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REPORT OF THE

COMPTROLLER AND AUDITOR GENERAL

OF INDIA

FOR THE YEAR ENDED 31 MARCH 1988
NO. 13 OF 1989

MUNICIPAL CORPORATION OF DELHI

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PREFATORY REMARKS

The results of test audit of the financial transactions of the Municipal Corporation of Delhi are set out in this Report. The Report has been prepared for the first time. The question of audit of the financial transactions of the Municipal Corporation of Delhi was taken up with the Ministry of Home Affairs and the approval of the President of India to carry out the audit of accounts of the Municipal Corporation of Delhi pertaining to all receipts and expenditure was conveyed on 26th April 1988 by Government of India. The audit has been conducted under Section 14(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

This Report includes reviews on Conservancy and sanitation, Development schemes, Malaria eradication programme, and Water supply and sewage disposal.

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OVERVIEW

Audit Report for the year ended 31 March 1988 contains 20 paragraphs including 4 reviews. The points highlighted in the Report are summarised below :

I. General

The compilation of annual accounts of three wings of the Municipal Corporation of Delhi have been heavily in arrears. The accounts for the years 1984-85 onwards had not been compiled by Delhi Electric Supply Undertaking and by Delhi Water Supply and Sewage Disposal Undertaking. The accounts of the General Wing of the Corporation for 1985-86 to 1987-88 were stated to have been sent to the Municipal Chief Auditor but audited accounts had not been placed before the Standing Committee of the Corporation.

(Paragraph 1)

II. Conservancy and Sanitation

The irregular removal of garbage in East Delhi resulted in insanitation. The working of compost plant had been unsatisfactory and remained largely under-utilised.

Advances to the extent of Rs. 18.28 crores made by Conservancy and Sanitation Engineering Department to various suppliers upto 1987-88 had not been adjusted. Thus, the procedure for watching the adjustment of advances had to be streamlined.

Excess payment of Rs. 2.50 lakhs was made to two firms on account of excise duty which was exempted by the Government. There has been a delay upto seven years in disposal of 160 vehicles.

(Paragraph 2)

III. Mid-day meals scheme

As per the norms approved by the Planning Commission, an expenditure of 75 paise per day per child was to be incurred for providing mid-day meals to the students of primary schools. The Corporation, however, incurred only 40 paise per child per day.

(Paragraph 3)

IV. Development schemes

Inspite of availability of funds for providing community halls and community latrine blocks in 135 rural and 96 urban villages, the facilities had not been provided in any of the villages. Although a provision of Rs. 2,000 lakhs was made in 1981 for acquisition of land for providing community services etc. in unauthorised regularised colonies, land has not yet been acquired. Overall survey was also not undertaken for providing facilities in unauthorised regularised colonies.

In six divisions, 2,205 development works, started from 1975-76 onwards, involving Rs. 353.79 lakhs had remained incomplete. Welfare measures for labour were not enforced in four divisions.

The value of materials costing Rs. 51.07 lakhs issued to contractors upto 1986-87 had not been adjusted.

(Paragraph 7)

V. Avoidable expenditure on roads

Tenders for execution of works for improvement and strengthening of road-phase II were called for in June 1984. The lowest rates quoted were Rs. 79.10 lakhs but the decision to award the works within the validity period was not taken, thus necessitating retendering. The work was ultimately allotted in January 1986 at a cost of Rs. 125.84 lakhs, resulting in an extra expenditure of Rs. 46.74 lakhs.

Tenders for improvement of roads-phase III in unauthorised regularised colonies were called for in October 1984, but the allotment of work to the lowest tenderer at a cost of Rs. 26.24 lakhs was awarded after the expiry of the extended validity period. Ultimately the work was awarded, after retendering, at a cost of Rs. 44.93 lakhs resulting in an extra expenditure of Rs. 18.69 lakhs.

Work for improvement of roads-phase IV was awarded in March 1986 on the basis of item rate tenders. While submitting the proposals for consideration of the Standing Committee, the division made a comparative statement of rates of other divisions but did not indicate the lower rates for a similar work approved seven weeks earlier by the division itself. Compared with the accepted rates in the division itself, the award of work resulted in an extra expenditure of Rs. 4.31 lakhs.

(Paragraph 8)

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VI. **Construction of staff quarters**

The lowest offer of Rs. 150.64 lakhs received in 1984 for the construction of 200 staff quarters at Seelampur was not accepted within the validity period. Subsequently the work was awarded in June 1986, at a cost of Rs. 156.73 lakhs resulting in an extra expenditure of Rs. 6.09 lakhs.

(Paragraph 9)

VII. **Malaria Eradication Programme**

Substantial population areas requiring different rounds of spray operations had not been covered during 1984 to 1987. Similarly, houses, requiring focal spray around detected malaria cases had not been sprayed to the extent of 84 to 94 per cent.

The shortfall in the utilisation of insecticides for spraying operations was above 70 per cent. Tests for determining the efficacy of the insecticides used and the entomological studies for the susceptibility of mosquitoes to these insecticides were not conducted.

The Health Department had 49.33 lakhs primaquine tablets which were time-barred and were unfit for human consumption. Further 12 lakh tablets of other drugs had been lying unissued for periods ranging from 3 to 13 years.

(Paragraph 12)

VIII. **Delhi Water Supply and Sewage Disposal Undertaking**

Water supply and sewage disposal :—As against the assesssed requirement of 472 million gallons of water daily (MGD) by the end of 1987-88, the Undertaking could supply only 391 MGD resulting in shortfall of 80.75 MGD which was 17 per cent of the requirement.

Infructuous expenditure to the extent of Rs. 78.61 lakhs had been incurred on construction of three Ranney wells which had not been operating since their commissioning.

Out of 251 trans-Yamuna unauthorised regularised colonies, sewerage and drainage facilities had not been provided to 250 colonies. Out of 541 such colonies in Delhi, the facilities had not been provided to 433 colonies. Drinking water supply was not available in 106 such colonies.

The measures taken to control the persisting water pollution caused by 17 drains carrying sullage/waste water into the river Yamuna had not been adequate.

The delay of more than five years in the completion of Kondli sewage treatment plant in Shahdara resulted in additional cost of Rs. 25 lakhs. There had been delays in completion of 12 major works for water supply, sewerage and drainage ranging from 6 to 82 months.

