rs. 7000 per bigha and interest etc. in August 1986. The IAC, however, made payment of Rs. 1.57 lakhs in January 1988 to the owner against the amount of Rs. 4.86 lakhs payable as per the court's judgement and filed an appeal in the Supreme Court in March 1988. Against the non-payment of Rs. 3.29 lakhs, the Court of Additional District Judge attached Rs.14.24 lakhs in March 1988 resulting in excess attachment of Rs. 9.38 lakhs. The outcome of the appeal

in the Supreme Court was not known (June 1989).

(iii) An award was announced by the IAC in November 1981 for acquisition of land in village Badli. The IAC, had allowed compensation at Rs. 1,800 to 2,400 per bigha. The interested person, not satisfied with the amount of compensation, submitted reference under section 18 in December 1981 and the same was forwarded to the court of Additional District Judge in January 1982. The Judge enhanced the amount of compensation in January 1985 to Rs. 2,725 per bigha and allowed interest and solatium thereon. The interested person, not satisfied with the judgement, filed an appeal in the High Court which enhanced the compensation in August 1986 to Rs. 7,000 per bigha and interest etc. thereon. The IAC filed an appeal in the Supreme Court in January 1987. The IAC however, made payment of Rs. 0.92 lakh in March 1988 although the court had already attached the amount of Rs. 5.02 lakhs in September 1987. No action had been taken by the IAC to get the amount refunded (June 1989).

(iv) In a case of acquisition of land, an award was announced in September 1965. The claimant, not satisfied with the award of Rs. 400-1,000 per bigha, submitted a reference to the IAC under section 18 for enhancement of compensation in October 1965 and the same was forwarded to the Additional District Judge in May 1966. The Judge enhanced the amount of compensation in April 1971 to Rs. 3,000-3,500 per bigha and interest. The department made the payment of Rs. 9.62 lakhs in August 1971. The interested person, not satisfied with the judgement, filed an appeal in the High Court which enhanced the compensation in April 1985 to Rs. 7,000 per bigha, solatium,

interest due thereon as per the amended Act. The IAC made the payment of Rs. 20.40 lakhs in July 1985 and Rs. 0.44 lakh in October 1986. The court attached an amount of Rs. 86.42 lakhs during this period. No action for the refund of excess amount of Rs. 40.46 lakhs and of Rs. 20.84 lakhs already paid had been taken (June 1989).

No consolidated records relating to the amount attached by the court on account of enhanced compensation had been maintained to watch recoveries from the concerned indenting departments.

9.11 Non-disposal of application under section 28-A

As per provisions contained in section 28-A of the Act, where the court allows to any interested person any amount of compensation in excess of the amount awarded by the IAC, the persons interested in all other land covered by the same notification under section 4(i) and who are also aggrieved by the award of the collector, may, by written application to the IAC within three months of the award of the court require that the amount of compensation payable to them may be redetermined on the basis of amount of compensation awarded by the court.

It was noticed in Audit that the IACs had received 1,064 applications during 1984-85 to 1988-89. No action on these applications had, however, been taken by the IAC (June 1989). As a result liability of interest was being accumulated. In four of these cases test checked, where the applications for enhancement of compensation were received during 1986-87 to 1987-88, interest of Rs. 1.90 lakhs had already become due for payment as on 31st March 1989.

9.12 Expenditure on appeals

The Deputy Commissioner, Land Acquisition deals with the following type of court cases :

(i) References under section 18 in the court of Additional District Judge.

(ii) Regular appeal against the order of Additional District Judge in the High Court.

(iii) Special Leave Petitions filed in the Supreme Court against the order of the High Court.

(iv) Miscellaneous civil suits pending in the civil courts.

(v) Civil writ petitions challenging the acquisition proceedings in the High Court/ Supreme Court.

A sum of Rs. 72.07 lakhs had been incurred by the Deputy Commissioner, Land Acquisition on various civil suits, writ petitions and appeals in the courts of Additional District Judge, High Court and Supreme Court during 1983-84 to 1988-89.

It was observed in a test check that in ten cases, appeals against the judgement of the Additional District Judge were filed in the High Court by the Delhi Administration after the expiry of the period allowed for appeal. As a result, all these cases were dismissed by the High Court and the Delhi Administration had to file appeals with the Supreme Court which resulted in avoidable expenditure of Rs. 0.35 lakh.

As many as 1,889 cases pertaining to the year 1970-71 to 1988-89 were pending in the civil courts. In 6031 cases, appeals against the payment of compensations were filed in High Court upto

December 1988. The position of cases settled was, however, not available with the department (June 1989).

9.13 *Improper maintenance of records*

A number of important registers viz. judgement register showing receipt of judgement from the Court of Additional District Judge, High Court and Supreme Court was not maintained at all. Other regis-

ters showing references received under section 18 of the Act and their disposal, register showing court attachment cases had not been maintained properly as most of the columns relating to the cases were left blank and whatever entries were made therein had not been authenticated by IAC properly.

The matter was reported to the Ministry and Delhi Administration in August 1989; replies have not been received (November 1989)

ANNEXURE 'A'

Awards of Land Acquisition in Delhi under planned and non-planned schemes from 1982-83 to 1988-89.

Year	Area (Bhigas)	Area (Acres)	Market Value	Total compensation	No. of awards
1982-83	11764.19	2450-0567	37321788.05	80502051.41	93
1983-84	12936.98	2964-3001	77923273.25	105429302.33	120
1984-85	3987.00	830-3475	49209372.43	67838941.97	38
1985-86	17777.57	3702-4308	256803719.05	321767983.41	139
1986-87	38814.69	8083-7057	471214604.75	912905523.28	321
1987-88	43575.98	9075-3202	565379165.80	1021454373.85	41
1988-89	954.54	198-7951	16263723.00	23221780.80	21
	129810.95	27034-9641	1474115646.33	2533119957.05	773

(Land and Building Department - Delhi Administration)

10. Allotment of residential accommodation and renting of shops and sites

10.1 Introduction

The Land and Building Department of Delhi Administration (hereinafter referred to as Department) is functioning as the 'Estate Office' for the Administration. The main responsibilities of the department inter-alia include (i) allotment of residential accommodation to the employees of the Delhi Administration, (ii) allotment of residential accommodation to the Chairman and Executive Councillors of Metropolitan Council, (iii) eviction of unauthorised occupants and processing and finalisation of litigation cases, (iv) letting out of shops owned by it to the general public and (v) recovery of ground rent of petrol pumps located in Delhi/New Delhi etc.

10.2 Scope of Audit

The records of the Land and Building Department for the years 1986-87 to 1988-89 were test checked in Audit during April to May 1989.

10.3 Organisational set up

The work is administered by Secretary, (Land and Building) assisted by one special Secretary, one Under Secretary/Assistant Housing Commissioner, a Deputy Controller of Accounts and other subordinate staff.

10.4 Highlights

- There was shortage of

residential accommodation for employees of Delhi Administration. Against the demand for 2,064 quarters, only 503 were available for allotment as on 31 March 1989. Employees had to put 21 to 22 years of service for securing accommodation of type C and D respectively.

- Though on the one hand there was a long waiting list of employees, there was delay up to 26 months, on the other hand, in allotment of 176 newly built/purchased quarters and up to 15 months in reallocation of quarters, in 211 cases test checked. Sixty four quarters had been lying vacant since the date of their construction- 1 from March 1983, 19 from April 1986 and 44 from March 1987.

- Against the target of construction of 2,000 quarters with an outlay of Rs. 1,830 lakhs during the seventh five year plan (1985-90), 416 quarters were constructed/purchased during four years ended 31st March 1989 and other 678 quarters were stated to be under construction.

- The delay in allotment of 176 newly built/purchased quarters or non-allotment of 64 quarters resulted in loss of Rs. 21.20 lakhs on account of license fee and avoidable expenditure on payment of house rent allowance.

- In August 1988, 15 type 'A' quarters declared dangerous for human occupancy and other 112 requiring extensive repairs due to cracks in walls or sanitary

fittings etc; had not been repaired (June 1989).

The control mechanisms available with the department were inadequate for taking timely action for eviction of persons ceasing to be eligible for Government accommodation. As a result a number of quarters had been retained unauthorisedly resulting in denial of accommodation to eligible employees. Besides, proper records to watch regular recovery of rent were not maintained. As on 31st March 1989, an amount of Rs. 11.32 lakhs was outstanding in 68 cases test checked including Rs. 9.75 lakhs recoverable from 58 Government servants who had already retired, died or were transferred.

An amount of Rs. 2.06 lakhs was recoverable from an ex-Chairman and two ex-Executive Councillors of Metropolitan Council, who had ceased to be in office during the last 9 to 14 years.

An amount of Rs. 1.98 lakhs was not recovered from a Government Undertaking and a Co-operative Store in respect of the premises which had already been vacated during October 1986 and April 1987.

- A sum of Rs. 3.49 lakhs was outstanding for recovery from 20 allottees of shops. This included Rs. 3.22 lakhs from 11 allottees whose allotment of shops had already been cancelled during June 1984 to April 1987.

- An amount of Rs. 34.94 lakhs was outstanding on account of lease rent due upto January 1990 in respect of sites allotted to three oil companies.

10.5 Residential accommodation

10.5.1 Demand and availability

The department had 5,416 quarters of various types as on 31st March 1984. Further construction/purchase of 2,000 quarters, at an outlay of Rs. 1,830 lakhs of various categories was targeted during the seventh plan by the Delhi Administration. Against this, 416 quarters only were constructed/purchased during the four years ended March 1989. Besides 678 quarters were stated (October 1989) to be under construction. Yearwise and type-wise position of quarters maintained during the last three years ended March 1989 was as under :-

Type	Period ended		
	March 1987	March 1988	March 1989
A	2,096	2,160	2,160
B	1,531	1,595	1,595
C	1,442	1,586	1,586
D	261	333	405
E	68	68	68
E-1	18	18	18
Total	5,416	5,760	5,832

There was shortage of residential accommodation for employees of Delhi Administration. As on 31st March 1988 and 1989, against the demand of 2377 and 2064 quarters only 1333 and 503 quarters respectively were available for allotment.

It was observed that though there was a marginal decrease in the total demand in the number of residential units during 1988-89 the overall shortage had substantially increased. Even though 24 per cent of the total

demand had been met, the percentage of satisfaction in the case of types 'A' and 'B' was particularly low, as there had been addition of 64 in each of the category as against an addition of 144 quarters in each of the type 'C' and 'D' categories during the last three years ended March 1989.

The number of years of service put in by the allottees of certain types of residential accommodation who were getting allotment in March 1988 and March 1989 was reported to be as follows :-

Types of accommodation	Number of years of service as on	
	31st March 1988	31st March 1989
A	8	21
B	17	22
C	2	9
D	2	18

Thus for securing government accommodation of Type A or B an employee should have put in a service of 21-22 years.

10.5.2 Delay in allotment

176 quarters (144 type D and 32 type B) purchased from Delhi Development Authority (DDA) by the Public Works Department (PWD) at an approximate cost of Rs. 292 lakhs were handed over to the department during January 1987 to March 1988. These quarters were allotted after 1 to 26 months from their taking possession. Another 144 type C quarters in Sidhora Kalan, constructed by the PWD were handed

over to the department in March 1987. Out of these, 44 quarters were reported (April 1989) lying vacant since construction. Similarly 19 type C quarters and one quarter of the same type in Timarpur were not occupied even once since their release in April 1986 and March 1983 respectively.

The department stated in May 1989 that the delay in allotment of quarters in new colonies was due to their non acceptance by the allottees owing to non-availability of basic amenities like schools, markets, conveyance etc. and the measures were being taken to minimise the delay.

Delay in providing basic facilities in the new colonies resulted in loss of Rs. 21.20 lakhs on account of license fee and avoidable expenditure on payment of house rent allowance to the employees. Besides the employees were deprived of accommodation.

There were also cases of inordinate delay in re-allotment of quarters vacated by the allottees from time to time. The department stated in May 1989 that due to administrative reasons it took 30 to 60 days in re-allotment of quarters. It was, however, noticed that the delay ranged from 2 to 6 months in 97 cases and 6 months to 15 months in 114 cases.

Out of 1,707 (1,152 type A and 555 type B) quarters in Kalyanvas purchased in March 1980 from the New Delhi Municipal Committee (NDMC), 15 type A quarters were declared dangerous and unfit for human occupancy in August 1988. In other 112 type 'A' quarters the partition walls had cracked or sanitary fittings severely affected requiring extensive repairs including dismantling of walls etc. It was decided in March 1988 to get these quarters vacated from the occupants for extensive repairs. Accordingly, 41 quarters were got vacated during April 1988 to April 1989 and eight quarters were already reported (May 1989) to be lying vacant. 79 quarters were still in possession of the allottees. The repairing of these quarters had not been started (June 1989).

10.5.3 *Delay in initiating eviction proceedings*

As per the Public Premises (Eviction of Unauthorised Occupants) Act 1971 (Act), a person becomes an unauthorised occupant of any public premises, if the occupation is without authority

or after expiry of the authorised period of occupation or for any other reasons as may be determined. In such cases of unauthorised occupation, the Under Secretary (Allotment)/Assistant Housing Commissioner has to cancel the allotment of accommodation and issue notices of vacation. In the event of unsatisfactory reply or non-compliance with the notice, eviction proceedings are to follow.

It was observed that the control mechanisms available in the department were inadequate for taking timely note of events like, persons ceasing to be entitled to Government accommodation and initiating action for eviction of Government accommodation and for effecting regular recovery of rent and posting of rent recovery in registers etc. The periodical inspection of premises to detect unauthorised occupation or unauthorised subletting had also not been regularly conducted. As on 31st March 1989, an amount of Rs. 11.32 lakhs was outstanding in 68 cases test checked, including Rs. 9.75 lakhs recoverable from 58 Government servants who had already retired, died or were transferred. In 412 other cases the amount of arrears of licence fee had not been worked out and recovered. Some cases noticed during test check in Audit are mentioned below:

(i) In ten cases, the allottees, who had either retired or were transferred out of Delhi during the last 16 to 104 months, had not vacated the accommodation (May 1989). The arrears of licence fee/damages in these cases amounting to Rs. 2.49 lakhs as on 31st March 1989 had also not been recovered (June 1989).

(ii) In 43 cases, the allottees of Government accommodation who had either retired or were transferred out of Delhi, had taken 9 to 52

months in vacating the quarters after the date of cancellation of allotment. The arrears of licence fee/damages in these cases amounting to Rs.5.10 lakhs as on 31st March 1989, had also not been recovered (June 1989).

(iii) In 20 cases of unauthorised occupation, it was observed that the eviction orders were passed during March 1986 to December 1987, but the accommodation had not been vacated even after the expiry of 15 to 36 months nor were the damages worked out and recovered (June 1989).

(iv) In ten cases, the officials had unauthorisedly sublet the accommodation and the department after investigation cancelled their allotments during June 1977 to March 1986. The department levied damages to the extent of Rs. 1.57 lakhs which had not been paid by the allottees nor was the accommodation vacated (May 1989).

(v) In 385 cases, though the allotments were cancelled during March 1985 to August 1987 due to unauthorised subletting, the eviction proceedings under the Act had not been initiated. Assessment of damages, which the unauthorised occupants were liable to pay, had also not been worked out and recovered (June 1989).

(vi) In a case where eviction officer passed eviction orders in January 1989 against the husband of the deceased, the accommodation had not been vacated. The arrears of licence fee/damages amounting to Rs. 0.42 lakh had also not been recovered (June 1989).

(vii) In seven cases of unauthorised occupants test checked, the eviction officer had issued show cause notices during July 1985 to August 1986. No follow up action for evictions had, however, been taken.