The Undertaking had been running in deficit from 1969-70. Accumulated deficit of the Undertaking by the end of March 1988 was Rs. 24,976 lakhs.

Arrears of revenue amounted to Rs. 2,478.72 lakhs on account of water charges recoverable from consumers and for bulk supply of water and sewage disposal facilities to New Delhi Municipal Committee and Delhi Cantonment.

The stock of cast iron pipes of various sizes worth Rs. 279 lakhs was enough to meet the requirements for 3 to 20 years. The value of stock of 750 mm diametre, which was sufficient for 20 years, was Rs. 94.29 lakhs indicating inadequate inventory control.

Physical verification of stores had not been done during 1985-86 to 1987-88.

Cash advances of Rs. 222 lakhs made to suppliers had not been adjusted for period upto eight years.

(Paragraph 16)

IX. **Delhi Electric Supply Undertaking**

(i) *Purchase of distribution transformers* :—A proposal for purchase of additional 30 distribution transformers (630 KVA) under 25 per cent additional quantity clause was approved but the order was placed in October 1987 after the expiry of the date of delivery for the main order and the firm did not accept the order. A sum of Rs. 2.70 lakhs had to be paid extra to obtain supply after retendering.

While deciding a tender for supply of 150 transformers (1,000 KVA), order was split up equally between two firms at their quoted rates resulting in an extra expenditure of Rs. 6.59 lakhs compared with the rates of the lowest tenders.

(Paragraph 18)

(ii) *Purchase of street light fittings* :—On the basis of consumption in 1986-87 of 12,544 fittings, a case for the purchase of 15,000 street light fluorescent tube fittings was processed. Stores Purchase Committee while recommending in June 1988, purchase of 15,000 units from two firms at a total cost of Rs. 52.30 lakhs, noted that the financial position of the Undertaking was none too good and that they must locate savings,

wherever possible. However, the Delhi Electric Supply Committee in July 1988, enhanced the order to 25,000 units among five firms resulting in an extra expenditure of Rs. 3.79 lakhs and blocking of funds of Rs. 38.13 lakhs.

(Paragraph 19)

(iii) *Purchase of earth wire* :—An expenditure of Rs. 2.32 lakhs on purchase of earth wire in October 1987 after inspection proved infructuous as the goods were found defective on receipt. The material had not been replaced so far.

(Paragraph 20)

CHAPTER I

1. General

1.0.1 *Introduction*

The Municipal Corporation of Delhi was established on 7th April 1958 as a civic body under the Delhi Municipal Corporation Act, 1957. It covers the Union Territory of Delhi excluding the areas under the New Delhi Municipal Committee and Delhi Cantonment Board. Out of a population of 62.20 lakhs in the metropolis, over 58.62 lakhs (as per Vital Statistics 1985) reside within the area administered by the Corporation. The Corporation is composed of a specified number of councillors and aldermen elected in the manner specified in the Act.

The Corporation presided over by a Mayor who is assisted by a Deputy Mayor acts as the legislative wing. For the efficient performance of its functions, the Act provides the following municipal authorities :

(i) The Standing Committee

(ii) The Delhi Electric Supply Committee

(iii) The Delhi Water Supply and Sewage Disposal Committee

(iv) The Commissioner

(v) The General Manager (Electricity).

In addition, the Act prescribes the constitution of Rural Areas Committee, Education Committee, special adhoc and ward committees, etc.

1.02 *Role of the Corporation*

The Act specifies that subject to its provisions, the rules and regulations and bye-laws made thereunder, the Municipal Government of Delhi shall vest in the Corporation. The obligatory functions of the Corporation under the Act cover drainage works, public conveniences, scavenging and removal of garbage, generation and supply of electricity, sufficient supply of pure and wholesome water, registration of births and deaths, etc. The Act permits the Corporation to take up a large number of discretionary functions which are related to the proper upkeep of the area and administration of municipal functions. The Act lays down that the performance of any duty imposed upon the Corporation and which involves expenditure will be subject to a provision being made under the current budget grant approved by the Corporation. The Act lays down that the Corporation shall on or before 31st day of March every year, adopt the budget estimates of income nad expenditure out of the Municipal Fund.

1.03 *Municipal Fund*

All moneys received by or on behalf of the Corporation under the provisions of the Act, or moneys received from Government by way of grant or gift or deposit, interest or profit arising from any investment, etc. shall be credited to the Municipal Fund. The fund shall have three separate accounts viz. (i) General Account (ii) Electric Supply Account and (iii) Water Supply and Sewage Disposal Account.

1.04 *Chief Accountant*

The Maintenance of Accounts Regulations framed in 1959 under the Act prescribes that the Chief Accountant is responsible for proper maintenance of all the accounts and for their internal check and examination of the transactions. He also acts as Financial Adviser to the Commissioner/General Manager. In addition, he also prepares annual appropriation accounts and sends it to the Municipal Chief Auditor who after verification sends the same to the Standing Committee for being laid before the Corporation.

1.05 *Position of Accounts*

The Chief Accountant shall cause at the end of each month, a monthly abstract to be drawn up for each of the three accounts and forward it to the Municipal Chief Auditor for examination and report to the Standing Committee. The Annual Abstracts are required to be submitted to the Municipal Chief Auditor by 15th June every year.

The compilation of the accounts of the following wings and their submission to the Standing Committee has been in arrears for many years :—

(i) Accounts of Delhi Electric Supply Undertaking from 1984-85 to 1987-88.

(ii) Accounts of Water Supply and Sewage Disposal Undertaking from 1984-85 to 1987-88.

(iii) As regards General Accounts, the Corporation stated, in March 1989, that accounts

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for the years 1985-86 to 1987-88 had been submitted to the Municipal Chief Auditor. The submission of these accounts alongwith the report by the Municipal Chief Auditor to the Standing Committee was awaited (January 1989).

In the absence of audited acconuts for more than three years, uptodate verified figures were not available. However, the unaudited figures, adopted in the Budget grants in three years in respect of each wing are given below :—

(a) General Wing

(Rupees in crores)

Year	Income			Expenditure		
	Revenue	Plan grants	Total	Revenue	Plan	Total
1985-86	141.14	63.74	204.88	146.71	64.01	210.72
1986-87	189.51	83.88	273.39	189.40	81.56	270.96
1987-88	214.81	110.85	325.66	214.89	105.12	320.01

(b) Delhi Electric Supply Undertaking.

(Rupees in crores)

Year	Receipt			Expenditure		
	Revenue	Capital	Total	Revenue	Capital	Total
1985-86	287.80	146.73	434.53	287.22	162.83	450.05
1986-87	325.63	164.18	489.81	361.60	204.00	565.60
1987-88	360.34	155.27	515.61	459.65	198.08	657.73

(c) Delhi Water Supply and Sewage Disposal Undertaking.

(Rupees in crores)

Year	Revenue Account			Loans Account			
	Receipt	Expenditure	Net surplus(+) or deficit(—)	Opening balance	Receipt	Expenditure	Closing balance
1985-86	30.19	60.72	(—)30.53	11.12	42.70	40.07	13.75
1986-87	44.54	88.74	(—)44.20	13.75	46.49	42.21	18.03
1987-88	35.94	86.69	(—)50.75	18.03	55.65	47.34	26.34

1.06 *Municipal Chief Auditor*

The acconuts of the Corporation are audited by the Municipal Chief Auditor who submits his reports to the Standing Committee. The Standing Committee shall cause to be laid before the Corporation every report made by the Municipal Chief Auditor.

The report for the years 1982-83 to 1984-85 was submitted to the Standing Committee by the Municipal Chief Auditor on 5th June 1987. The report for 1985-86 has been placed before the Standing Committee in September 1988. It has not been presented to the Corporation so far (February 1989).

It has been observed from the report for the years 1982—85 that the inspection reports/audit objections pertaining to more than 10 years were pending settlement. The position of outstanding inspection reports/objections as on 31st March 1986 as per the report was as follows :—

Period to which inspection reports pertain	Number of outstanding inspection reports	Number of outstanding paragraphs
1	2	3
(a) *General Wing*		
Prior to 1970-71	14	52
1970-71 to 1979-80	1,081	6,455
1980-81 to 1984-85	1,166	7,499
Total	2,261	14,006
(b) *Delhi Electric Supply Undertaking*		
Prior to 1970-71	12	25
1970-71 to 1979-80	635	2,540
1980-81 to 1984-85	678	3,358
Total	1,325	5,923
(c) *Delhi Water Supply and Sewage Disposal Undertaking*		
1970-71 to 1979-80	236	1,383
1980-81 to 1984-85	408	1,903
Total	644	3,286

The report had also indicated that vouchers for very heavy sums which were drawn more than a decade earlier were not available in 1987 when the Municipal Chief Auditor prepared his report. The table below gives the break-up of the amounts outstanding :—

Period to which inspection reports pertain	For want of vouchers		For want of payees' stamped receipts	
	Number of items	Amount (Rupees in lakhs)	Number of items	Amount (Rupees in lakhs)
(a) *General Wing*				
Prior to 1975-76	—	—	73	1.93
Between 1975-76 and 1979-80	1,332	194.13	253	3.44
Between 1980-81 and 1984-85	3,744	153.92	55	17.79
Total	5,076	348.05	381	23.16
(b) *Delhi Electric Supply Undertaking*				
Prior to 1975-76	684	10.12	2	—
Between 1975-76 and 1979-80	2,875	205.57	999	15.07
Between 1980-81 and 1984-85	1,728	779.31	207	0.11
Total	5,287	995.00	1,208	15.18
(c) *Delhi Water Supply and Sewage Disposal Undertaking*				
Prior to 1975-76	—	—	23	3.53
Between 1975-76 and 1979-80	254	20.90	3	0.04
Between 1980-81 and 1984-85	2,908	269.70	25	12.52
Total	3,162	290.60	51	16.09

1.07 *Audit by the Comptroller and Auditor General of India*

The President of India has approved carrying out the audit of the accounts of the Corporation pertaining to all receipts and expenditure of the Corporation by the Comptroller and Auditor General of India under Section 14(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 as per Notification issued by the Ministry of Home Affairs in April 1988.

The matter was reported to Ministry of Home Affairs, Delhi Administration and Municipal Corporation of Delhi in February 1989; replies have not been received (April 1989).

CHAPTER II

GENERAL WING

Conservancy and Sanitation Engineering Department

2. Conservancy and sanitation

2.01 *Introduction*

The Conservancy and Sanitation Engineering Department was constituted, in January 1978, to provide a unified service for road sweeping, collection, transportation and dumping of refuse, cleaning of sewers, nallahs, small drains, etc.

For better management of solid and liquid waste and environmental improvement work, the Department set up a semi-mechanised compost plant at Okhla which was commissioned in October 1981. Garbage from different areas was sent to land fill sites where the dumping of refuse was done by sanitary land fill method and levelling by bulldozers.

2.02 *Scope of Audit*

The records of the office of Zonal Sanitation, Superintendent, Shahdara, five divisions, central workshop, zonal auto-workshop and Manager, compost plant for the period 1985-86 to 1987-88 were test checked.

2.03 *Organisational set up*

The Department is headed by a Director who is assisted by the two joint directors and one superintending engineer for supervising the work of maintenance and repairs of the fleet deployed on conservancy and sanitation work. The work of road sweeping, refuse collection, removal and disposal are supervised by ten zonal additional deputy commissioners assisted by sanitation superintendents.

2.04 *Highlights*

- **Irregular removal of complete garbage in East Delhi resulted in insanitation.**
- **The working of compost plant had been unsatisfactory and had remained largely underutilised.**
- **There was a delay ranging from 30 to 262 days in repair of vehicles during December 1987 to August 1988.**
- **There has been a delay up to seven years in disposal of 160 vehicles.**
- **Excess payment of Rs. 2.50 lakhs was made to two firms on account of excise duty which was exempted by the Government.**
- **Advances to the extent of Rs. 18.28 crores made by the Department to various suppliers upto 1987-88 remained unadjusted till January 1989. The procedure for watching the adjustment of advances needs to be streamlined.**

2.05 *Financial management*

The budget estimates and actual expenditure for the years 1985-86 to 1987-88 were as follows:—

(Rupees in lakhs)

Year	Allocation	Actual expenditure	(+)Excess (—)Saving
1985-86	3,038.49	3,079.54	(+)41.05
1986-87	4,351.75	4,677.78	(+)326.23
1987-88	4,889.75	4,361.45	(—)528.30

The expenditure exceeded the budget provision in 1985-86 and 1986-87 while there was a saving in 1987-88.