(viii) In three cases where the accommodation had been unauthorisedly retained by the officials after the cancellation of allotment or beyond the period extended by the department, on account of transfer or retirement, eviction proceedings though initiated during August 1986 to July 1988 were pending. In these cases neither the accommodation had been vacated nor were arrears of licence fee/damages amounting to Rs. 1.05 lakhs for the period from January 1982 to March 1989 recovered (June 1989).

(ix) An official was allotted a flat at 5 Iothain Road. He was removed from service in January 1969 and consequently was not authorised to retain the accommodation. During the pendency of eviction proceedings, the official obtained interim stay against dispossession from the High Court in September 1972. The department failed to move the High Court for vacation of its interim order of stay even after the date of superannuation (April 1974) of the official. The official, however, vacated the flat in April 1982, i.e. after 13 years of his dismissal and 10 years of his normal date of retirement. The amount of Rs. 0.69 lakh on account of licence fee/damages outstanding against the official had not been recovered (June 1989).

10.6 Arrears against ex-Chairman, Metropolitan Council and ex-Executive Councillers

An amount of Rs. 2.06 lakhs was recoverable from an ex-Chairman and two ex-Executive Councillers of Metropolitan Council who retired or ceased to be in office during the last 9 to 14 years. The ex-chairman was in unauthorised occupation of a Government accommodation during January 1978 to November 1983 and the total demand

outstanding against him was Rs. 1.18 lakhs. In one case an ex-Executive Councillor remained in unauthorised occupation of Government accommodation from May 1975 to February 1978 and the total demand outstanding against him was Rs. 0.59 lakh. In another case, the ex-Executive councillor remained in unauthorised occupation from April 1980 to July 1983 and the total demand outstanding against him was Rs. 0.29 lakh.

Department stated in June 1989 that the cases of the ex-Chairman, and both the ex-Executive Councillors, Metropolitan Council were referred to the District Collection Officer for recovery who had informed that the present addresses were either not available or they had no property in Delhi.

10.7 Arrears against other organisations

A scrutiny of records revealed that a sum of Rs.1.98 lakhs was not recovered from a Government Undertaking and a Co-operative Store which had already vacated the premises during the last three years as indicated below :

(i) Bungalow No. 1, Commissioner Iane was allotted to Delhi State Civil Supply Corporation Limited in January 1981 at a monthly rent of Rs. 3,928 which was subsequently revised to Rs. 5,545 per month from April 1981. The Corporation vacated the premises in October 1986. Arrears of rent amounting to Rs. 1.72 lakhs for the period April 1984 to October 1986 had not been recovered (June 1989).

(ii) A flat was allotted in Kalyanvas to Kalyanvas Consumer Co-operative Store, Delhi, in December 1982, on licence fee Rs. 486 per month. The allottee vacated the flat in April 1987. Licence fee amounting to Rs. 0.26 lakh from the

date of occupation had not been recovered (June 1989).

10.8 Renting of shops

The department has 58 shops in Gulabi Bagh and 10 shops in Kalyanvas since 1979-80. These shops were allotted, after inviting open tenders. The allottees were required to submit an affidavit to the effect that he or any member of his family had not been allotted any other shop and/or business premises by the Government of India or any local body in Delhi and New Delhi. They were also required to deposit the monthly rent in advance before 10th of every month. In case of default the allottee was required to pay interest at the rate of 12 per cent per annum on the arrears of licence fee.

It was noticed in test check that an applicant had been allotted two shops at Gulabi Bagh by misrepresenting the facts and furnishing a wrong affidavit. The department had not taken any legal action. The allotments of these shops were, however, cancelled in July 1984 due to non-payment of rent. The dues of Rs. 0.57 lakh outstanding as on 31st March 1989 had not been recovered (June 1989). Besides a sum of Rs. 3.49 lakhs on account of arrears of rent (including interest) relating to 1980-81 to 1988-89 was outstanding against 20 allottees. Out of these the licences of 11 allottees against whom an amount of Rs. 3.22 lakhs was outstanding were cancelled during June 1984 to April 1987. No action for recovery of outstanding rent of Rs. 3.49 lakhs had been taken by the department (June 1989).

10.9 Leasing of sites for petrol pumps

The department had also leased out land to three oil companies for

running of 11 petrol pumps in Delhi. The allottees of petrol pumps were required to pay ground rent annually in advance by 15th January every year.

The rates of ground rent were raised from Rs. 5,960 to Rs.55,080 per annum in November 1978 and from Rs. 28,654 to Rs. 2,64,808 per annum in October 1986 for different categories of petrol pumps by the Ministry of Urban Development. Besides, the allottees were required to pay additional charges at 12.5 per cent of ground rent for every additional diesel/petrol point. It was, however, observed that the allottees were still paying ground rent at old rates. The ground rent of Rs. 34.94 lakhs (including additional charges of Rs. 8.28 lakhs) from October 1986 to January 1990 was yet to be recovered from the allottees (June 1989).

10.10 Improper maintenance of records

The allotment registers for residential accommodation were not being maintained properly. In most of the cases, the date of allotment/re-allotment of quarters was not indicated in the absence of which the delay in the allotments and loss of licence fee could not be worked out. The entries made in the registers were also not authenticated by the supervisory staff.

Rent registers were also not maintained properly. Details showing assessment of licence fee, realisation of dues and arrears, if any, were not recorded. It was

also observed that no watch was kept on the receipt of recovery schedules from Pay and Accounts Offices/departments. Recoveries as indicated in the schedules, wherever received, were not posted regularly in the rent registers.

The department stated in October 1989 that due to transfer of incomplete records from the office of the Deputy Commissioner, earlier entrusted with the work, non-receipt of schedules from drawing and disbursing offices, incomplete maintenance of allotment and rent recovery registers, and acute shortage of staff, the assessment of licence fee could neither be done in time nor could effective checks be exercised for timely cancellation of allotment to eradicate general tendency of over stayal by the allottees. It was also stated that necessary instructions had been issued to all concerned for correct preparation and timely submission of schedules, initiating action to obtain 'no demand certificate' within the stipulated period and that the rent recovery registers had been introduced from June 1988 on the analogy of those maintained by the Directorate of Estates of the Central Government. It was further stated that respective drawing and disbursing officers were being approached for furnishing information relating to licence fee recoveries in old cases and that a decision had been taken to recover the outstanding dues from the attachable portion of pension if there are no other recourse left.

(Development Department-Delhi Administration)

11. Rural house-sites-cum-hut construction scheme for landless workers

With a view to assisting the states and Union Territories to provide developed house-sites, free of cost, to families of landless workers in the rural areas, the Ministry of Works and Housing (now Ministry of Urban Development) had introduced in October 1971 a scheme in the Central sector for rural house-sites-cum-hut construction for landless workers. The scheme was transferred to the State sector from April 1974 and was included in the National Minimum Needs Programme.

In Delhi, a scheme for distribution of surplus Gaon-Sabha lands to Harijans and other landless labourers, was started in 1973 with the object of providing developed house-sites measuring 80 to 120 sq. yards of land. From August 1982 the area was restricted to 80 sq.yards. Initially a ceiling of Rs. 250 for the development of a house-site was laid down by the Central Government which was raised to Rs. 500 from 1985-86. In addition, construction assistance of Rs. 500 was provided to the allottees as it was felt that mere provision of house-sites was not enough unless availability of finance for construction of houses was ensured. The amount of construction assistance was raised in March 1986 to Rs. 2,000. The development of the house-sites was carried out by the Municipal Corporation of Delhi as an agency of the Delhi Administration up to 1983-84 and thereafter by the Minor Irrigation Department.

The scheme was being implemented by the Additional District Magistrate-cum-Director (Panchayat) through five Block Development Officers (BDOs) at Alipur, Kanjhawala, Mehrauli, Najafgarh and Shahdara. Records maintained by the Director (Panchayat) and BDOs were test checked by Audit during May-June 1989 and the following points were noticed :

(a) In Delhi 28,888 families were found eligible for rural house-sites-cum-hut construction assistance at the end of March 1983. These families had not been covered by the scheme till 1987-88 as out of 23,897 house sites developed during 1982-83 to 1987-88 at a total cost of Rs. 87.09 lakhs, only 20,787 house sites were distributed among the beneficiaries. The cost of development of 12,950 house sites up to March 1985 exceeded the prescribed ceiling limit (Rs. 250 per site) by Rs. 6.96 lakhs.

(b) Against the target for distribution of construction assistance of Rs. 80.50 lakhs to 7,100 beneficiaries during 1982-83 to 1988-89 an amount of Rs. 44.76 lakhs only for distribution to 5313 beneficiaries was released out of which an amount of Rs. 17.80 lakhs had actually been distributed to 2783 beneficiaries. No construction assistance was, however, paid during 1988-89. Non-disbursement of construction assistance to the extent of 60 per cent was mainly attributed by the BDOs in May 1989 to (i) lack of guidance by the Director (Panchayat); (ii) stay orders granted by courts of law against allotment of house-sites;

and (iii) inclusion of ineligible persons for allotment of house sites.

(c) Unutilised amounts had been retained by some of the BDOs for considerable periods and had not been refunded to Government account at the close of the respective financial year as required under the rules. A sum of Rs. 1.25 lakhs sanctioned to the BDO Alipur during 1984-85, was distributed by him up to February 1987. In another case, the unspent amount of Rs. 0.31 lakh was lying with the BDO Shahdara (June 1989) out of a sum of Rs. 0.50 lakh sanctioned for the block in March 1985.

(d) A survey conducted by the department in August-September 1985 to ascertain the utilisation of house sites by the beneficiaries revealed that only nine house-sites were fully utilised and 100 were utilised partly, out of 9209 house-sites handed over to the landless workers during 1982-83 to 1984-85. The remaining 9100 house-sites were found to have not been utilised at all. Further, in respect of 8710 of the 9209 cases where the possession had actually been given, entry regarding the allotment of the house-sites was not made in the revenue records. Moreover none of the 1,548 beneficiaries to whom construction assistance of Rs. 7.74 lakhs had been given during 1982-83 and 1984-85 had carried out any construction on the house-sites allotted to them.

The non-utilisation of the construction assistance was attributed by the department to following reasons :

(i) allotment of house-sites to those who had dwelling units already of their own;

(ii) lack of interest due to non-

provision of electricity and water supply;

(iii) lack of funds with the allottees;

(iv) allotment of more than one house site in a family; and

(v) profiteering on sale of house-sites illegally.

Minutes of a meeting held in September 1986 by the Lt. Governor further revealed that there were a large number of complaints to the effect that the Pradhans of the Gaon Sabhas received and forwarded applications for allotment of house sites of only those villagers who were among their favourites. As a sequel thereto, the procedure for allotment of house sites was reviewed and guidelines were laid down in September 1986, inter alia, providing for wide publicity in the village for receipt of applications for allotment of sites, for acknowledgement of applications and selection of beneficiaries by a committee consisting of BDO concerned, Tehsildar and the Village Pradhan.

(e) An enquiry by the anti-corruption branch of the Directorate of Vigilance of Delhi Administration in 1985 revealed that in a village (Holambi) all the house-sites distributed by the Delhi Administration in 1980-81 had been sold by the beneficiaries on general power of attorney. Like wise cases of transfer of house sites on general power of attorney by the beneficiaries in another village (Nangli-poona) had come to the notice of the department. No action against the allottees had, however, been taken (June 1989). In yet another village (Kakrola in Najafgarh block) allegations of various irregularities in the selection of beneficiaries in the allotment of 673 house sites by the Pradhan of the Gaon Sabha in

December 1987 were made before the Court of the Additional Collector. In his orders of 29th January 1988 the Additional Collector observed that the house sites proposed to be allotted were of 120 sq.yards against the limit of 80 sq.yards imposed by Delhi Administration. It would be difficult to locate 673 more eligible beneficiaries in a small village where 915 plots had already been distributed in the past. There had been large scale cuttings and over writings and tampering of the ration cards. Consequently the order of allotment of 673 house sites made in December 1987 by the Gaon Sabha was cancelled.

(f) Though the construction assistance was not utilised in a single case till September 1985, utilisation certificates (mostly undated) were obtained from the beneficiaries and kept on record by the concerned BDOs/Director (Panchayat). Ten of the dated utilisation certificates found on record during test check in two blocks revealed that the practice followed by the BDOs was to obtain the signature/thumb impression of the beneficiary on the utilisation certificate alongwith his/her acknowledgement on the voucher for receipt of construction assistance.

(g) There was no monitoring system to ascertain the extent to which the aims and objectives of the scheme had been achieved and benefited the landless workers.

To sum up

- Against 28,888 families found eligible for rural house-sites-cum-hut construction assistance at the end of March 1983, 23,897 house sites were developed during the

last seven years ending March 1989 and 20,787 house sites only had been distributed.

- The cost of development of 12,950 house sites up to March 1985 exceeded the prescribed ceiling by Rs. 6.96 lakhs.

- Against the target of distribution of construction assistance of Rs. 80.50 lakhs to 7,100 beneficiaries during 1982-83 to 1988-89, assistance to the extent of 60 per cent had not been distributed.

- As against 9,209 house sites handed over to the landless workers during 1982-85 only nine house sites were fully utilised and 100 were partly utilised.

- Not a single beneficiary out of 1,548, to whom construction assistance totalling Rs. 7.74 lakhs was paid during 1982-85, utilised the amount for the purpose of construction of house/hut till September 1985.

- The house sites were allotted even to those persons who were not in need of the same and there were cases of sale of the house sites on general power of attorney.

- Utilisation certificates furnished by the beneficiaries were not reliable.

- There was no monitoring system to ascertain the extent to which the objectives of the scheme had been achieved.

The matter was reported to the Ministry and Delhi Administration in August 1989; no reply had been received (November 1989).

Ministry of Water Resources

(Irrigation and Flood Control Department-Delhi Administration)

12. Avoidable expenditure on establishment of divisions

A scheme for the construction of a supplementary drain in the Union Territory of Delhi was approved by the then Ministry of Irrigation and Water Resources (now Ministry of Water Resources) in June 1982. The Delhi Administration accorded sanction in September 1983 for the establishment of three civil divisions, one mechanical division and a circle office under the Chief Engineer (Irrigation and floods) with the strength of 26 gazetted and 193 non-gazetted posts initially for 1983-84 up to

February 1984 for implementing the scheme. According to the sanction, the filling up of the posts was to be staggered so that no post was filled up until the actual tempo of work so warranted. Although the scheme was not taken up for implementation due to opposition by the villagers to the proposed alignment as it involved acquisition of their fertile lands, 59 posts were filled in during 1983-84; and 117 by the end of March 1987. Posts sanctioned for each division and those filled during 1983-84 to 1986-87 were as under :-

Name of the Division and months of establishment	1983-84		1984-85		1985-86		1986-87										
	Post sanctioned		Post filled		Post sanctioned		Post filled										
	Gaz- etted	Non Gaz- etted	Gaz- etted	Non Gaz- etted	Gaz- etted	Non Gaz- etted	Gaz- etted	Non Gaz- etted									
Supplementary Drainage Division-I September 1983.	10	41	10	16	8	41	6	24	8	41	8	25	8	41	7	19	
Supplementary Drainage Division-II September 1983.	5	41	5	21	5	41	5	23	6	42	6	24	6	28	6	23	
Supplementary Drainage Division-III March 1985.	-	-	-	-	-	-	-	-	4	41	4	14	4	41	4	16	
Mechanical Division September 1983	5	37	2	5	5	37	3	12	5	37	4	15	5	36	5	20	
Circle Office May 1986	-	-	-	-	-	-	-	-	-	-	-	-	-	3	36	3	14
Total	20	119	17	42	18	119	16	59	23	161	22	78	26	182	25	92	

The revised alignment was approved by the Delhi Development Authority and a "go ahead" permission was accorded by the Lt. Governor of Delhi in October 1987. The revised scheme was approved by the Ministry in March 1988.