2.06 *Insanitation in East Delhi*

Daily removal of garbage/malba etc. from dustbin enclosures of the colonies is one of the essential functions of the Department. A test check of records of Shahdara Zone indicated that the garbage had not been fully removed in almost all the twelve wards during May 1986, March and April 1987. During April and July 1986 to September 1986 and January 1987, garbage was not fully removed from dustbin enclosures in most of the wards. In the absence of regular removal of garbage, maintenance of proper sanitation would have suffered considerably.

2.07 *Compost plant*

Installation of a mechanical compost plant was approved by the Standing Committee of the Corporation in June 1965. The plant costing Rs. 129.50 lakhs was commissioned at Okhla in October 1981. It has maximum intake capacity of garbage upto 150 tonnes per day.

Out of 911 working days excluding Sundays and holidays during 1985-86 to 1987-88, the plant worked for 450 days only i.e. 49.3 *per cent* of total working days. Based on an average generating capacity of 39.75 tonnes per day, 17887 tonnes of compost could have been expected to 450 working days during 1985-86 to 1987-88 whereas 13,276 tonnes were produced which worked out to about 74 *per cent* of the expected production.

Thus, it will be seen that the working of the compost plant had been unsatisfactory and had remained largely under-utilised.

2.08 *Vehicles*

(a) Delay in repair of vehicles :—Minor repairs are undertaken in zonal auto workshops, whereas major repair/overhauling are attended to in the central workshop. On a test check of records of the Karolbagh workshop and central workshop, it was noticed that 17 vehicles remained held up in the zonal workshop for repairs for periods ranging from 30 to 262 days during December 1987 to August 1988.

The Department stated, in March 1989, that the vehicles remained in workshop for repair for long periods due to inadequate staff. However, the Department did not indicate the action they propose to take for ensuring timely repair of vehicles.

(b) Disposal of vehicles :—It was further noticed, in January 1989, that 160 vehicles of various types (mostly trucks) had been lying un-utilised in various workshops. The information regarding 55 vehicles lying in the central and two zonal workshops indicates that these had been lying there for periods ranging from one to seven years. Information for the rest of the vehicles was not furnished to Audit.

No systematic procedure for the disposal of old vehicles was followed. Besides occupying valuable space, the condition of vehicles continued to deteriorate due to exposure to vagaries of weather thus reducing the expected scrap value.

Some of the recent auctions showed that such vehicles could bring in revenue of Rs. 25,000 to 40,000 per vehicles. On the assumption of a minimum return of Rs. 25,000 per vehicle, a sum of nearly Rs. 40 lakhs had been blocked due to delay in disposal of vehicles.

The Department stated, in March 1989, that the supervisor and technical staff in the workshop remained busy in day to day work of repair and maintenance.

2.09 *Purchases*

A test check of records maintained by Manager, Compost Plant and Executive Engineer revealed an excess payment of Rs. 2.50 lakhs as mentioned below :—

(a) A sum of Rs. 10.75 lakhs was paid by the Department, in November 1986, to Air Tech. Private Limited, Sahibabad, for supplying a high pressure sewer cleaning machine. The payment included a sum of Rs. 1.27 lakhs as excise duty and Rs. 0.13 lakh as additional sales tax on the component of excise duty. The excise duty was not payable as the firm had confirmed, in April 1986, that the Government of India had exempted excise duty for this machine from April 1986. This resulted in an excess payment of Rs. 1.40 lakhs which was yet to be recovered from the firm.

(b) Similarly, in another case, a sum of Rs. 25.07 lakh was charged by Machinery Manufacture Corporation Limited for the supply of 20 mini dumpers in September 1986 and May 1987. This payment included excise duty and corresponding sales tax amounting to Rs. 1.10 lakhs which was not required to be paid to the firm as the value of tipping mechanism was exempted from payment of excise duty. This excess payment has also not yet been recovered from the firm.

2.10 *Outstanding advances*

In accordance with the instructions issued, in August 1986,by the Municipal Commissioner, any advance drawn for the purpose of purchase is required to be adjusted within one month of the date of drawal. Advances for vehicles and machinery are made by the Manager, Compost Plant. It was observed that in 194 cases, advances to the extent of Rs. 18.28 crores remained un-adjusted by January 1989 as per details given below :—

(Rupees in crores)

Year	Number of items	Amount
Prior to 1985-86	36	2,28
1985-86	30	2.83
1986-87	53	3.21
1987-88	75	9.96
Total	194	18.28

The Department had paid advances to the contractors/suppliers ranging from 90 to 100 *per cent*. The Department stated, in January 1989, that advances could not be adjusted as final bills had not been received by them. It has not, however, taken vigorous and systematic steps to obtain the final bills from suppliers for these long outstanding advances.

The register neither indicated the date of receipt of goods/items for which the advances had been given, nor were the cases regularly and systematically pursued. The cases of defective or delayed supply of goods attracting penalty or non-receipt of goods where advances were to be recovered had not been clearly identified.

The records did not indicate whether the validity of bank guarantees against advances made to the suppliers was extended from time to time till the advances were completely adjusted.

Thus the system and procedures for watching timely adjustment of advances made to the suppliers etc. need to be streamlined and strengthened.

The matter was reported to Ministry of Home Affairs, Delhi Administration and Municipal Corporation of Delhi in February 1989; replies have not been received (April 1989).

Education Department

3. Mid-day meals scheme

The Corporation had been receiving grants from Delhi Administration for providing mid-day meals to the primary school children. Under the Mid-day meals scheme, the amount of grants received by the Corporation during 1985-86 to 1987-88, expenditure incurred there against and the grants remaining unspent are indicated below :—

(Rupees in lakhs)

Year	Grant received from Delhi Administration	Total expenditure	Unutilised grants
1985-86	160.00	62.63	97.37
1986-87	100.00	160.00	(—)60.00
1987-88	160.00	152.14	7.86
Total	420.00	374.77	45.23

On a test check of records of the Corporation, the following irregularities were noticed:—

(i) For meeting the nutritional requirement of the children under the scheme, an expenditure of 75 paise per child per day was recommended by the Expert Group constituted by the Planning Commission. As per approved pattern of financing, expenditure at the rate of 40 paise per day per child was to be met by Delhi Administration and remaining 35 paise per child per day was to be contributed by the Corporation from its own resources. The Corporation ,however, did not make any matching contribution during 1985 to 1987. During 1987-88, Rs. 16.57 lakhs were contributed by the Corporation against the required contribution of Rs. 140 lakhs.

(ii) The grants released by Delhi Administration for this purpose were also not fully utilised during 1985-86 and 1987-88, as will be evident from the table above.

The Corporation expressed its inability to contribute matching grants for the scheme from its own resources. In October 1985, Delhi Administration had to make a reference to the Planning Commission. The Planning Commission clarified, in October 1985, that they would have no objection if the requirements of the scheme were met by adjustments within the overall allocation approved for the plan. Otherwise, coverage should be restricted to the schools located in areas predominantly inhabited by weaker sections. The Planning Commission also made it clear that in case total feeding per child per day was reduced from 75 paise to 40 paise, it would affect the prescribed norms of mid-day meals scheme thereby defeating the purpose. The Corporation neither provided mid-day meals worth 75 paise per child per day by readjustment within the overall allocation approved for the plan nor restricted the coverage as advised by the Planning Commission.

Delhi Administration agreed, in November 1988, with the audit observation and stated that the Corporation should have kept a provision so that children could have been given mid-day-meals at the prescribed rate of 75 paise each per day.

The matter was reported to Ministry of Home Affairs, Delhi Administration and Municipal Corporation of Delhi in August 1988; replies have not been received (April 1989).

4. **Loss due to non-availing of rebate**

Modern Food Industries (India) limited, a Government of India Undertaking, which was supplying fruity bread for the mid-day meals scheme, offered a rebate of 0.5 *per cent* for advance payment of an amount equal to fifteen days' supply. The rebate was enhanced to one *per cent* if the advance was equal to one month's supply. After obtaining the approval of competent authority in March 1985, the rebate of one *per cent* was availed of by the Education Department during 1985-86 and 1986-87. Similar rebate of one *per cent* was also offered for 1987-88. This was however, not availed of, resulting in a loss of Rs. 1.19 lakhs.

The Corporation stated, in November 1988, that the advance payment was not covered under the terms and conditions of the contract and as such rebate was not availed of. This was not tenable as competent authority had ordered for advance payment for one month's supply to avail of the rebate and a sum of Rs. 51.38 lakhs drawn for that purpose could not be utilised during 1987-88. Moreover, similar rebate was duly availed of in the years 1985-86 and 1986-87.

The matter was reported to Ministry of Home Affairs, Delhi Administration and Municipal Corporation of Delhi in August 1988; replies have not been received (April 1989).

5. **Irregular drawal of funds**

Under provisions of financial rules, funds should not be drawn unless they are required for immediate disbursement. It was, howewver, noticed that in the following two cases, the Education Department drew funds to the extent of Rs. 117.04 lakhs in violation of the above rules :—

(i) *Purchase of desks* : Sanction for purchase of 5,000 steel frame teachers desks was accorded in February 1986 by the Standing Committee of the Corporation. The order was placed with a firm after negotiations at the lowest rate of Rs. 383.90 per desk including sales tax and cartage. The supply was to be completed by 31st July 1986. Although no supply was made by the firm upto 31st March 1986, yet the entire contractual amount of Rs. 19.20 lakhs was drawn as advance in the form of 25 cheques of Rs. 76,780 each. These cheques were delivered to the firm during April to July 1986 as and when the supplies were made. Apparently, the amount of Rs. 19.20 lakhs was not required for immediate disbursement.

The Department stated, in November 1988, that the advance was drawn on the oral undertaking of the supplier that he would make complete supply by 30th April 1986 but he did not meet the deadline.

The reply of the Department is not tenable. Even if the supplier had promised to supply the desks by 30th April 1986, there was no justification for drawal of funds on 31st March 1986.

(ii) *Irregular drawal of funds under Mid-day meals scheme.*—A sum of Rs. 46.46 lakhs was drawn on 31st March 1987, and the cheque was cancelled on 5th May 1987 and four cheques in lieu thereof were drawn and delivered to a firm from May to September 1987, on receipt of supplies.

Another sum of Rs. 51.38 lakhs, drawn on 31st March 1988, through five cheques, could only be delivered to a firm during May to October 1988 on receipt of supplies from the firm.

Thus the amounts drawn during 1986-87 and 1987-88 were not required for immediate disbursements and could only be utilised in 1987-88 and 1988-89.

The Department stated, in November 1988, that ex-post-facto sanctions of the competent authority to carry forward the unutilised grants would be obtained.

The matter was reported to Ministry of Home Affairs, Delhi Administration and Municipal Corporation of Delhi in August 1988; replies have not been received (April 1989).

6. **Excess claim of grant**

An expenditure of Rs. 33.14 lakhs had been incurred on the purchase of soya milk etc. during 1987-88 as part of mid-day meals scheme for Delhi Schools of the Corporation. The expenditure was, however, shown in the statement of expenditure on primary education instead of under the mid-day meals scheme. By booking the expenditure wrongly in the statement on primary education, the Corporation claimed and received an excess grant of Rs. 16.57 lakhs from Delhi Administration.

The Department stated, in November 1988, that the matter was being referred to the Planning Commission through Delhi Administration.

The matter was reported to Ministry of Home Affairs, Delhi Administration and Municipal Corporation of Delhi in August 1988; replies have not been received (April 1989).

Engineering Department

7. Development schemes

7.01 *Introduction*

A number of works for provision of basic facilities like link roads, water and sewage disposal, construction of community lavatories, parks, etc. had been taken up in various villages. Three schemes for improvement of urban and rural villages and unauthorised colonies, after these had been regularised, were framed.

7.02 *Scope of Audit*

The review is based on test check of records relating to utilisation of grants/loans given by Delhi Administration to the Corporation during the years 1985-86 to 1987-88 for these schemes. The records of 10 engineering divisions out of 36 divisions engaged in execution of works relating to the schemes were test checked.

7.03 *Organisational set up*

Engineering Department of the Corporation is headed by an Engineer-in-Chief. He is assisted by five Chief Engineers and other staff. Each Engineering Division is headed by an Executive Engineer.