Though an expenditure of Rs. 5.59 lakhs was incurred by Supplementary Drainage Division-I during 1983-84 to 1986-87 no work relating to the scheme was executed. Supplementary Drainage Division-III which was formed in March 1985, incurred an expenditure of Rs. 203.66 lakhs during 1985-86 and 1986-87. This expenditure included Rs. 7.40 lakhs incurred on establishment and the cost of acquisition of land (Rs. 91.04 lakhs), deposit works and other miscellaneous works not connected with the scheme. Supplementary Drainage Division-II, however, executed works for Rs. 289.43 lakhs during 1983-84 to 1986-87. The Mechanical Division purchased machinery worth Rs. 153.25 lakhs during 1983-84 to 1986-87. The dozers and the draglines purchased by the Mechanical Division were used in 1985-86 and 1986-87 respectively.

On the objection by Audit to the establishment of the divisions and a circle office and filling up of a large number posts without the approval of the scheme having been obtained, the Chief Engineer (Irrigation and Floods) stated in August 1989 that the expenditure on Division-I was incurred in accordance with the sanctioned strength vis-a-vis staff posted in the division and that some of the staff was posted in the division for the purpose of drawing pay and allowances while working physically in other divisions and that the staff available with the division was carrying out the preliminary work of survey, preparation of estimates, demarcation of land,

call of tenders etc.

Regarding Division-III, established in March 1985, the Chief Engineer stated that the expenditure on establishment during 1985-86 and 1986-87 was Rs. 7.40 lakhs out of which Rs. 3.85 lakhs was chargeable to deposit works and that the expenditure of Rs. 3.55 lakhs on establishment was less than two per cent of the work done. The reply was not tenable inasmuch as Rs. 2.66 lakhs had been incurred on establishment during 1985-86 without any work having been executed. The expenditure of Rs. 102.63 lakhs on works including deposit work during 1986-87 also did not justify the establishment of the division.

With regard to the Mechanical Division set up in September 1983, the Chief Engineer stated that the staff was engaged for procuring machines for the scheme of supplementary drainage. The staff was required for the preparation of specifications of the machines, vetting of specification, sending indents to Director General Supplies and Disposals, follow up action etc. The filling of Junior Engineer's post was justified so that the capital equipment did not remain idle for want of staff. It is not tenable as the appointment of Junior Engineers (five in 1983-84 and six in 1984-85) for the Mechanical Division was not justified as the work of purchasing machinery was done only during these years.

The Chief Engineer further stated that on a project when simultaneous action was taken on various fronts, it was difficult to synchronize the recruitment of staff with the procurement of equipment. The reply was not tenable as the total work executed by all the three Supplementary Drainage Divisions during 1983-84

to 1986-87 was of the value of Rs. 400.24 lakhs (excluding the cost of land) which was manageable by one division as per norms of Rs. 185 lakhs per annum for a division. The establishment of Supplementary Drainage Divisions I and III in anticipation of the approval of the scheme by the Ministry was in contravention of the sanction accorded by the Ministry with the condition that filling up of the posts should be suitably staggered

so that no post was filled up until the actual tempo of work so warranted. Thus expenditure of Rs. 26.54 lakhs incurred on the pay and allowances of staff of Supplementary Drainage Division I and III and Mechanical Division up to March 1987 was largely avoidable.

The matter was reported to the Ministry in July 1989; reply has not been received (November 1989).

Public Works Department-Delhi Administration

13. Construction of residential quarters at Sadhora Kalan

The work "Construction of 64 type-A, 32 type-B and 144 type-C quarters and development of entire site at Sadhora Kalan" was awarded by Executive Engineer (EE), Public Works Department to a contractor in July 1980 at his tendered cost of Rs. 69.88 lakhs. The work was to be completed by December 1981.

The contractor stopped executing work after July 1984 and approached the department to appoint an arbitrator to settle certain disputes. A show cause notice was issued to the contractor in August 1984 for taking action against him as he had failed to complete the work even within the extended period. An arbitrator was appointed by the Chief Engineer in January 1985 as the contractor had approached the High Court. The contract was, however, rescinded in June 1985 at the risk and cost of the contractor after issuing a final notice in May 1985. The contractor had, by then, completed 95 per cent of the work valued at Rs. 66.99 lakhs (including extra items of Rs. 0.43 lakh). His security deposit of Rs. 1 lakh was forfeited. A compensation of Rs. 4.48 lakhs was levied on the contractor in July 1985 for delay in completion of the work.

The balance work including repairs and rectification of defects, was got completed, in December 1987, for Rs. 9.75 lakhs through other contractors at the risk and cost of the defaulting contractor. The delay in the completion of the balance work was due to unauthorised occupation/encroachment of type 'C' quarters by jhuggi dwellers after abandonment of work by the first

contractor, revision of layout for construction of garages, non-commissioning of trunk sewage line by the Municipal Corporation of Delhi and construction of septic tank by the department, testing of fittings, fixtures, sewer and water supply, etc.

The contractor had been paid an amount of Rs. 1.98 lakhs through running account bills during December 1980 to June 1983, on account of certain fittings such as glazed shutter, wash basin, etc. at a very early stage of requirement by recording wrong measurements. In March 1984, the then Assistant Engineer (AE) while forwarding the 25th running account bill pointed out to the EE that the fittings valued at Rs. 1.30 lakhs for which contractor had been paid at part rate, were missing from the site of work. On the non-recovery being pointed out by the Division Office in March 1984, the AE remarked that, the matter had been discussed with the EE and as per his enquiries from the contractor, the material was in the custody of the contractor and he had promised to hand them over on 2nd April 1984. Thereafter, the contractor's bill was paid by the EE in March 1984 without effecting a recovery towards the cost of the material found missing from the site of the work. The fittings for Rs. 0.48 lakh were, however, provided by the contractor in 32, type 'A' quarters completed and handed over to the department in July 1984.

The department claimed Rs. 5.87 lakhs on account of missing fittings and extra expenditure incurred on completion of balance work including repairs and rectification of defects before the arbitrator in April 1987. Besides, the department claimed Rs. 15.89

lakhs on account of compensation for delay in completion of work, loss on account of rent etc. The arbitrator appointed in January 1985 resigned in April 1985 and the other arbitrator appointed in September 1985 resigned in October 1988. Another arbitrator appointed in February 1989 also resigned in July 1989. No arbitrator was appointed thereafter by the CE (October 1989)

The following are the main points that emerge:-

- The payment of Rs. 1.30 lakhs in respect of the fittings was made to the contractor without the fittings having been actually provided by him.
- The quarters scheduled for completion in December 1981 were actually completed, after

six years, in December 1987. Undue delay in completion of the quarters not only resulted in blocking of investments made by the department but also deprived the staff of Delhi Administration in getting the residential accommodation within a reasonable time.

- The recovery of Rs. 5.87 lakhs on account of missing fittings and extra expenditure incurred on the completion of balance work, and rectification of defects had not been made from the defaulting contractor as the matter was in arbitration since January 1985.

The matter was reported to Delhi Administration in June 1989; reply has not been received (November 1989).

14. Extra expenditure on a work

The work of "Construction of 500 bedded surgeon hostel-Deen-Dayal Upadhaya Hospital at Hari Nagar" was awarded by the Executive Engineer, (EE) Public Works Department of Delhi Administration to a contractor in August 1979 at the negotiated amount of Rs. 34.18 lakhs. The work was to start in August 1979 and was to be completed in November 1980.

The work was started by the contractor in August 1979. The contractor informed the EE that excavation for raft foundation had been started from September 1979 but the working drawings and steel required for raft foundations had not been supplied by the department. No steel was, however, issued to the contractor till 19th November 1979. The cement required for completion of the work could not also be made available to the contractor by the department during May to July 1980. The EE issued a notice to the contractor in May 1981 for breach of contract. The contractor stated in June 1981 that 60 per cent of the work had already been completed and attributed the delay in execution of the work, to the department, due to non-supply of steel, cement, working drawings etc. A provisional extension of time for the completion of work by December 1981 was granted to the contractor by the EE in August 1981. The EE issued another notice to the contractor in May 1982 to show cause as to why action should not be taken against him for breach of contract. The contractor contested stating that the remaining 15 per cent of the work was held up because of the slow progress of installation of mechanical lifts by the department, failure to give decision regarding finishing of dining hall, colour scheme for internal and external

works, etc. As the reply of the contractor was not considered to be satisfactory the EE rescinded the contract in November 1982 at the risk and cost of the contractor after issuing a final notice on 15th September 1982. The contractor had completed 81.86 per cent of the work and Rs. 26.89 lakhs had already been paid to him by then. The security deposit of one lakh rupees of the contractor was also forfeited by the EE.

The balance work was awarded to another contractor in May 1983 at the negotiated amount of Rs. 9.59 lakhs which was 104.96 per cent above the estimated cost of Rs. 4.68 lakhs, for completion by September 1983. The work was completed in February 1986 after a delay of two and half years at an extra expenditure of Rs. 4.19 lakhs. The completion of the work was delayed mainly due to delay in finalising the colour scheme for both internal and external works, provision of pull bolts in lieu of mortise locks etc. by the department. The building was put to use though from April 1985.

The matter was referred to an arbitrator by the Chief Engineer (CE) in March 1983, on the directions of the High Court, as the contractor contested the decision of the department. The arbitrator resigned in July 1983. Three other arbitrators appointed by the CE between December 1983 and September 1985 also resigned.

Another arbitrator appointed by the CE in April 1987, observed in his award of March 1989 that the delay in completion of work was mainly due to delay on the part of the department to make available the required quantities of steel and cement, as stipulated in the agreement and that the rescission of the contract was legally invalid

as it was done without making the time to be the essence of the contract. The arbitrator rejected the claim of the department for extra expenditure of Rs. 4.19 lakhs incurred on the balance work and awarded Rs. 0.87 lakh to the contractor on account of work done and not paid, increase in wages of labour and refund of cartage charges besides refund of security deposit forfeited by the EE. The arbitrator also awarded interest at the rate of 12 per cent per annum on the amount of award from December 1982 till the date of payment or decree, whichever date was earlier. The award was accepted by the CE in May 1989.

Thus, the failure of the

department to make available the required quantities of steel and cement, communicate decisions regarding finishing of dining hall, colour schemes for internal and external works etc. and the irregular rescission of the contract resulted in rejection of the claim for extra expenditure of Rs. 4.19 lakhs incurred on the completion of balance work apart from the liability of interest of Rs. 0.68 lakh which had already become due up to May 1989. The completion of the work was also delayed by more than five years.

The matter was reported to Delhi Administration in June 1989; reply has not been received (November 1989).

15. Recovery of dues from a contractor

The work of "Construction of Government Higher Secondary School for 720 students" at Malviya Nagar, New Delhi was awarded by Executive Engineer (EE) of Public Works Department, Delhi Administration to contractor 'A' in March 1979 at his tendered cost of Rs.25.16 lakhs. The stipulated dates of start and completion of work were 9th April 1979 and 8th May 1980 respectively. The progress of work by the contractor was slow from the very beginning as the foundations were not completed up to June 1979. The EE issued a notice to the contractor in June 1979 to accelerate the progress of work but the position did not improve. Up to March 1980, the contractor executed work for Rs. 3.75 lakhs only as against Rs.18.86 lakhs required to be completed by him. A notice was served by the EE in July 1980 to show cause within ten days failing which the Department reserved the right to rescind the contract and get the balance work executed at his risk and cost etc. The contractor, in August 1980, attributed the delay to non-supply of drawings, steel and cement on time as stipulated in the contract. As the reply of the contractor was not considered satisfactory, the EE rescinded the contract in September 1980 at his risk and cost. The contractor had completed 18.25 per cent of

work valued at Rs. 4.85 lakhs against which payment of Rs. 4.63 lakhs had been made to him by then.

The balance work was awarded to another contractor 'B' in September 1981 at a negotiated amount of Rs. 28.73 lakhs which was 60.33 per cent above the estimated amount of Rs. 17.92 lakhs. The work was to be completed by September 1982. The work was, however, completed by the contractor in July 1985 at an expenditure of Rs 28.85 lakhs (excluding deduction items). This resulted in an extra expenditure of Rs. 8.16 lakhs, which was yet to be recovered from contractor 'A' (May 1989). Besides a sum of Rs. 3.15 lakhs (secured advance: Rs. 0.12 lakh, cost of material: Rs.0.76 lakh, compensation for delay in the completion of work: Rs. 2.19 lakhs, other recoveries Rs. 0.08 lakh) was also recoverable from him. Thus an amount of Rs.11.31 lakhs was recoverable from contractor 'A'. No action to recover the dues had been taken (May 1989), although a period of more than eight years had elapsed after the rescission of the contract. Further, the delay of five years in completion of the work resulted in denial of use of the school building.

The matter was reported to Delhi Administration in June 1989; reply has not been received (November 1989).

16. Extra expenditure due to delay in giving drawings

The work of "Construction of a Government Higher Secondary School" at Gulabi Bagh, Phase II, Delhi was approved in June 1978 by the Delhi Administration for Rs. 13.17 lakhs inclusive of departmental charges. Part of the work was awarded by the Public Works Department (PWD), Delhi Administration to firm 'A' in December 1978 at the tendered amount of Rs. 5.51 lakhs which was 21.19 per cent above the estimated cost of Rs. 4.55 lakhs. The work was to be commenced in January 1979 and completed by October 1979.

The foundation drawings were issued to the firm on 24th March 1979, but the decision to adopt these drawings was communicated on 4th June 1979. The department did not accept the request of the firm made in June 1979 to close the work for reason of delayed issue of drawings and rescinded the contract. The firm applied for arbitration in October 1979. The arbitrator appointed by the Chief Engineer (CE), PWD in April 1980 resigned and another arbitrator was appointed by the Chief Engineer in September 1981. The firm submitted claims for Rs. 0.63 lakh and the department, in turn, lodged counter-claims of Rs. 1.82 lakhs. The arbitrator in his award of February 1983 observed that the work could not be done by the firm due to delay of five months on the part of the department in issuing foundation drawings and consequently rescission of the contract by the department was unjustified. The arbitrator rejected the counter-claims of the department and directed it to pay Rs. 0.01 lakh on account of cartage of cement and steel from central stores to site of work.

The department rules require

that no tender notices should be issued unless all tender documents including a set of complete drawings (architectural and structural) are ready. The department did not adhere to these provisions.

The work was awarded to firm 'B' in March 1980 at its tendered amount of Rs. 6.89 lakhs. Firm 'B' was paid Rs. 4.64 lakhs and it left the work unfinished after 32.31 per cent of the work had been done. The contract with firm 'B' was also rescinded in September 1981. The work left over by firm 'B' was awarded in January 1982 to firm 'C' at its negotiated amount of Rs. 6.09 lakhs. The work which was to be completed in July 1982 was, however, completed in April 1984.

On being approached by firm 'B' the High Court issued direction in August 1982 to the department to appoint an arbitrator who was appointed by the CE on 29th October 1982. The arbitrator as well as three others who were appointed on the resignation of their predecessors resigned. No other arbitrator has been appointed (September 1989).

The following are the main points which emerge :

- The department failed to ensure readiness of all drawings before issuing the tender notice.

- As a result of non-issue of foundation drawings the cost of the work increased from Rs. 5.51 lakhs to Rs. 8.10 lakhs (excluding extra items etc.) resulting in extra expenditure of Rs. 2.59 lakhs besides delay of more than four years in the completion of work.

- The decision of the arbitrator on the claims for Rs. 1.88 lakhs against firm 'B' in getting the left over work completed through firm 'C' and

compensation for delay had not been received although a period of more than five years has elapsed since the claim was filed with the arbitrator in February 1984 due to resignation by the arbitrator.

The matter was reported to Delhi Administration in May 1989; reply has not been received (November 1989).

17. Undue delay in obtaining refund

Public Works Department (PWD) had paid an advance of Rs. 117.40 lakhs to the Steel Authority of India Limited (SAIL), during April to July 1981 for the supply of 2385 tonnes of steel for execution of various works for Asian Games-1982. SAIL supplied 1,984.002 tonnes of steel valued at Rs. 97.66 lakhs upto May 1982.

SAIL informed the Executive Engineer (EE) in May 1985 that as per their records a sum of Rs. 10.37 lakhs was refundable to the PWD and requested him to send details of supplies effected etc. and to attend a meeting convened by them for the settlement of the accounts. No action was, however, taken in the matter with the result that the amount of Rs. 19.74 lakhs

being the cost of 400.998 tonnes of steel supplied short had not been refunded by SAIL (May 1989).

On this being pointed out by Audit in August 1987, the EE preferred a claim in May 1989 for refund of Rs. 28.65 lakhs by SAIL without reconciling the accounts with them on the basis of erroneous figures of advance of Rs. 170.40 lakhs instead of Rs. 117.40 lakhs. Subsequently the Chief Engineer informed (July 1989) that SAIL had been requested in June 1989 to send necessary invoices so as to work out the net amount of refund due. The final position has not been intimated (November 1989).

The matter was reported to Delhi Administration in July 1989; reply has not been received (November 1989).

18. Purchase of steel

Executive Engineer, (EE), Public Works Department (PWD) of Delhi Administration procured 162.341 tonnes of steel (Japanese) of different dimensions valued at Rs. 5.15 lakhs from the Central Stores Division of the Central Public Works Department (CPWD) during February-March 1981 for use in construction of 'Multistoreyed building block II' at Indraprastha Estate. Out of this, 9.072 tonnes were transferred to another division in November 1982 and 0.219 tonne utilised during March to August 1983 in works for block - I of the building. The EE further procured 104.477 tonnes of tor steel (Indian) of 16 mm and 25 mm dias valued at Rs. 5.58 lakhs during March 1983 to August 1985 and utilised them for the same work, although 101.825 tonnes of steel (Japanese) of these very dimensions were already lying in the division. In all 153.050 tonnes of steel (Japanese) valued at Rs. 4.85 lakhs procured in February-March 1981 were lying unutilised (April 1989).

On this being pointed out in Audit the Chief Engineer stated in

November 1989 that Japanese steel was procured for the super structure as a measure of advance planning with the expectation that the administrative approval and expenditure sanction would be cleared urgently but due to some unavoidable reasons the sanction and clearance could not be issued by the competent authority. Administrative approval and expenditure sanction had, however, been received in August 1989. It was further stated that 130.69 tonnes of steel had been issued during July to September 1989 for various works going on under PWD Division No. XVIII and that the cost of Japanese steel at present value would be Rs. 9.41 lakhs approximately, and that there was no loss to the Government.

Thus, indenting of Japanese Steel in 1981 by EE when it was not required for immediate use resulted in blocking of funds to the extent of Rs. 4.85 lakhs for more than eight years.

The case was reported to Delhi Administration in July 1989; reply has not been received (November 1989).

Commissioner of Wakfs-Delhi Administration

19. Non-recovery of the cost of survey for Wakf properties

Under section 7(1) of the Wakf Act 1954 and the rules made thereunder the cost of survey including the cost of publication of lists of Wakf properties shall be borne by all mutawallies of the Wakfs, the net annual income whereof exceeds rupees one hundred, in proportion to the net annual income accruing in the state of such Wakfs, such proportion being assessed by the Commissioner.

The Commissioner of Wakfs, Delhi Administration had incurred a sum of Rs. 5.23 lakhs to conduct the survey of properties during 1963-64 to 1987-88. Gazette notification in respect of mutawallies whose annual income from Wakf property exceeded rupees one hundred had been issued by the Commissioner of Wakfs during April

1970 to June 1986. No assessment of the amount recoverable from each mutawallies of the Wakf had, however, been made (October 1989).

The matter regarding recovery of expenditure incurred on the survey of properties had been referred by the Commissioner of Wakfs to the Delhi Administration in August 1988 although under the Act he was himself competent to make the assessment of the amount recoverable from each mutawallies. The Deputy Commissioner Delhi stated in September 1989 that it had been decided to recover the cost of survey as early as possible. Further developments have not been intimated (November 1989).

The matter was reported to the Delhi Administration in May 1989; reply has not been received (November 1989).

CHAPTER III

Ministry of Urban Development

(Delhi Development Authority)

20. Execution of sub-standard work at Bodella

The work of construction of 84 Middle Income Group houses at Bodella Pocket GG-3 including internal development was awarded by the Executive Engineer (EE), Development Division No. IV, Delhi Development Authority (DDA) to firm 'A' in January 1982 at the tendered amount of Rs. 31.79 lakhs. The work was to start in January 1982 and was to be completed in January 1983.

After completing 40 per cent of the work valued at Rs. 11.39 lakhs the firm abandoned it in January 1983. A sum of Rs. 10.80 lakhs had already been paid to the firm. No inspection of the work was, however, carried out by the EE during its execution. In reply to a notice issued to the firm in April 1983 the latter attributed the delays to the failure of the DDA in fulfilling its obligations and make the timely payments for works executed by them. The contract was rescinded in January 1986 at the risk and cost of the firm. The security deposit of Rs. 0.75 lakh of the firm was also forfeited by the EE.

Material valued at Rs. 1.79 lakhs issued to firm 'A' including the material for which secured advance was paid was found short by the Assistant Engineer in-charge of the work in June and September 1984. First information reports for shortages of material were lodged with the police in June and September 1984. The outcome of

police investigations had not been received (April 1989).

The balance work was awarded in August 1985 to contractor 'B' at the negotiated amount of Rs. 28.29 lakhs. The EE informed the Superintending Engineer (SE) in August 1985 that the roofs in some of the flats had been laid by firm 'A' at a height of 2.70 metres instead of the prescribed height of 2.90 metres. The EE further informed the SE in November 1985 that all the canopies of the staircase side constructed by firm 'A' were virtually on the verge of collapse because of inadequate and improper re-inforcement and that the concrete work done was also very poor. The expenditure on the rectifications of the defective and sub-standard work executed by firm 'A' except strengthening of foundation, was estimated at Rs. 2.59 lakhs. The roofs, which were laid at a height of 2.70 meters were not changed to 2.90 meters as it fulfilled the building byelaws. The proposal of the EE for rectification of defects and strengthening of the work was approved by the SE in February 1986.

The balance work was stated (May 1989) to have been completed by contractor 'B' at a cost of Rs. 34.01 lakhs including the rectification work valued at Rs. 1.20 lakhs excepting minor repairs, white washing, etc. which were in progress.

As per Vaish Committee's recommendation a few flats were

required to be load tested after strengthening had been done. Although the allotment of flats to registered applicants was started in August 1989 the required load test had not been conducted (April 1989). The EE stated in May 1989 that the load testing would be done after the decision of the higher officials was received.

Firm 'A' applied in July 1984 to the Engineer Member (DDA) for appointment of an arbitrator to settle the disputes and submitted claims for Rs. 8 lakhs on account of work done, refund of security deposit, damages on account of construction of labour huts and stores, loss of profit due to rescission of contract, etc. As per the directions of the High Court, an arbitrator was appointed by the Engineer Member (DDA) in June 1987. The counter claims were yet to be filed by the DDA as the case had not been fixed by the arbitrator for hearing (April 1989).

The following are the main points that emerge :

The work of construction of 84 MIG houses was awarded to firm 'A' in January 1982, and abandoned in January 1983, after completing 40 per cent work but their contract was rescinded after a year in January 1984.

The shortage of material

valued at Rs. 1.79 lakhs issued to firm 'A' was taken note of by the DDA only in June and September 1984 after the contract was rescinded in January 1984.

- Due to failure of supervision on the part of DDA engineers, firm 'A' executed defective and substandard work. The responsibility for the failure has not yet been fixed.

- Recovery of Rs. 8.50 lakhs on account of cost of material found short (Rs. 1.79 lakhs), expenditure on rectification of defects (Rs. 1.20 lakhs) and extra expenditure incurred on completion of the balance work (Rs. 5.51 lakhs) had not been effected from firm 'A'.

- The flats scheduled to be completed in January 1983 were completed only in May 1989 after a delay of more than six years not only resulting in blocking of investments but also depriving applicants from getting the houses.

- The allotment of flats to registered applicants was started in August 1989 without carrying out the load test as per Vaish Committee's recommendations.

The matter was reported to the Ministry and Delhi Administration in July 1989; replies have not been received (November 1989).

21. Execution of defective work at Vikas Puri

The work of "construction of 468 Low Income Group houses at Bodella (Vikas Puri) Block-KG II" was awarded by Executive Engineer (EE), Delhi Development Authority (DDA) to a firm in August 1979 at the tendered amount of Rs. 60.54 lakhs. The work was to be completed in September 1980. The work was completed in December 1982 at a cost of Rs. 77.24 lakhs.

The completion certificate was not signed by the EE and the Superintending Engineer (SE) as required under the rules. The final payment to the contractor was made on the basis of completion certificate signed by the Assistant Engineer. Out of 468 flats, 464 were handed over to the registered applicants during December 1982 to October 1985. Three other flats were allotted between January 1986 and July 1989. The remaining one flat was also stated (August 1989) to be in the process of allotment.

The Residents Welfare Association filed a writ petition in the Supreme Court in 1985 challenging the structural stability of the flats and quality of work. In July 1985 the Supreme Court appointed the Chief Engineer (Quality Control) of DDA as Commissioner to carry out a survey and inspection of the flats particularly in regard to the material used in construction and to submit a report to the Court as to the structural soundness of the flats and to the measures that could be taken to ensure the safety of the lives of the petitioners and the residents of other flats in the colony. The Commissioner, in August 1985, pointed out, inter alia, the following defects:

(a) unsatisfactory drainage arrangement over the mummy and roof

slabs;

(b) poor quality of plaster both internal as well as external;

(c) defective fittings of PVC pipes, giving rise to leakage;

(d) rain water spouts not according to specification; and

(e) defective joints of drainage stacks causing seepage in bath, western closet and kitchen.

He had further observed that cement mortar used in two walls in the super structure was not in accordance with structural drawings and recommended that the safety of the slabs as well as the walls where mortar of lower strength than designed were used should be investigated through load test.

The Supreme Court ordered in December 1985 that the load test for determining the safety of the slabs as well as of the walls be entrusted to the Indian Institute of Technology (IIT), Delhi. The Court further directed the DDA in October 1987 and March 1988 to remove all the defects by June 1988.

With a view to completing the work by the target date fixed by the Court, the work of rectification of defects was split up by the DDA into four parts and was got completed from four different agencies in June 1988 at a cost of Rs.20.26 lakhs. The desired load test could not, however, be carried out by the IIT as the DDA could not get the flats vacated by providing alternative accommodation to the residents. The Supreme Court disposed of the writ petition in July 1988 as having become infructuous as the Residents Welfare Association had no continuing grievance.

Thus failure of supervision by the DDA engineers during the execution of the work and non-approval of the completion certificate of the flats by the competent authority after proper checks before the allotment of houses resulted in expenditure of Rs. 20.26 lakhs on the rectification of defects and Rs. 0.19 lakh on legal expenses in defending the case in the Supreme Court and problems to the allottees.

As a result of disciplinary

proceedings the service of an Executive Engineer was stated (April 1989) to have been terminated and the matter for initiating action against other engineers referred to (October 1985) the Vigilance Department of DDA.

DDA confirmed the position in August 1989.

The matter was reported to the Ministry in June 1989; reply has not been received (November 1989).

22. Increase in the cost of works due to delay in finalisation of tenders

Tenders for the following works, estimated to cost Rs. 135.28

lakhs, were invited by the Executive Engineer (EE), South Western Division No. 9 of the Delhi Development Authority (DDA) on 22nd June 1988 :

Sl No.	Name of the work	Estimated cost (In lakhs of rupees)
(i)	Construction of 48 category III flats, 48 scooter garages under self financing scheme at Vasant Kunj Sector-C, Pocket 4 including internal development Group I.	67.71
(ii)	..... do Group II	67.57

The tenders were valid for acceptance within 90 days from the date of their opening i.e. 20th July 1988. The EE recommended to the Chief Engineer (CE) in August 1988 to award the works to the lowest tenders 'A' and 'B' who had quoted at 18 and 17 per cent above the estimated costs respectively. As per the prescribed time schedule the tenders were required to be processed and finalised within 37 days i.e. 26th August 1988 from the date of their opening. The CE, however informed the Superintending Engineer on 17th October 1988 (last day on which the validity period of 90 days was to expire) that the rates quoted by the tenderers 'A' and 'B' were very reasonable and asked him to get the validity of the tenders extended for one month. The EE requested the tenderers on 11th November 1988 to extend the validity period up to 30th November

1988. The tenderers, however, did not agree due to rise in the cost of index of material and labour.

Tenders were re-invited by the EE in December 1988 and both the works were awarded to tenderer 'C' in March 1989 at the negotiated rate of 21.25 per cent above the estimated cost. This resulted in increase in the cost of the works by Rs. 2.20 lakhs and Rs. 2.87 lakhs respectively.

Thus, the delay in processing and finalising tenders received during the first call resulted in increase in the cost of works by Rs. 5.07 lakhs. No responsibility had been fixed.

DDA stated in September 1989 that the decision could not be taken as the meeting of the Works Advisory Board fixed for 30th September 1988 could not take place

due to certain administrative reasons and was repeatedly postponed upto 24th October 1988. It was further stated that the personal efforts through telephonic talks with the contractors were made even on the last date of validity of tenders but the tenderers did not agree to reduce the rates or to extend the validity. The reply of the Chief

Engineer was not tenable as records revealed that letters requesting for extending validity period by the contractors were issued by the EE after the expiry of validity period.

The matter was reported to the Ministry in July 1989; reply has not been received (November 1989).

23. Infructuous expenditure on the staff of a dispensary

Delhi Development Authority (DDA) had established a dispensary in Vikas Minar in 1979 for providing immediate medical services to its staff and visitors. On shifting of the administrative staff to Vikas Sadan, it was decided in April 1985 to open a separate dispensary in Vikas Sadan under the overall supervision of the medical officer incharge of dispensary at Vikas Minar. An assistant medical officer, a pharmacist, and a nurse were appointed for the dispensary during June and July 1986 and the remaining staff (a peon and a sweeper) was diverted from the existing staff of the DDA during July to November 1986. The services of the newly appointed staff were, however, placed at the disposal of the dispensary at Vikas Minar as the space required for functioning of the dispensary in Vikas Sadan could not be made

available.

The dispensary started functioning in December 1987 only after the space was provided in Vikas Sadan. An expenditure of Rs. 1.20 lakhs had already been incurred by then on the pay and allowances of the staff including the assistant medical officer and the pharmacist, who resigned in July and September 1987 respectively.

The abnormal delay in providing space for the dispensary at Vikas Sadan, by DDA not only resulted in infructuous expenditure of Rs. 1.20 lakhs on account of pay and allowances of the staff but also deprived the staff and visitors of immediate medical services for which the dispensary was established.

The matter was reported to the Ministry and Delhi Development Authority in May 1989; replies have not been received (November 1989).