7.04 *Highlights*

— **There has been abnormal delay in the clearance of original/revised development schemes by Government of India due to non-submission by the Corporation of complete proposals and justification in respect of (i) development of urban villages costing Rs. 4,279.50 lakhs, (ii) development of rural villages costing Rs. 2,475.86 lakhs and (iii) development of regularised unauthorised colonies costing Rs. 36,010 lakhs.**

— **Basic amenities like community halls and community latrine blocks covering 135 rural villages for which funds amounting to Rs. 134 lakhs and Rs. 67 lakhs respectively were made available to the Corporation had not been provided. Similarly, community halls for which funds amounting to Rs. 347 lakhs were made available to cover 96 urban villages had also not been constructed.**

— **A provision of Rs. 2,000 lakhs was made in 1981 for acquisition of land for providing community services etc. in unauthorised regularised colonies for which land was yet to be acquired. Schemes for development of unauthorised regularised colonies had been initiated without conducting an overall survey.**

— **Welfare measures for labour had not been enforced in four divisions. Fines aggregating Rs. 5.39 lakhs leviable on this account had also not been imposed.**

— **Cost of materials worth Rs. 51.07 lakhs issued to contractors upto 1986-87 had not been recovered.**

— **Advances aggregating Rs. 352.80 lakhs paid to Delhi Electric Supply Undertaking and Delhi Water Supply and Sewage Disposal Undertaking for execution of deposit works had not been adjusted for periods ranging upto nine years.**

— **2,205 works involving a sum of Rs. 353.79 lakhs upto October 1988 had been lying incomplete since 1975-76 and onwards.**

7.05 *Development of urban villages*

A scheme with an outlay of Rs. 2,067.33 lakhs for development of 96 urban villages was approved in June 1983. Twenty four urban villages were to be developed by the Corporation and 72 villages which were earmarked for development by Delhi Development Authority (DDA) were transferred to the Corporation in April 1987 after the scheme had been partly implemented. The Corporation had incurred an expenditure of Rs. 834.68 lakhs upto 1987-88 on this scheme in the villages allocated/transferred to it.

Delhi Administration, after collecting the requisite information from DDA and the Corporation submitted revised estimates of the scheme for Rs. 4,279.50 lakhs to the Government of India. The Ministry of Urban Development, however, pointed out, in February 1987, that proper justification for the revised estimates as well as essential information and comments/views had not been furnished. The revised estimates had not been approved (December 1988).

A provision of Rs. 347 lakhs for construction of community halls, one in each of 96 urban villages was made in the original scheme in June 1983, but no community hall had been constructed (December 1988).

7.06 *Development of rural villages*

Government of India approved a scheme, in March 1981, for development of 135 rural villages with a population of 1,000 or more at an estimated cost of

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Rs. 781.30 lakhs. The Corporation had incurred an expenditure of Rs. 1,419.49 lakhs upto 1987-88. A revised scheme costing Rs. 2,475.86 lakhs was submitted to Delhi Administration in March 1986. The reasons for the increase in estimates were stated to be as under :—

(i) Increase in price of materials and labour:

(ii) Development of Harijan basties existing in the rural villages;

(iii) Development and improvement of entire stretch of phirni roads which had not been included in the original scheme; and

(iv) Inclusion of 73 additional rural villages.

The revised scheme had not been approved by Delhi Administration (December 1988).

As per the original scheme for development of rural villages, Rs. 134 lakhs for construction of one community hall in each of 135 villages and Rs. 67 lakhs for construction of one community latrine block in each village were sanctioned in March 1981. Although Delhi Administration had already released grants aggregating Rs. 1,461.11 lakhs during 1981-82 to 1987-88 against the sanctioned amount of Rs. 781.30 lakhs for the scheme, not a single community hall and community latrine block had been constructed upto 1987-88. An analysis of expenditure in respect of rural villages revealed that the entire expenditure had been incurred on the improvement of roads, paths/lanes, drains and storm water drains only.

The Department stated, in July 1988, that provision for these facilities was made in the estimates assuming that sites for community halls and community latrine blocks would be made available by the villages. The Department further stated that no definite proposals were forthcoming from the villages for construction of community halls/latrine blocks.

7.07 *Development of unauthorised regularised colonies*

Orders were issued by Government of India in 1977 and 1978 that unauthorised colonies in Delhi covering residential and commercial structures constructed therein upto 1978 might be regularised subject to the condition that residents deposited development charges. In pursuance of these orders, Delhi Administration had regularised 539 unauthorised colonies till March 1988. A scheme expected to cost Rs. 16,000 lakhs was prepared in March 1981 to cover the development works like sewerage, water supply lines, roads and paths, storm water drains, horticulture operations, environmental services, grill fencing for parks, toilets, etc. The scheme was revised to cost Rs. 32,250 lakhs in January 1985. However, these estimates had not received the approval of the Government (October 1988). The Corporation submitted a revised scheme in May 1988 to Delhi Administration for Rs. 36,010 lakhs. The Corporation had incurred an expenditure of Rs. 5,302.83 lakhs upto 1987-88 against loans released by the Government of India.

A provision of Rs. 2,000 lakhs had been made in 1981 for acquisition of land, etc. for providing community services, etc. in the unauthorised regularised colonies. Although the scheme regarding development of unauthorised regularised colonies was taken up in March 1981, in most of the colonies, acquisition of land was still to be made for provision of community services. Due to increase in prices of land in unauthorised regularised colonies since 1981, the cost of provision of community services in these colonies as and when provided would be far in excess of the sanctioned funds.

It was noticed that consolidated project report with full justification and other necessary information had not been submitted by the Corporation (December 1988).

Though an overall survey of all regularised colonies and details of works to be undertaken in these colonies was not made, yet the work had been taken up in piecemeal in different colonies. The Department stated, in July 1988, that a survey was carried out to assess the requirement of a particular development work and the estimates were prepared roadwise/itemwise. However, the fact remains that no comprehensive survey had been carried out.

7.08 *Welfare measures for labourers*

As per standard agreement of the Corporation contractors are required to submit a statement showing labourers employed, working hours, injuries/accidents and the number of female workers given maternity benefits. Failure to submit the statement would attract a penalty. The main aim has been to watch that labourers are not victimised and exploited by the contractors and they are paid their due wages in time and are provided other requisite facilities.