24. Un-economical running of road rollers

The Executive Engineer (EE), Mechanical and Workshop Division, Delhi Development Authority (DDA), had purchased ten road rollers from a manufacturer at a cost of Rs. 13.70 lakhs during August and October 1976 for hiring to contractors for use in works. The life of the road roller was stated (March 1989) to be 12 years. The ten road rollers were thus expected to work for 2.53 lakh hours (at eight hours per day for 264 days in a year). Against this the road rollers worked for 0.62 lakh hours during August 1976 to November 1987. One of the road rollers stopped working in November 1983. The operators of the remaining nine road rollers refused in November 1987 to run them on the plea that the brake system was defective. Out of the hire charges of Rs. 22.27 lakhs collected by the DDA, a sum of Rs. 15.57 lakhs had been incurred on their running and maintenance. The spare parts of the road rollers were not available in the market as the manufacturer had already closed business. Quotations invited by the EE to get the brake system improved, however, did not materialise as the only firm which had agreed to undertake the repairs at Rs. 0.40 lakh per road roller was not ready to give any guarantee. In the mean time, a committee was constituted by the DDA in July 1988 to ascertain whether the road roller could be put into working order after economical repairs. The committee in its report of December 1988 observed that the brake system had inherited design defects and the grease/lubricants kept leaking on the brake shoes making the brake system ineffective

and that it was difficult to plug the leakage even by making modifications. The committee further observed that in view of the frequent break down, the use of the road rollers was not economical and recommended that these should be disposed of by public auction. The road rollers were yet to be disposed of.

Out of 10 operators, the services of one were stated (March 1989) to have been utilised upto April 1988 and of the two upto March 1989 for operating the bulldozers. The remaining seven operators had been idle since November 1987. An expenditure of Rs. 2.28 lakhs had been incurred on their pay and allowances during November 1987 to March 1989. DDA while agreeing with the observations stated in September 1989 that the unserviceable road rollers had been put to public auction in July 1989 and that the final decision on bids received was likely to be taken shortly by the competent authority. Final position of the disposal of the road rollers had not been intimated (September 1989).

Thus ten road rollers purchased by the DDA in 1976 at a cost of Rs. 13.70 lakhs worked for 0.62 lakh hours upto November 1987 against a minimum of 2.53 lakhs expected operational hours. The services of operators had not been largely utilised resulting in unproductive expenditure of Rs. 2.28 lakhs on their pay and allowances upto March 1989.

The matter was reported to the Ministry in July 1989; reply has not been received (November 1989).

25. **Non-recovery of dues from a firm**

The work "construction of 224 SFS flats at Kalu Sarai" was awarded by the Executive Engineer (EE), Housing Division VI of Delhi Development Authority (DDA) to a firm in June 1982 at the negotiated amount of Rs. 124.61 lakhs. The work was to commence in July 1982 and to be completed in July 1983. The progress of work was, however, slow due to delay by the Delhi Electric Supply Undertaking in shifting high tension wires passing over the site, a stay order obtained by the Director General, Archeological Survey, against the construction of flats facing Vijoy Mondel monuments, delay in issue of structural drawings etc. After these hinderances to the work were over and 85 per cent of the work for Rs.133.07 lakhs had been completed, the firm abandoned the work in July 1985. The EE issued a show cause notice to the firm in November 1985 to take up the work at the firm's risk and cost if it did not complete the balance work and rectify the defects. As the firm did not respond, the balance work including rectification of defects was taken up departmentally by the EE in November 1985 at the risk and cost of the firm. The handing over of the flats to allottees was started in April-May 1986 although a number of original items such as covering of electric main boards by shutters, providing shutters to munties, painting etc. had not been completed. On a complaint of the residents, the work was inspected in January 1987 by the Director (Delhi Division), Ministry of Urban Development. He pointed out certain defects such as poor finishing of floors, defective slope of floors specially in kitchen and bathroom, seepage because of leaky joints in conduit water pipes leaky overhead tanks

etc. later on, a detailed inspection of the work was carried out by the Chief Engineer, (Quality Control Wing of the DDA) in February 1987 and a report of various defects was sent to the EE in March 1987 for carrying out the rectifications. The balance work including rectification of defects pointed out by the Quality Control Wing and the Ministry was got completed by the EE in July 1988 at an extra expenditure of Rs. 13.59 lakhs (balance work : Rs. 11.04 lakhs and rectification of defects : Rs. 2.55 lakhs).

The final bill of the firm was yet to be passed by the EE (April 1989) though a sum of Rs. 19.30 lakhs (including penal recovery of the cost of material : Rs. 1.73 lakhs and compensation for delay in completion of work: Rs. 6.75 lakhs) was recoverable from the firm after adjustment of Rs. 2.78 lakhs payable to them on account of work done but not paid for. The bank guarantee for one lakh rupees furnished by the firm could not be encashed by the DDA as the firm had obtained a stay order from the High Court in March 1986.

The EE stated in May 1989 that the DDA would move for arbitration as soon as the accounts of the firm were finalised.

Though the balance work and defects left over by the firm in July 1985 had been completed by the DDA in July 1988 for 11.04 lakhs and Rs. 2.55 lakhs respectively, no further action to recover the dues including compensation of Rs. 6.75 lakhs was initiated (September 1989) on the plea that the accounts of the firm had not been finalised.

The matter was reported to the Ministry in July 1989; reply has not been received (November 1989).

26. Sale of lottery tickets

State-wise/areawise stockists are appointed by the Delhi Development Authority (DDA) for sale of lottery tickets by inviting tenders. They are required to furnish a security, in cash or in the form of a bank guarantee for the stock of tickets in hand. They have to enter into an agreement with the DDA for submission of accounts of tickets sold after each draw and to remit the sale proceeds in cash or by bank drafts every week and also return the unsold tickets. Replenishment of tickets in excess of the bank guarantee was not to be made.

It was, however, observed in Audit that there was no system to watch the sale of lottery tickets to the stockists in excess of bank guarantees. Against the bank guarantees amounting to Rs. 90.45 lakhs furnished by 13 stockists, an amount of Rs. 567.35 lakhs was outstanding against them as on 31st March 1988.

A sum of Rs. 16.75 lakhs was outstanding against stockist 'A' as on 31st March 1988. Against the bank guarantee of Rs. 5.28 lakhs for Kalapatru lottery the sale proceeds of tickets ranging between Rs. 6.29 lakhs and Rs. 6.48 lakhs had remained outstanding against him during 23rd September to 22nd December 1986. He stopped submitting the accounts of the tickets sold and did not deposit the sale proceeds from 23rd December 1986 onwards. Despite this, the DDA continued the supply of the tickets till April 1987, resulting in accumulation of outstanding balance to Rs. 14.17 lakhs.

The stockist was also supplied Rajdhani lottery tickets although no agreement had been

executed nor any security obtained from him. Against the supplies of tickets for Rs. 18.95 lakhs made during August 1985 to April 1987, the stockist submitted accounts for Rs. 16.37 lakhs only. The balance of Rs. 2.58 lakhs had not been recovered till April 1989. A sum of Rs. 7.41 lakhs was, however, stated (November 1989) to have been adjusted in his account during February 1989 to October 1989. A total sum of Rs. 9.34 lakhs was still outstanding against the stockist 'A' (November 1989).

In addition a sum of Rs. 0.98 lakh relating to the years 1979 to 1981 had been outstanding against five ex-agents (October 1989) as the post dated cheques received from them against the sale of tickets were dishonoured by the banks. No action has been taken against the staff for delay in initiating action against defaulters and for accepting post-dated cheques.

These agents were black listed by DDA in May 1988 and cases for recovery as land revenue were forwarded to the Assistant Collector-Tehsildar in March 1989.

Thus due to supply of lottery tickets to stockist 'A' by the DDA in excess of the security deposit and acceptance of post dated cheques from the five ex-agents, a sum of Rs. 10.32 lakhs relating to the sale of tickets made during 1979 to 1987 had not been recovered till November 1989.

DDA stated in May 1989 that the matter was considered by the Lottery Advisory Committee (LAC) in its meeting held in June 1988 which had decided that due to present market conditions the despatch of tickets to the stockists beyond the bank guarantee executed by them could not be avoided and that legal action

should be taken for recovery of outstanding dues. It was also stated that on adjustment and reconciliation of accounts, a sum of Rs. 106.66 lakhs only had remained outstanding and vigorous efforts were being made to obtain more bank guarantee from the stockists. It was further stated

that the matter for recovery of outstanding amount from stockist 'A' had been referred to the legal Counsel for initiating action.

The matter was reported to the Ministry in July 1989; reply has not been received (November 1989).

27. Irregular utilisation of proceeds of lotteries

The Ministry of Home Affairs had approved in November 1970, financing promotion of sports activities apart from other specified social welfare activities from the net proceeds of lotteries.

The Lieutenant Governor and Chairman of the Lottery Advisory Board had released a sum of Rs. 25 lakhs in March 1984 to the Chief Engineer, Public Works Department (PWD) out of the net proceeds of Delhi Lotteries, which is under Delhi Development Authority (DDA) for the construction of an auditorium in Vivekanand Mahila College, Vivek Vihar. When the PWD did not commence the work, the Lottery Advisory Board (LAB) got the amount refunded in August 1985 from the PWD and the LAB decided in July 1985 to release the funds to the college in phases. On subsequent proposals from the college authorities in March 1986 and onwards for further grants for the completion of 600 seated auditorium comprising a stage, green rooms, projector room etc. the LAB released a sum of Rs. 70 lakhs between September 1985 and April 1989 under the head 'promotion of sports activities.'

The grant of funds from the sale proceeds of lotteries for the

purpose of construction of an auditorium was not a specified activity and was in contravention of the orders of Government of India.

On the irregularity being pointed out in Audit, DDA stated in June 1989 that the principal of the college had clarified that the auditorium was not only for cultural centre but also served the purpose of indoor stadium as while planning the project it was kept in mind that it should serve a dual purpose and that games like table tennis, badminton, gymnastics, aerobic and yoga exercises could be performed on the stage of the auditorium.

The reply of the DDA was not tenable as the project estimates of the auditorium did not contain any provision for such types of games and the auditorium constructed for cultural activities could hardly be utilised for sports purposes. Moreover, diversion of such heavy funds meant for extending facilities to the poorer sections of the society to a particular college for construction of an expensive auditorium was not justified.

The matter was reported to the Ministry in July 1989; reply has not been received (November 1989).

General

28. Losses and irrecoverable revenues, duties, advances, etc. written off/waived and ex-gratia payments made

A statement showing losses and irrecoverable revenues, duties, advances, etc. written off/waived and ex-gratia payments made during 1988-89 is given in Appendix.

CHAPTER - IV

REVENUE DEPARTMENTS OF DELHI ADMINISTRATION

29. Trend of revenue receipts

The revenue receipts of the Administration of the Union Territory of Delhi during the year, 1988-89 amounted to Rs. 809.82

crores but of which tax revenue amounted to Rs. 792.90 crores. The revenue receipts during the year under major heads alongside the corresponding figures for the preceding two years are given below :-

Sl No.	(In crores of rupees)		
	1986-87	1987-88	1988-89
A-Tax Revenue			
1. Sales Tax	379.16	431.82	524.59
2. State Excise	113.30	131.43	159.40
3. Taxes on goods** and Passengers (Terminal tax)	30.34	33.26	34.73
4. Stamp duty and Registration fees	20.17	24.73	32.73
5. Taxes on Motor Vehicles	13.94	18.58	27.07
6. Land Revenue	0.03	0.01	0.02
7. Other Taxes and Duties on commo- dities and Services including Enterta- inment tax	12.73	13.45	14.36
Total Tax Revenue	569.67	653.28	792.90
B - Non-Tax Revenue	25.62	23.91	16.92
C - Total Revenue Receipts	595.29*	677.19*	809.82*

Most of the non-tax revenues are accounted for under the heads "Other Administrative Services" "Police" and "Education"

Note : -

* Information furnished by the Controller General of Accounts and Principal Accounts Office,

Delhi Administration.

** Taxes on goods and passengers (Terminal Tax) are levied and collected by the Municipal Corporation of Delhi as agent of the Delhi Administration, as per provision of Section 178 of Delhi Municipal Corporation Act 1957.

30. Cost of Collection of Tax revenue by the departments vis-a-vis the actual gross receipt as furnished are given below :-

Tax Revenue	Year	Tax receipt	Expenditure on collections	Cost of collection as percentage of collection (in round figures)
(In crores of rupees)				
1. Sales Tax	1986-87	379.15	3.45	1
	1987-88	431.82	3.72	1
	1988-89	524.59	4.20	1
2. State Excise	1986-87	113.30	0.72	1
	1987-88	131.43	0.75	1
	1988-89	159.40	0.90	1
3. Taxes on goods & passengers (Terminal Tax)	1986-87	30.34	2.29	8
	1987-88	33.26	3.29	10
	1988-89	34.73	3.37	10
4. Stamp duty and registration fees	1986-87	20.17	0.12	1
	1987-88	24.73	0.12	Negligible
	1988-89	32.73	0.14	do
5. Taxes on Motor Vehicles	1986-87	13.94	0.86	6
	1987-88	18.58	0.94	5
	1988-89	27.07	1.08	4
6. Land Revenue	1986-87	0.03	*	*
	1987-88	0.01	*	*
	1988-89	0.02	*	*
7. Other Taxes Duties on Commodities & services	1986-87	12.73	0.08	1
	1987-88	13.45	0.07	1
	1988-89	14.36	0.08	1

* The staff deployed for collection of land revenue does not exclusively do this work, but also performs other miscellaneous works. Hence no separate budget figures for collection expenditure can be intimated.

Sales Tax

31. Working of Internal Audit Cell of the Sales Tax Department

31.1 *Introductory*

The audit of sales tax receipts was taken up by the Comptroller and Auditor General of India in November 1964. The Sales Tax Department set up an internal audit cell of its own in April 1967, with a view to checking assessments and refunds and to see that no loss or leakage of revenue, by way of omissions, shortlevy of tax, wrong application of law and other irregularities, is caused to Government.

In paragraph 3.16 of the Audit Report of the Comptroller and Auditor General for the year 1980-81 relating to the Union Government (Civil) Revenue Receipt, Volume-I Indirect Taxes a case of falsification of records by a Delhi Sales Tax dealer was brought out. While discussing the para, the Public Accounts Committee vide para 1.79 of their 142nd Report had recommended the strengthening of the Internal Audit Cell of the Sales Tax Department of Delhi Administration both in qualitative and quantitative terms to which the Ministry agreed (November 1983).

31.2 *Scope of Audit*

The records of the Internal

Audit Cell of the Sales Tax Department of Delhi Administration, for the years 1984-85 to 1987-88 were test checked with specific objective of looking into its functioning and results of internal audit. The review was conducted during May-June 1988 and the findings were updated again during May-June 1989.

31.3 *Organisational set up*

The Cell was reorganised from time to time. From November 1983, the cell consisted of 1 headquarters team and 6 field teams. The headquarter's team is headed by a Sales Tax Officer. The Assistant Sales Tax Officers are holding charge of 2 teams each. The headquarter's team comprises of S.T.O., one Head Clerk, one Steno, one I.D.C. and one peon. The field teams are constituted of two inspectors/UDC's/or equivalent and the A.S.T.O.

The headquarters team is entrusted with the work of processing the internal audit report and objections including statutory audit reports and objections.

The table below compares the staff sanctioned for the cell, staff in position during the last 3 years :-

YEAR	Sanction strength							Inposition							Shortage/Excess						
	STO	ASTO	Insp- ector	Head Clerk	UDC	LDC	Steno	STO	ASTO	Insp- ector	Head Clerk	UDC	LDC	Steno	STO	ASTO	Insp- ector	Head Clerk	UDC	LDC	Steno
1985-86	2	2	5	NIL	2	2	2	1	3	1	1	9	4	5	-1	+1	-4	+1	+7	+2	+3
1986-87	1	3	1	1	12	3	4	1	2	1	1	8	4	5	NIL	-1	NIL	NIL	+4	+1	+1
1987-88	1	3	1	1	12	3	4	1	1	1	NIL	9	4	2	NIL	-2	NIL	-1	-3	+1	-2

31.4 Highlights

- Against 120 files to be checked every month by each teams the Internal Audit Cell selected only 60 files.
- The selection also did not cover cases out of 100 big dealers in a particular ward as per the prescribed procedure.
- The Cell did not conduct audit of all the wards in any of the last 5 year. Further 23 wards were audited only once during last three years and audit of 2 wards was not conducted at all, during the last 5 years ending March 1989.
- No time limit had been prescribed for completing the audit of a ward. Time taken by the audit ranged from 1-3 months to more than 10 months in 43 wards.
- The scrutiny of the selected cases was confined mainly to routine checking of statutory forms etc.
- The follow up action with regard to processing of Inspection Report, settlement of paras and watching the compliance made by the

assessing authority was not effective.

31.5 Prescribed quantum of audit and performance of internal audit cell

31.5.1 The quantum of audit prescribed by Commissioner of Sales Tax for the Internal Audit Cell is as under :-

(i) 120 files are to be checked every month by each team (from May 1984).

(ii) Departmental instructions (November 1983) provided that as many files as possible, out of the 100 top dealers listed by the department may be audited.

31.5.2 It was, however, noticed during test check that :-

(a) The internal audit teams continued to select 60 files every month.

(b) The internal audit teams selected the files from Demand and Collection Register (DCR) of the ward for audit and not out of the list of 100 big dealers in the wards. In one ward out of 57 cases audited by Internal Audit Cell (IAC) in 1986-87, 40 cases related to summary assessment.

(c) The Cell could not complete 1989. The position of internal audit of all the wards of the sales tax department during any of the previous five years ending March audit completed during the previous five years is indicated below :-

Year	No. of wards to be audited	No. of wards audited	No. of cases assessed	No. of cases audited	Percentage
1984-85	50	37	1,43,439	1723	1.20
1985-86	50	33	1,48,830	2295	1.54
1986-87	51	33	1,39,496	2149	1.54
1987-88	50	21	1,66,659	1752	1.05
1988-89	50	22	1,57,775	1233	0.78

The percentage of cases audited by Internal Audit Cell ranged between 0.78 to 1.54 of the cases assessed .

During the three years from 1986-87 to 1988-89, 23 wards were audited only once and audit of two wards was not conducted at all during last 5 years ending March 1989.

(d) The Departmental instruction (November 1983) did not prescribe any time limit for completion of audit of a ward. Out of 43 wards audited during 1987-88 and 1988-89, the time taken by Internal Audit Teams ranged between one and three months to more than 10 months as indicated below :-

Number of wards	Time taken for audit
8	1-3 months
13	4-6 months
15	7-9 months
7	10 months and above.

(e) Test check of 74 cases checked by internal audit cell during various periods revealed that the scrutiny by the internal audit cell was mainly confined to routine checking of statutory forms etc. The irregularities of serious nature like concealment of purchases/sales or unauthorised purchases, were generally not covered.

In 20 cases, objections involving tax effect of Rs. 6.43 lakhs relating to concealment of purchases and corresponding sales, unauthorised purchases on ST-1 forms, excess grant of deduction on account of sales to registered dealers on invalid ST-1 forms, levy of concessional rate of tax of defective 'C' forms and non-levy of interest on tax short paid with the returns due to rejection of the sales claimed to have been made to registered dealers without proper ST-1 forms etc. were pointed out by Audit. These irregularities were overlooked by internal audit.

(f) During the four years 1984-85 to 1987-88 of the 2332

objections with money value of Rs. 238.63 lakhs relating to defective forms and other irregularities issued by the cell only 286

objections with money value of Rs. 12.36 lakhs were got settled as detailed below :-

Year	No. of objections issued	Amount (In lakhs of rupees)	No. of objections settled	Amount (In lakhs of rupees)
1984-85	731	39.50	158	9.92
1985-86	802	64.15	67	1.02
1986-87	575	126.42	14	1.35
1987-88	224	8.56	47	0.08
	2,332	238.63	286	12.36

(g) The Internal Audit Cell did not maintain any record to watch the compliance made by the assessing authorities on the omission pointed out by the Cell, nor did it maintain any record to watch the completion of audit of various wards.

The above points were brought to the notice of Ministry of Home Affairs in August 1989; their reply has not been received (November 1989).

32. Non furnishing of sureties

Under section 17 of the Delhi Sales Tax Act, 1975 the sureties should be obtained either from registered dealers or from bank or in cash before the registration certificate is granted to a new dealer. Whereas the surety furnished by the dealer is of a permanent nature, the bank guarantee is for a specific period and at the expiry of that period either a fresh bank guarantee is required to be furnished or surety from another

registered dealer should be obtained. It was, however, noticed that in four cases though bank guarantee had already expired yet fresh guarantees were not obtained.

During test check of 13 sales tax wards it was noticed in audit (May-June 1989) that in five cases, the registration of the surety dealers had been cancelled at their request but the dealer for whom they stood surety were not asked to furnish fresh sureties.

Thus the dealers remained registered with the department without fulfilling the basic condition of surety for the period ranging from two years to four years in the above cases, and consequently the interest of revenue was not adequately safeguarded.

The irregularity was pointed out to the department (September 1989); their reply has not been received (November 1989).

33. Non accountal of unused statutory forms

Under the rule 8(9) of the Delhi Sales Tax Rules, 1975 a dealer is required to surrender to the appropriate assessing authority, all the unused statutory forms (ST-1) remaining with him on the date of the cancellation of his registration certificate within a period of 15 days reckoning from the date of such cancellation. In seven cases, made available to audit, it was seen that the registration certificate of the registered dealers were cancelled but the statutory forms remaining unutilised with them were not got surrendered. Further, under the provisions of rule 8 (9) ibid the Commissioner of Sales Tax is required to notify in the official gazette the particulars of all such declaration forms issued to such dealers in respect of which account was not rendered by them to the appropriate assessing authorities. No such notifications were, however, found to have been issued by the department in respect of these cases.

In one case, the registration certificate of the dealer was

cancelled on 23.2.1987, for the reasons that the books of accounts were not produced and as per reports the shop/establishment usually remained closed. Tax amounting to Rs. 2,52,697 for the years 1982-83 and 1983-84 was in arrear against the dealer.

The irregularity was pointed out to the department (September 1989); their reply has not been received (November 1989)

34. Delay in finalisation of assessments

In accordance with the provisions of Delhi Sales Tax Act, 1975 all the assessments are required to be completed before the expiry of the fourth year/sixth year as the case may be, beginning from the year in which the assessment or the part of the assessment fall due. The table below indicates the number of cases pending for assessment at the beginning of the year, cases become due for assessment, cases assessed and cases pending at the end of the year during the preceding 3 years viz., 1986-87 to 1988-89 in the case of 13 sales tax wards test checked by audit (June 1989).

Year	No. of cases at the beginning of the year	Cases became due for assessment in the year	Total	Cases decided	Cases pending	percentage 5 to 4
1	2	3	4	5	6	7
1986-87	1,10,562	42,819	1,53,381	33,706	1,19,675	21.98
1987-88	1,21,567	44,584	1,66,151	40,945	1,25,206	24.64
1988-89	1,26,530	46,824	1,73,354	42,820	1,30,534	24.70

Though there is an increasing trend in the pending cases, the percentage of clearance ranged only between 22 to 25 per cent.

Further, the assessing authority was expected to give output of 100 units per month. On this basis 160 assessing authorities were required to give an output of 1,92,000 cases every year whereas the department assessed only 1,57,775 cases during the year 1988-89.

35. Ex-parte finalisation of assessments

The cases which were finalised ex-parte by the department represent the dealers who did not adhere to the dates fixed or who repeatedly failed to appear on the appointed date for hearing.

During the years 1986-87 to 1988-89, the ward officers finalised 5,777 cases ex-parte

raising total demand of Rs. 4,158.34 lakhs; of which 5,045 cases, representing 87 per cent of the cases assessed under this category, were finalised during January to March every year. Moreover, the demand raised Rs. 1,972.59 lakhs during last quarters of 1986-87 and 1987-88 represented 93 per cent (approx.) of the total demand (Rs. 2,124.53 lakhs) raised during these years. This was usual phenomenon with the defaulting dealers and by and large the same dealers were assessed ex-parte. Further, the amount realised (Rs.23.71 lakhs) during the three years represented 0.6 per cent approximately of the total demand (Rs. 4,158.34 lakhs) raised by the department in ex-parte assessments.

The irregularity was pointed out to the department (September 1989); their reply has not been received (November 1989).

The above cases were reported to the Ministry of Home Affairs in September 1989; the reply has not been received (November 1989).

36. Shortlevy due to non-detection of false/invalid declarations or interpolations in the declaration

1. Under section 4(2)(a) of the Delhi Sales Tax Act, 1975 and the rules framed thereunder, sales of goods made by one registered dealer to another registered dealer are to be allowed as a deduction from the turnover of the selling dealer, on his furnishing alongwith his returns a complete list of such sales, duly supported by prescribed declarations in form 'ST-1' obtained from the purchasing dealer. In case a dealer conceals the particulars of his sales, penalty not exceeding two and a half times of the amount of tax which would thereby have been avoided, is leviable, in addition to the tax payable on the sales.

36.1 In Delhi, three registered dealers engaged in the business of sanitary goods, iron steel and cycle parts were allowed deductions of Rs. 5,39,377 on furnishing declarations in ST-1 forms from their gross turn over for the years 1981-82 and 1983-84 on the grounds that sales were made to other registered dealers. It was, however, noticed (between June 1987 and April 1989) on cross verification with the records of the purchasing dealers that those ST-1 forms were issued by the purchasing dealers either to some others dealers for different amounts or the declarations furnished by the dealers were for less amounts. Thus deduction allowed to the assessee resulted in short levy of sales tax amounting to Rs. 33,472. Besides penalty not exceeding Rs. 83,680 was also leviable on the dealers for misrepresentation of facts.

On the irregularity being pointed out in audit between July 1987 and April 1989, the assessing authority re-assessed between (July

1988 and May 1989) the cases and raised additional demands amounting to Rs. 79,040 (tax Rs. 35,542, penalty Rs. 25,000 and interest Rs.18,498). Report on recovery has not been received (November 1989).

36.2 A registered dealer in Delhi engaged in the business of rubber goods was allowed deduction from his gross turnover on sale of goods worth Rs. 4,57,550 on the basis of declaration in ST-1 forms stated to have been issued by the purchasing dealers. On cross verification with reference to the utilisation account of the issuing dealers it was noticed (October 1985) that these declarations were issued by the purchasing dealers to some other dealers and for different amounts. Thus the deduction allowed on the basis of said forms to the assessee was irregular which resulted in short levy of sales tax amounting to Rs. 32,028. Besides penalty not exceeding Rs. 80,070 was also leviable on the dealer for mis-representation of facts.

On the irregularity being pointed out in audit (January 1987), the department re-assessed the dealer (November 1988) and raised additional demand of Rs. 32,028. Report on recovery has not been received (November 1989).

36.3 In the assessment year 1983-84, a dealer in Delhi claimed and was allowed deduction of Rs. 2,63,680 from his gross turnover on account of sales made to other registered dealers duly supported by declarations in form ST-1. However, on cross verification of assessment records by audit (November 1988) it was noticed that the deductions allowed was irregular as the purchasing dealers had issued these declarations to certain other dealers and not to the assessee dealer. Further, the dealer claimed deduction on account of sales to other registered dealer

in his quarterly return for 1983-84 but failed to produce the declarations in form ST-1 for the sales amounting to Rs. 2,81,241 either with his quarterly returns or at the time of assessment. The assessing authority levied the tax on the said sales but failed to levy interest under section 27 on non-payment of tax alongwith the quarterly return. The above omissions resulted in a loss of revenue of Rs. 48,683 (Tax Rs. 18,458; interest Rs. 30,225). Further, a penalty not exceeding Rs. 46,145 was also leviable.

The mistakes were pointed out to the department in audit (November 1988); their reply has not been received (November 1989).

36.4 In the assessment year 1983-84, a dealer in Delhi claimed and was allowed deduction of Rs. 2,72,728 from his gross turnover on account of sales made to other registered dealers and supported by declarations in form ST-1. On cross verification of records it was seen in audit that deduction allowed was irregular as the purchasing dealers had either issued declarations to certain other dealers and not in favour of assessee dealer or the purchasing dealer was not a registered dealer on the date of sale of goods. The irregular deduction resulted in short levy of tax and interest amounting to Rs. 35,689. Besides, penalty not exceeding Rs. 47,727 was also leviable.

The irregularity was pointed out in audit (November 1988) to the department; their reply has not been received (November 1989).

36.5 A dealer in Delhi claimed and was allowed deduction of Rs. 8,24,124 from his gross turnover on the ground that these sales had been made to other local registered dealers during the year 1983-84. As a result of cross verification

of records it was found that the deduction to the extent of Rs. 8,07,572 from the gross turnover was not correctly allowed as the supporting form ST-1 had not been issued to the purchasing dealer by the department. Thus the irregular deduction allowed resulted in short levy of tax of Rs. 56,530. The dealer was also liable to pay interest amounting to Rs. 45,507 and penalty, not exceeding Rs. 1.41 lakhs.

The irregularity was pointed out in audit (November 1988) to the department; their reply has not been received (November 1989).

36.6 Two dealers in Delhi claimed and were allowed deduction of sale amounting to Rs. 1,40,885 and Rs. 1,79,066 from their gross turnover for the year 1982-83 and 1983-84 respectively on the ground that these sales were made to other local registered dealers on the basis of declarations in form ST-1 issued by the purchasing dealer. A cross verification (December 1987 and November 1988) with reference to the purchasing dealer's records revealed :- (i) that the forms supplied by the purchasing dealer were not issued to him by the sales tax department (ii) that the declarations for Rs. 1,30,984 had been issued by the purchasing dealers in favour of certain other dealer and not in favour of assessee dealer (iii) that in one case deduction of Rs. 48,082 was claimed and allowed in respect of sale, made to a dealer whose registration certificate was cancelled by the Department much before the date of sale (iv) that the dealer has suppressed sales amounting to Rs. 75,665 including profit margin of 7.88 per cent on the suppressed purchases of Rs. 69,564.35 being difference between purchases of Rs. 7,85,928.03 shown in the trading account and purchases of Rs.

8,55,392.58 made by him through statutory forms.

The irregular allowance of deduction and suppression of sale resulted in short levy of tax amounting to Rs. 31,919. Further, penalty not exceeding Rs. 79,798 was also leviable on the dealer for furnishing in-accurate particulars of their sales.

On this being pointed out in audit (December 1987 and November 1988) the department reassessed (June 1989), first case and raised an additional demand of Rs. 41,977 including penalty Rs. 15,000 and interest Rs. 12,889. Their reply to the other case has, however, not been received (November 1989).

36.7 A registered dealer of Delhi claimed and was allowed deduction of Rs. 1.23 crores from his gross turnover on account of sale made to registered dealers on the basis of declaration in form ST-1 during 1982-83. The scrutiny of ST-1 forms revealed that the sale to the tune of Rs. 42,88,700 was on account of electrodes and gases to manufacturing dealers as raw materials which should have been deleted from registration certificate of purchasing dealers. The failure of assessing authority to detect invalid ST-1 forms resulted in short levy of tax of Rs. 3 lakhs.

The omission was pointed out in March 1988 to the department; their reply has not been received (November 1989).

36.8 In Delhi, two registered dealers claimed and were allowed deduction of Rs. 3,80,585 from their gross turnover during the years 1979-80 and 1981-82 on the ground that the sale was made to other registered dealers and was supported by declarations in form ST-1. The deduction allowed was

irregular as it was seen in audit (December 1984 and September 1987) that the declarations in form ST-1 were either invalid or issued for different amounts, by the purchasing dealers. The irregular deduction had resulted in short levy of tax by Rs. 30,770.