A test check of records revealed that the Corporation failed to enforce these clauses of the agreement and most of the divisions did not insist on submission of labour reports by the contractors. In four divisions test checked by Audit, it was noticed that in 3,857 cases pertaining to the period 1984-85 to 1986-87;

fines for a sum of Rs. 5.39 lakhs were leviable on the defaulting contractors for not filing the labour statements. However, the fines were not levied.

The Department stated, in July 1988, that as per practice in vogue, the labour reports were not insisted upon in case of works of a small value and orders had been issued to all the divisions to ensure compliance.

7.09 *Recovery of cost of material from contractors*

The recovery on account of materials issued to contractors for use on works should ordinarily be made by deduction from the first running bill. In special circumstances, the divisional offices may permit for recorded reasons, that recovery of cost of materials may be effected gradually as and when materials are used in construction.

The records of ten divisions test checked revealed that Rs. 51.07 lakhs were not recovered from contractors on account of cost of materials issued to them upto 1986-87.

The Department stated, in September 1988, that the divisions had been directed to effect recovery of cost of materials issued to contractors on priority basis as also to get all the pending works finalised urgently.

7.10 *Advances given for deposit works*

It was noticed that advances aggregating Rs. 352.80 lakhs had been paid upto 1986-87 by six divisions to Delhi Electric Supply Undertaking and Delhi Water Supply and Sewage Disposal Undertaking for execution of certain works on behalf of the Corporation. The advances were given for execution of deposit works in rural/urban villages and unauthorised regularised colonies. These advances had not been got adjusted for periods ranging upto nine years.

No information was available with the divisions whether the works for which the amount was deposited had been completed or not.

The Department stated, in August 1988, that these advances could only be adjusted on receipt of the audited statements of expenditure from the concerned department, for which all divisions were persuing the matter. No records relating to pursuance of the matter with the authorities concerned were, however, shown to Audit.

7.11 *Incomplete works*

Agreements executed with contractors provide that every contractor entrusted with the execution of a work should be advised that as soon as a work is completed according to specifications, designs, etc., the fact should be reported by him in writing to the officer-in-charge of the work. The final measurements of a work shall be taken and recorded within 10 days of the receipt of contractor's completion report. Penalty at the rate of one *per cent per day* of the total amount of contract may also be imposed by the engineer if the work is not completed in time.

Test check of records of six divisions revealed that 2,205 works involving a total amount of Rs. 353.79 lakhs upto October 1988 had been lying incomplete since 1975-76 and onwards.

A review of incomplete works revealed that in most of the cases, the contractors had not reported the fact of completion of work to the engineers concerned. The engineers concerned had also not taken final measurements in some cases where the fact of completion had been reported by the contractors.

Further, the contractors concerned did not submit the final bills as they had already drawn/received 75 to 85 *per cent* of the total contractual amount through the running bills and had not rectified the defects pointed out by the Executive Engineers concerned.

The Department stated, in July 1988, that action to finalise such works was being taken and the works would be completed shortly. It further stated that penalty would be decided on merits, wherever the contractor was found responsible for delay at the time of issue of completion report.

7.12 *Monitoring and evaluation*

A planning and monitoring cell was started in the Engineering Department of the Corporation in December 1985, with the sanctioned strength of 18 including eleven engineers. The monitoring cell was not aware about the overall percentage of works completed in respect of different components of the various schemes.

The matter was reported to Ministry of Home Affairs, Delhi Administration and Municipal Corporation of Delhi in December 1988; replies have not been received (April 1989).

8. Avoidable expenditure on roads

For improvement and strengthening of roads, extra avoidable expenditure has been incurred by the Department in three cases as mentioned below :—

(a) *Improvement and strengthening of roads – Phase II*

Item rate tenders amounting to Rs. 122 lakhs for the work "Improvement and strengthening of roads—Phase II" were invited in June 1984.

The lowest offer of Rs. 79.10 lakhs could not be finalised by the Department within the validity period of six months, which expired on 24th February 1985. The rates (Rs. 79.61 lakhs) quoted by the second lowest tenderer were subsequently accepted by the Department. But he did not execute the agreement.

Tenders for this work were re-invited in April 1985. The lowest rate was Rs. 85.41 lakhs. Before the case could be sent to the Standing Committee, the contractor withdrew his offer in August 1985. Thereafter, negotiations were held with nine contractors and all the contractors refused to reduce their rates owing to considerable increase in the cost of materials.

Tenders were again called, in September 1985, for the third time. The work was awarded in January 1986, at a contractual amount of Rs. 125.84 lakhs.

It was observed that in the first call, the lowest offer was well within the justified rates, but the case for award of work was not processed in time. The case was submitted to Planning and Monitoring branch on 21st February 1985, while the validity date was 24th February 1985. Thus the delay in processing the tender resulted in avoidable expenditure of Rs. 46.74 lakhs.

The Department stated, in October 1988, that the tenders invited in August 1984 could not be processed due to non-approval of the Notice Inviting Tenders which was approved only in January 1985. The Department failed to finalise the Notice Inviting Tenders before inviting tenders.

(b) *Improvement and strengtheing of roads—Phase III*

Tenders for the work "Improvement and strengthening of different roads in unauthorised regularised colonies within the jurisdiction of MCD" were invited in October 1984. Out of five tenders received, the rates offered by the two lowest tenderers were Rs. 26.24 lakhs and Rs. 27.67 lakhs. The lowest tender which was valid upto 6th January 1985 was extended upto 31st March 1985 and was approved only on 27th March 1985. Acceptance of rates was communicated on 26th April 1985, i.e. after the expiry of the validity period. There was no response from the tenderer. Further, instead of considering the offer of the second lowest tenderer whose offer did not contain any condition regarding validity period, the Department continued to pursue the matter with the lowest tenderer till May 1985, despite not receiving any response from him.

After reinvitation of tenders in June 1985, a negotiated rate of Rs. 44.93 lakhs offered by the same second lowest tenderer was accepted in November 1985.

The Department stated, in October 1988, that negotiations with other contractors could not be conducted as the validity period of their offer had also expired and none of the contractors was ready to negotiate.

Delay in processing the lowest tender within the extended validity period in the first call led to an extra avoidable expenditure of Rs. 18.69 lakhs (Rs. 44.93 lakhs—Rs. 26.24 lakhs).