On the omission being pointed out in audit (November 1984 and September 1987), the department reassessed (February-June 1989) the cases and raised an additional demand for Rs. 45,657 (including interest of Rs. 14,887).

36.9 In Delhi a dealer engaged in the business of baby food, medicine and infant milk taxable at the rate of five per cent claimed and was allowed deduction of Rs. 16,03,607 from his gross turnover on the ground that these sales had been made to other local registered dealers during the year 1983-84 against declaration in form ST-1. As a result of cross verification it was noticed in audit (November 1987) that ST-1 forms amounting to Rs. 16,84,078 were not genuine as the same were not issued by the Sales Tax Department, to the concerned purchasing dealer. Further, as verified from the ST-2 accounts of the purchasing dealer, it was noticed that the dealer had inflated the amounts of 4 ST-1 forms by Rs. 72,761. The non-detection by the assessing authority of irregular deduction resulted in short levy of tax amounting to Rs. 87,842. Penalty not exceeding Rs. 2.20 lakhs was also leviable on the dealer.

The irregularity was pointed out in audit (November 1987) to the department; their reply has not been received (November 1989).

36.10 In Delhi a registered dealer engaged in the business of manufacturing of tin containers taxable at the rate of seven per

cent claimed and was allowed deduction of Rs. 72,98,040 from his gross turnover for the year 1981-82 on the ground that the sales were made to other local registered dealers during the year on the basis of declarations in forms ST-1 issued by purchasing dealers. It was noticed in audit (March 1985) that the deduction allowed was irregular as the declarations furnished by the dealer were either old and obsolete or in excess of the prescribed monetary limit of Rs. 30,000. The irregularity was not detected by the assessing authority while finalising assessment which resulted in short levy of tax amounting to Rs. 5.11 lakhs. Besides a maximum penalty of Rs. 12.77 lakhs was also leviable.

The omission was pointed out (March 1985) to the department; their reply has not been received (November 1989).

36.11 Two dealers in Delhi claimed and were allowed deductions of Rs. 2,54,199 from their gross turnover for the years 1980-81 (Rs. 1,65,819) and 1982-83 (Rs. 88,380) on the ground that the sales were made to other local registered dealers on the basis of declarations in ST-1 forms issued by the purchasing dealers. It was, however, noticed during cross verification done in audit (October 1987 and February 1988) that either the declarations were issued by the purchasing dealers to some other dealers and not to assessee dealer or the declarations were issued for lesser amounts. The deductions amounting to Rs. 2,24,743 were irregularly allowed which resulted in short levy of tax of Rs. 22,474. Further, penalty not exceeding Rs. 56,185 was also leviable on the dealer for misrepresentation of facts.

The omission was pointed out by audit in June 1985 and October

1987 to the department; their reply has not been received (November 1989).

The above cases were reported to the Ministry of Home Affairs between January 1989 to October 1989; their reply has not been received (November 1989).

37. Shortlevy due to irregular grant of exemption from tax

Under the Delhi Sales Tax Act, 1975 and the rules framed thereunder, sale of goods made by one registered dealer to another registered dealer are to be allowed as a deduction from the turnover of the selling dealer, on his furnishing along with his returns a complete list of such sales, duly supported by prescribed declarations in form 'ST-1' obtained from the purchasing dealer. Further, with effect from 10th November 1981 no single declaration form (ST-1) would cover more than one transaction of sale except in cases where the total amount of sales made in a year covered by one declaration is equal to or less than Rs. 30,000.

While assessing (June 1988) a registered dealer in Delhi for the year 1981-82 the sales amounting to Rs. 10.67 lakhs were deducted from his gross turnover on the basis of ST-1 declarations forms issued by the purchasing dealers to the assessee after 10th November 1981. It was, however, noticed in audit that more than one transactions were included in 9 declarations forms. The aggregate of the amounts in excess of the monetary limit included in these declaration forms worked out to Rs. 5,97,843. The irregular deduction of these sales from the gross turnover resulted in short levy of tax of Rs. 41,849.

On the irregularity being

pointed out in audit (July 1987) the department re-assessed the dealer (July 1988) and raised additional demand of Rs. 41,869. Report on recovery has not been received (October 1989).

The case was reported to Ministry of Home Affairs in June 1989; their reply has not been received (November 1989).

38. Shortlevy due to non-detection of suppression of sales

Under the Delhi Sales Tax Act, 1975 and the rules made thereunder, a registered dealer can purchase goods from another registered dealer without paying tax, if the goods are required by the purchasing dealer for re-sale within the Union Territory of Delhi or for use in manufacture in Delhi, of goods, sales of which is taxable in Delhi. For availing of the facility, the purchasing dealer is required to furnish to the seller a declaration in the prescribed form to the said effect. But if the dealer makes a false representation in regard to the goods or class of goods covered by his registration certificate or conceals the particulars of his sales, or files inaccurate particulars of his sales, penalty not exceeding two and a half times the amount of tax, which would thereby have been avoided, will be leviable in addition to the tax payable on the sales. Interest under section 27 of Delhi Sales Tax Act, 1975 for non-payment of tax with returns will also be leviable.

38.1 In Delhi, two registered dealers engaged in the business of desi ghee and milk food and electrical brass spares purchased without payment of tax on the basis of declaration in form ST-1, goods valued Rs. 5,22,090 and Rs. 13,99,730 respectively from other

registered dealers during the years 1978-79 and 1983-84. It was, however, noticed (December 1984 and February 1989) in audit that they had accounted for purchases amounting to Rs. 36,720 and Rs. 12,63,238 only in their accounts resulting in short accountal of purchases and suppression of sales (without adding the profit margin) amounting to Rs. 4,85,370 and Rs. 1,36,492 which resulted in short levy of sales tax amounting Rs. 33,823. The tax undercharged will be more if profit element is added to these suppressed purchases. The dealers are also liable to a penalty amounting to Rs. 84,557 upto two and half times of the tax evaded.

On the omission being pointed out in audit (December 1984 and February 1989), the department re-assessed (June 1988 and July 1989) the cases and raised additional demands for Rs. 28,715 in the first case and for Rs. 35,774 (tax Rs. 10,221 and penalty Rs. 25,553) in 2nd case. The department is also contemplating penalty proceeding in the case of the first dealer. Report on recovery has not been received (November 1989).

38.2 In Delhi a registered dealer engaged in the business of watches had purchased, without payment of tax, goods valuing Rs. 3,13,797 by furnishing declaration in ST-1 form as seen in audit from the assessment record of the selling dealer in the year 1979-80. The assessing authority framed assessment for the year 1979-80 in respect of purchasing dealer ex-parte without verifying the purchase made by him. The purchases were also not accounted for by the purchaser in his account resulting in suppression of sales. The tax short levied amounted to Rs. 34,518.

On the omission being pointed

out in audit (August 1984), the department re-assessed (February 1988) the dealer and raised additional demand of Rs. 54,518 (tax Rs.34,518 and penalty Rs. 20,000). Report on recovery has not been received (November 1989).

38.3 In Delhi, a registered dealer engaged in the business of automobile spare parts, non-ferrous metal and metal alloys etc. purchased, without payment of tax, goods valuing Rs. 6,58,547 from other registered dealers during the year 1980-81, by furnishing prescribed declarations, but accounted for purchases amounting to Rs. 1,92,476 only in his accounts records. The short accountal of purchases amounting to Rs. 4,66,071 resulted in suppression of corresponding sales amounting to Rs. 7,30,100 (after including profit margin at 56.65 per cent). The suppression of sales was not detected by the assessing authority, and as a result, tax was levied short by Rs. 51,107. Further, penalty and interest amounting to Rs. 1.72 lakhs was also leviable on the dealer for furnishing inaccurate particulars/non-payment of tax.

On the omission being pointed out in audit (June 1986), the department raised (July 1988) additional demand for Rs.2.23 lakhs (tax Rs.51,107, penalty Rs. 1,27,768 and interest Rs. 44,207) against the dealer. Report on recovery has not been received (November 1989).

38.4 During the year 1982-83 a registered dealer had purchased goods worth Rs. 52,32,225 without payment of tax by furnishing prescribed declarations in form ST-I, as seen from the utilisation account in form ST-2 of the statutory forms submitted by him. He, however, accounted for purchases to the tune of Rs.

46,38,427 only in his trading account. The short accountal of purchases of Rs. 5,93,798 by the dealer resulted in suppression of corresponding sale amounting to Rs. 6,85,855 (after adding prorata profit margin at 15.52 per cent). The suppression of sales, which was not detected by the assessing authority while finalising assessment, resulted in short levy of tax by Rs. 68,596. Further, penalty not exceeding Rs. 1.71 lakhs was also leviable on the dealer for furnishing of inaccurate particulars of his sale.

On the mistake being pointed out in audit (January 1989), the department re-assessed the case in August 1989 and raised additional demand of Rs. 2.40 lakhs.

38.5 A registered dealer in Delhi engaged in the business of chemical and kiriyana, purchased goods worth Rs. 19,55,545 without payment of tax from other registered dealer during 1981-82 by furnishing prescribed declaration ST-1, as seen from the utilisation account in form ST-2 submitted by him. He, however, accounted for purchases amounting to Rs. 17,84,304 only in his accounts records. The short accountal of purchases of Rs. 1,71,241 resulted in suppression of corresponding sale to the tune of Rs. 1,79,803 (including five per cent profit margin). The suppression of sale was not detected by the assessing authority while framing the assessment. The failure had resulted in tax being levied short by Rs. 44,051 (including maximum penalty of Rs. 31,465).

On the omission being pointed out in audit (January 1987), the department revised the assessment in September 1989 and raised additional demand of Rs. 25,172 including penalty of Rs. 12,586.

38.6 During the year 1983-84 a

dealer had purchased without payment of tax goods valuing Rs. 5,93,670 by furnishing prescribed declarations in form ST-1 but showed purchases amounting to Rs. 4,38,168 only in his trading account. The short accountal of purchases amounting to Rs. 1,55,502 resulted in suppression of corresponding sales to the extent of Rs. 1,98,638 (including profit at 27.7 per cent). The suppression of sale which was not detected by assessing authority, while finalising assessment in April 1987, resulted in short levy of tax of Rs. 13,905. Further, penalty not exceeding Rs. 34,762 was also leviable.

The omission was pointed out in audit (November 1988) to the department which stated (November 1989) that the case was re-assessed (September 1989) and additional demand of Rs. 48,667 (including penalty of Rs. 34,762), created. Report on recovery has not been received (November 1989).

38.7 During the year 1981-82 and 1982-83 a dealer had purchased without payment of tax goods valuing Rs. 7,20,774 and Rs. 16,12,510 respectively by furnishing prescribed declarations in form ST-1 as seen in audit (September 1987) from the assessment record. He had, however, accounted for purchases amounting to Rs. 5,98,303 (1981-82) and Rs. 10,16,548 (1982-83) only in his account books. The short accountal of purchases amounting to Rs. 1,22,470 (1981-82) and Rs. 5,95,963 (1982-83) resulted in suppression of corresponding sales of Rs. 1,33,512 (1981-82) and Rs. 6,49,962 (1982-83) including profit margin at nine per cent based on trading account. The suppression of sales was not detected by the assessing authority and as a result tax was short levied by Rs. 78,347. Further, penalty not exceeding Rs.

1.96 lakhs was leviable on the dealer for furnishing of false and inaccurate particulars. The dealer was also liable to pay interest amounting to Rs. 57,946 for non-payment of tax due alongwith his returns.

The irregularity was pointed out in audit in September 1987 to the department; their reply has not been received (November 1989).

38.8 From the account of declaration forms (ST-1) submitted by a registered dealer in respect of his purchases it was noticed in audit (November 1988) that he had purchased goods worth Rs. 13,31,333 without payment of tax during the year 1983-84 by furnishing the prescribed declarations. However, the dealer had shown purchases amounting to Rs. 8,18,528 only in his trading account. The short accountal of purchases of Rs. 5,12,805 (Rs. 13,31,333 - 8,18,528) resulted in suppression of corresponding sales amounting to Rs. 7,70,080 (after including pro-rata margin at the rate of 49.7 per cent based on trading account). The suppression of sale which was not detected by assessing authority while finalising assessment, resulted in short levy of tax by Rs. 53,906. Further, penalty not exceeding Rs. 1.35 lakhs was also leviable on the dealer for furnishing inaccurate particulars of his sales.

The omission was pointed out by audit in November 1988 to the department; their reply has not been received (November 1989).

38.9 During the year 1982-83 and 1983-84 a dealer had purchased without payment of tax goods valuing Rs. 7,54,650 and Rs. 11,48,687 respectively by furnishing prescribed declaration in form ST-1 as seen in audit from the account of declaration forms in

form ST-2 submitted by him. The dealer however accounted for purchases amounting to Rs. 6,53,611 and Rs. 10,52,481 in his trading accounts for the year 1982-83 and 1983-84 respectively. The short account of purchases amounting to Rs. 1,01,039 and Rs. 96,206 resulted in suppression of corresponding sales amounting to Rs. 1,08,109 and Rs. 1,02,940 after adding profit margin at seven per cent. The suppression of sale by the dealer resulted in short levy of tax by Rs. 14,773. Further, penalty not exceeding Rs. 36,933 was also leviable on the dealer for furnishing inaccurate particulars of his sales.

On the mistake being pointed out in audit (February 1988) the department re-assessed the case (July 1989) and raised additional demand of Rs. 51,715 including penalty of Rs. 36,940.

38.10 During the year 1983-84, a dealer had purchased without payment of tax, goods valuing Rs. 25,04,229 by furnishing declaration in form ST-1, as per utilisation account of the declaration forms submitted by him. He had, however, accounted for purchases valuing Rs. 10,37,225 only in his trading account. The short account of purchases worth Rs. 14,67,004 had resulted in suppression of corresponding sales amounting to Rs. 15,93,167 (including prorata margin of profit at the rate of 8.6 per cent). The suppression of sale was not detected by the assessing authority resulting thereby in the short levy of tax of Rs. 1.12 lakhs. Further, penalty not exceeding Rs. 2.79 lakhs was also leviable on the dealer for furnishing false and inaccurate particulars.

The omission was pointed out in audit to the department in November 1988; reply has not been

received (November 1989).

38.11 A registered dealer in Delhi had purchased without payment of tax goods valuing Rs. 51,68,620 including goods taxable at first point valuing Rs. 14,21,903 during the year 1982-83 by furnishing prescribed declaration but accounted for purchases amounting to Rs. 38,88,047 only including goods taxable at first point in his accounts records. The short account of purchases amounting to Rs. 12,80,573 resulted in suppression of corresponding sale amounting to Rs. 13,18,990 (including three per cent profit margin). The failure on the part of assessing authority to detect suppression of sale resulted in tax being levied short by Rs. 92,329. Further, penalty not exceeding Rs. 2.31 lakhs was also leviable on the dealer for furnishing of inaccurate particulars.

The irregularity was pointed out in audit (December 1987) to the department; their reply has not been received (November 1989).

38.12 From the accounts of declaration forms (ST-2) submitted by a registered dealer in respect of his purchases for the year 1982-83, it was noticed in audit that he had purchased goods worth Rs. 9,36,606 without payment of tax by furnishing the prescribed declarations. However, the dealer had shown purchases amounting to Rs. 13,291 in his trading account. The short account of purchases amounting to Rs. 9,23,316 resulted in suppression of corresponding sale of Rs. 10,13,708 (after including profit margin at 9.79 per cent based on trading account). The suppression of sale which was not detected by the assessing authority while framing assessment, resulted in short levy of tax by Rs. 70,959. Further, penalty not exceeding Rs. 1.77 lakhs was also

leviable on the dealer for furnishing of inaccurate particulars of sales.

The irregularity was pointed out by audit in October 1988 to the department; their reply has not been received (November 1989).

The cases were reported to the Ministry of Home Affairs between August 1989 and September 1989; their reply has not been received (November 1989).

39. Non-levy of penalty

Under section 50 (d) read with section 56 (3) of the Delhi Sales Tax Act, 1975 when a registered dealer while purchasing goods, commits an offence of representing any goods or class of goods not covered by his certificate of registration, that such goods or class of goods are covered by such certificates shall, apart from the penalty not exceeding two and a half times of tax leviable, be punishable with rigorous imprisonment for a term which may extend to six months or with fine or with both and where the offence is a continuing one with a daily fine not exceeding Rs. 200 during the period of the continuance of offence.

39.1 A registered dealer engaged in the manufacture of lift machine and repairs thereof, purchased steel, electric motor, motor, gear box and electrodes worth Rs. 1,71,598 free of tax during 1983-84 by misrepresenting that the goods purchased were covered under his certificate of registration even though these items were not included in his registration certificate either for the purpose of resale or for manufacture of goods for resale. The assessing authority while finalising assessment in June 1988 failed to detect this

misrepresentation, and consequently neither prosecution proceedings were launched against the dealer nor action to impose penalty upto Rs. 37,791 could be levied on the dealer.

On the failure being pointed out by audit (February 1989), the assessing authority levied (June 1989) penalty of Rs. 37,824 on the dealer. Report on recovery has not been received (November 1989).

39.2 During the year 1982-83, a registered dealer in Delhi had purchased from other registered dealers, goods valuing Rs. 3,10,744 without payment of tax, by misrepresenting that the goods purchased were covered by his registration certificate. The assessing authority failed to notice the misrepresentation while finalising his assessment in January 1987 and consequently no prosecution proceedings were launched against the dealer, nor did the assessing authority imposed penalty of Rs. 70,614 which was leviable on the dealer.

On the failure being pointed out in audit (March 1988), the department imposed (May 1989) a penalty of Rs. 70,614 on the dealer. Report on recovery had not been received (November 1989).

39.3 During the year 1983-84, a registered dealer in Delhi had purchased from other registered dealer, goods valuing Rs. 51,22,670 without payment of tax, by misrepresenting that the goods purchased were covered by his registration certificate. The assessing authority, while finalising the assessment in September 1985, failed to detect the misrepresentation and to initiate prosecution proceedings or to impose penalty on the dealer. The failure to detect the misrepresentation led to non-levy of penalty upto Rs. 8.95 lakhs.

The omission was pointed out (October 1987) in audit to the department; their reply had not been received (November 1989).

The cases were reported to the Ministry of Home Affairs between July 1989 to October 1989; their reply had not been received (November 1989).

40. Short levy of tax due to irregular exemption

Under Delhi Sales Tax Act, 1975, a registered dealer can purchase goods from another registered dealer without payment of tax, if the goods are intended for use as raw material in the manufacture in Delhi, of goods the sale of which is taxable in Delhi provided that where any goods purchased by registered dealer for any purpose mentioned in sub-clause (v) are not utilised by him, the price of goods so purchased shall be allowed to be deducted from the turnover of the selling dealer but shall be included in the taxable turnover of the purchasing dealer. This facility is allowed if the purchasing dealer furnishes to the seller a declaration in the prescribed form to the said effect and also indicate that the goods are covered by his certificate of registration. The Commissioner of Sales Tax had clarified in July 1979 that goods which did not go into the manufacture of finished products, could not be purchased

without payment of tax and that such items should be deleted from the registration certificate of the dealer. As per judicial* pronouncement calcium carbide, oxygen gas, electrodes and acetylene gasses used for welding are not considered materials directly used for the manufacture of any finished products and would not, therefore, be included in the certificate of registration as raw-material for manufacture.

40.1 In Delhi, during the years 1981-82 and 1983-84 two registered dealers purchased without payment of tax, (after furnishing the required declaration forms) welding rods, electrodes and other consumable raw-materials valued at Rs. 4,14,259 which did not go into the finished product and also declared that these goods were covered by his registration certificate. While assessing (January 1989) the assessing authority allowed the dealer's claim in contravention of aforesaid judicial pronouncement and departmental clarification. This mistake resulted in short levy of tax amounting to Rs. 28,998.

On the omission being pointed out in audit between December 1986 and February 1989, the department re-assessed (between April 1988 and June 1989) and raised additional demands for Rs. 28,998. Report on recovery has not been received (November 1989).

*

Commissioner, Sales Tax, New Delhi, VS Standard Metal Industries (1980)45-STC.

40.2 During the year 1983-84 a registered dealer purchased without payment of tax welding material and other consumable raw material viz lubricant valuing Rs. 6,37,890 which did not go into the finished product but were consumed in the process of manufacture and declared that these goods were covered by his registration certificate. While assessing the assessing authority allowed the dealer's claim in contravention of aforesaid judicial pronouncement and departmental clarification. The mistake resulted in short levy of tax amounting to Rs. 44,652.

The irregularity was pointed out in audit in November 1988 to the department; their reply has not been received (November 1989).

The above cases were reported to the Ministry of Home Affairs between July 1989 and August 1989; their reply has not been received (November 1989).

41. Irregular grant of exemption from tax due to defective declaration forms

Under section 6-A of the Central Sale Tax Act, 1956 where any dealer claims that he is not liable to pay tax on the ground that the movement of goods concerned from one State to another was occasioned by reasons of transfer of such goods by him to any other place of his business or to his agent or principal as the case may be, and not by reason of sale, may furnish to the assessing authority a declaration duly filled and signed by the principal officer of the other place of business or his agent or principal as the case may be containing the prescribed particulars in the prescribed form (Form F) obtained from the prescribed authority alongwith the evidence of despatch of such goods.

41.1 A registered dealer of Delhi claimed and was allowed deduction of Rs. 69,34,212 from his gross turnover (1982-83) on the basis of 'F' forms (64), submitted by him in support of his claim. The scrutiny of the forms revealed that the total amount covered by these forms worked out to Rs. 30,12,355 only. Thus the dealer was granted excess deduction to the tune of Rs.39,21,857 which resulted in the short levy of tax to the tune of Rs. 3.92 lakhs.

The case was reported to the Department in March 1988, their reply has not been received (November 1989).

41.2 In the case of a registered dealer of Delhi the assessing authority had allowed (March 1987) deduction amounting to Rs. 20.94 lakhs from his gross turnover on account of transfer (sale on consignment basis) of goods supported by declaration in form "F". However, it was noticed in audit (March 1989) from the assessment records that deduction amounting to Rs. 16.23 lakhs was supported either by defective forms or declarations pertained to different assessment years. This resulted in short levy of tax of Rs. 1.62 lakhs.

On the omission being pointed out in audit (March 1989), the department re-assessed the case in June 1989 treating the entire transfer sale of Rs. 20.94 lakhs as local sale and taxed the same at seven per cent for an additional demand of Rs. 1.47 lakhs.

The cases were reported to Ministry of Home Affairs in September 1989; their reply has not been received (November 1989).

42. Short levy due to non detection of invalid "C" forms

Under the Central Sales Tax Act, 1956 and the rules made thereunder on inter-state sale of goods made by one registered dealer to another registered dealer, tax is leviable at a concessional rate of 4 per cent provided the sales are supported by prescribed declarations in form "C" obtained from the purchasing dealer. The rules also provided that no single declaration shall cover more than one transaction of sale except in cases where the total amount of sales in a year is equal to or less than Rs. 10,000. But, if a dealer furnishes a false certificate he shall be punishable with simple imprisonment which may extend to six months or with fine or with both; and when the offence is a continuing offence with a daily fine which may extend to 50 rupees for every day during which the offence continues. In lieu of prosecution the authority who granted to him or, as the case may be, is competent to grant to him a certificate of registration under the act may after giving him reasonable opportunity of being heard, by order in writing impose upon him by way of penalty a sum not exceeding one and half time of the tax which would have been levied under the act.

During the assessment (March 1986) of a dealer for the assessment year 1981-82 he was allowed concessional rate of tax on inter-State sales amounting to Rs. 3,55,20,398 made to other registered dealers on the basis of declarations in form "C" furnished by the dealers. It was noticed (July 1986) in audit that declarations contained unauthorised addition of amounts aggregating Rs. 1,85,51,754 which related either to a period after the date of issue

of declarations or exceeded the prescribed monetary limit of Rs. 10,000 for more than one transaction. The assessing authority failed to detect the omissions which resulted in short levy of tax by Rs. 11.13 lakhs. Further, penalty not exceeding Rs. 16.70 lakhs was also leviable on the dealer for furnishing incorrect particulars of sales to the assessing authority.

The omission was pointed out in audit in July 1986 to the department; their reply has not been received (November 1989).

The case was reported to the Ministry of Home Affairs in September 1989; their reply has not been received (November 1989).

43. Non-levy of interest

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

43.1 During the year 1983-84, a registered dealer engaged in the business of kiriyana, dry fruits etc. had claimed deduction in his quarterly returns on account of sale made during 1983-84 to other registered dealers to the tune of Rs. 13,45,820 but could not produce declarations in form ST-1 in support of his claim. The assessing authority while framing the assessment (March 1988) levied tax amounting to Rs. 94,207 but did

not levy interest for non-payment of tax along with returns.

On the omission being pointed out in audit (March 1989), the department re-assessed (June 1989) the case and raised an additional demand of Rs. 65,945 on account of interest against the dealer. Report on recovery has not been received (November 1989).

43.2 In the case of a registered dealer engaged in the business of kiriyana and dry fruits the assessing authority assessed (February 1988) his gross turnover for the year 1983-84 at Rs. 319 lakhs on best judgement basis and levied tax amounting to Rs. 22.33 lakhs but failed to levy interest for non-payment of tax. The omission resulted in non-realisation of interest amounting to Rs. 14.79 lakhs.

On the omission being pointed out by audit (March 1989), the department raised (July 1989) further demand of Rs. 9,98,767 against the dealer. Report on recovery had not been received (November 1989).

43.3 During the year 1983-84, a registered dealer engaged in the business of P.V.C. cables had claimed deduction in his quarterly returns on accounts of sale made during the period 1983-84 to other registered dealer to the tune of Rs. 181.29 lakhs but did not produce declarations in form ST-I in support of his claim. The assessing authority while framing the assessment (March 1988) levied tax amounting to Rs. 12.66 lakhs but did not take any action to levy interest for non payment of tax alongwith the returns.

On the omission being pointed out in audit (March 1989), the department re-assessed (June 1989) the case and raised an

additional demand of Rs. 8.20 lakhs against the dealer. Report on recovery has not been received (November 1989).

43.4 Under the Delhi Sales Tax Act, 1975 and rules made thereunder, every registered dealer is required to furnish a quarterly return of sales before the prescribed date and pay the tax due.

A registered dealer engaged in the business of electronic goods claimed deduction of Rs. 19,39,238 from his gross turnover during 1982-83, on the ground that the sale was made to other registered dealers. The assessing authority while framing assessment disallowed the claim of the dealer and levied tax on the sale of Rs. 19,39,238 but did not take any action to levy interest for the non-payment of tax alongwith the returns. The omission resulted in non-realisation of interest amounting to Rs. 1.46 lakhs.

The omission was pointed out in audit in October 1987, to the department; their reply has not been received (November 1989).

The above cases were reported to the Ministry of Home Affairs between August and September 1989; their reply has not been received (November 1989).

44. Short levy of tax due to mistake in computation of tax

In assessing a dealer for the year 1978-79 the assessing authority allowed (1982-83) deduction from his gross turnover, of Rs. 166.06 lakhs on account of transfer of goods to its branches duly supported by 49 declarations in form "F". However, it was seen in audit that the total amount of goods transferred based on these 49

declarations worked out to Rs. 161.82 lakhs. Thus the dealer had been allowed excess deduction of Rs. 4.24 lakhs from his gross turnover. The dealer had also been allowed deduction of Rs. 303.82 lakhs on account of sales to local registered dealers on the basis of 41 declarations in form ST-1. The total of these 41 declarations also worked out to Rs. 303.42 lakhs leading to excess deduction of Rs. 0.40 lakhs. The failure of the assessing authority to check the arithmetical inaccuracy resulted in short levy of tax by Rs. 46,400.

The irregularity was pointed out in audit to the department (December 1984); their reply has not been received (November 1989).

The matter was reported to Ministry of Home Affairs in August 1988; their reply has not been received (November 1989).

45. Irregular grant of deduction from the taxable turnover

Under sub-section 2 of section 4 of the Delhi Sales Tax Act, 1975 a deduction from the taxable turnover of the dealer is allowed provided the sale of goods in respect of which due tax is shown to the satisfaction of the Commissioner of Sales Tax have been

paid, the sale of goods declared as tax-free; or the sale is not liable to tax under section 8 of the Act *ibid*; or the sale to registered dealers of goods specified in his registration certificate as being intended by him for use as raw material in manufacturing of goods for sale in Delhi or in the course of inter-state trade or commerce or for export out of India; or for resale in Delhi or in the course of inter-state trade and commerce or export out of India.

A dealer in Delhi had claimed and was allowed deduction amounting to Rs. 18,14,632 on account of cartage by assessing authority for which no evidence of payment of cartage was available in the assessment record of the assessee dealer. The deduction was not allowable under the provision of law, hence irregular. The irregular grant of deductions has resulted in short levy of tax amounting to Rs. 1.27 lakhs.

The irregularity was pointed out in audit to the Department (March 1988); reply has not been received (November 1989).

The above case was reported to Ministry of Home Affairs in August 1989; their reply has not been received (November 1989).

State Excise

46 Loss of revenues due to non-execution of bond

Under Section 16 of the Punjab Excise Act, 1914, as extended to Union Territory of Delhi no intoxicant shall be imported/exported or transferred except after payment of duty to which it may be liable under the Act or on execution of bond for such payment and in compliance with the condition as the Lt. Governor of Delhi may impose.

It was, noticed (April 1985) in audit that during the year 1983-

84 the department while issuing permit for import of liquor into Union Territory of Delhi, had, permitted 20 licencees to import liquor without payment of duty and without execution of bond as required under the Act. The non-execution of bond resulted in loss of stamp duty amounting to Rs. 74,730.

The case was reported to the department and Ministry of Home Affairs in September 1989; their replies have not been received (November 1989).



(A.H.JUNG)

Director of Audit-II, Central Revenues

New Delhi
The

10 3 MAR 1990

Countersigned

T.N. Chaturvedi

(T.N. CHATURVEDI)

Comptroller and Auditor General of India

New Delhi
The

13 MAR 1990

APPENDIX

(Vide Paragraph 28)

Statement showing losses etc. written off and ex-gratia payments made during the year 1988-89

In one case Rs. .035 lakh representing loss due to other reason and in six cases ex-gratia payments aggregating Rs. 4.50 lakhs were made during the year 1988-89 as detailed below :-

Write off of losses, irrecoverable revenues, duties, advances, etc.

Department	Due to other reasons		Ex-gratia payments	
	No. of cases	Amount (Rupees in lakhs)	No. of cases	Amount (Rupees in lakhs)
Commissioner of Police, Delhi	--	--	6	4.50
L.G. Sectt., Delhi	1	.035	--	--
Total :	1	.035	6	4.50

ERRATA

Sl.No. -----	Page -----	For -----	Read -----
1.	Table of contents (P-IV para - 41)	declarations	declaration
2.	P-59 (Column 2, 23rd line)	perodical	periodical
3.	P-96 (Highlights, 10th line)	5 year	5 years
4.	P-104 (Column 2, 10th line from below)	declarations	declaration