(c) *Improvement and strengthening of roads—Phase IV*

Item rate tenders for the work "Improvement and strengthening of roads—Phase IV" were invited in November 1985. The lowest rate was approved by the Standing Committee in March 1986 and the work was awarded to the contractor whereas similar work was earlier awarded by the same Division, 1½ months back, to another contractor in January 1986, at much lower rate.

The details of extra avoidable expenditure incurred by the Division were as under :—

Item	Quantity	Rate accepted in March, 1986 (In rupees)	Rate accepted in January, 1986 (In rupees)	Difference (In rupees)	Extra avoidable expenditure (Rupees in lakhs)
Tack coat 50 Kgs.	168000 Sq. mts.	2.50 per sqm.	2.10 per sqm.	0.40	0.67
Bitumen macadam 4 *per cent*	10080 tonnes	273.00 per tonne	256 per tonne	17.00	1.71
Wearing course 5.5 *per cent*	7728 tonnes	323.00 per tonne	298 per tonne	25.00	1.93
				Total	4.31

While submitting the case to the Standing Committee, the rates received for similar type of works in other Divisions were mentioned in the preamble but the rates received in their own Division, just 1½ months back, were not mentioned. Thus, by not depicting the factual position regarding lower rates received in the Division itself, the reasonability of the rates could not be examined by the Standing Committee resulting in an extra avoidable expenditure of Rs. 4.31 lakhs by award of work at higher rates.

The Department, while accepting the omission of not mentioning the rates accepted in January 1986 in the preamble, stated, in November 1988, that the rates of other contractors could not be made a guiding factor for each other.

It was, however, seen in Audit that there was a common practice in the Corporation that negotiations were invariably held with the lowest tenderer to bring his rates on par with the recently accepted rates. This was not done in this case.

The matter was reported to Ministry of Home Affairs, Delhi Administration and Municipal Corporation of Delhi in June 1988; replies have not been received (April 1989).

9. **Construction of staff Quarters**

For construction of 200 staff quarters at Seelampur (estimated cost—Rs. 103.18 lakhs), tenders were invited in May 1984. Only one offer was received. As the rate was considered high, tenders were reinvited in October 1984. Out of two tenders received, rate quoted by the earlier contractor (Rs. 151.67 lakhs) was 47 *per cent* above the estimated cost and was the lowest. During negotiations held in January 1985, the contractor reduced the rate to Rs. 150.64 lakhs which was 46 *per cent* above the estimated cost. His offer was valid upto 20th April 1985. Justification worked out by the Department was 41.23 *per cent* above the estimated cost.

The case was abnormally delayed in processing and the contractor refused to extend the validity period beyond 20th April 1985. The tenders were reinvited for the third time in October 1985.

In response to third call, two tenders were received. The negotiated rate of 51.90 *per cent* above the estimated cost offered by another contractor was the lowest. The work for the total amount of Rs. 156.73 lakhs was awarded to him in June 1986.

Thus the delay in processing the case in second call and award of work at a higher rate resulted in extra avoidable expenditure of Rs. 6.09 lakhs (Rs. 156.73 lakhs—Rs. 150.64 lakhs).

The Department stated, in November 1988, that it was beyond its control to allot the work within the validity period of six months and the staff concerned were warned for delaying the case.

The matter was reported to Ministry of Home Affairs, Delhi Administration and Municipal Corporation of Delhi in July 1988; replies have not been received (April 1989).

10. **Avoidable expenditure on tack-coat**

In accordance with the Ministry of Shipping and Transport Specification 1978, while resurfacing the courses, the penetration macadam shall be provided with final surfacing without any delay. If there is any delay, the course should be covered by a seal coat before allowing any traffic over it.

It was, however, noticed that on five roads, the contractor did not provide seal coat though there was delay in final surfacing. This will now require a tack coat on the five roads. This would result in an avoidable extra expenditure of Rs. 1.33 lakhs.

The Department stated, in November 1988, that application of tack coat was essential even if the final layer of mix seal/seal coat had been provided immediately after laying of bituminous macadam.

Allowing of traffic before seal coat was in contravention of the specifications laid down by the Ministry of Shipping and Transport, and would result in reduced life of roads.

The matter was reported to Ministry of Home Affairs, Delhi Administration and Municipal Corporation of Delhi in July 1988; replies have not been received (April 1989).

11. **Excess expenditure in the construction of a ward at Hindu Rao Hospital**

As per the provisions in CPWD Manual, variations upto five *per cent* in rates received as a result of call of tenders and rates prevalent in the market could be overlooked. Further, in the case of great emergency, variations upto 10 *per cent* might be allowed, but in no case rates higher than the market rates beyond this percentage should be accepted. Justification rates are prepared by the Department based on prevalent market rates of labour and material.

The tenders for the construction of 20-bedded paying ward at Hindu Rao Hospital with the estimated cost of Rs. 15.98 lakhs were invited in June 1984. The lowest rate offered by a contractor was 47.50 *per cent* above the estimated cost (contractual amount being Rs. 23.58 lakhs). The justification rate was 31.33 *per cent* above the estimated cost. As the rates were on the higher side by 16.17 *per cent,* the Department should have called for fresh tenders. Instead, the work was awarded to the contractor.

Since no great emergency was justified by the Department, at the most, variation of five *per cent* over and above the justified rate i.e. upto 37.89 *per cent* could have been allowed. Thus, award of work at higher rate i.e. by 9.61 *per cent* of the market rates led to an excess expenditure of Rs. 1.54 lakhs.

The matter was reported to Ministry of Home Affairs, Delhi Administration and Municipal Corporation of Delhi in June 1988; replies have not been received (April 1989).

Health Department

12. Malaria Eradication Programme

12.01 *Introduction*

The main activities under the Malaria Eradication Programme are as follows :—

(i) Anti-larval measures like weekly treatment of nallas, water collections with chemicals, biological control by fish, elimination of breeding in domestic containers;

(ii) Anti-adult measures by focal spray and fogging with insecticides in resettlement JJ colonies and vulnerable areas of urban zones and entire rural area;

(iii) Surveillance and treatment by visiting urban areas having labour population, development projects and construction sites, establishing fever treatment depots and drugs distribution centres;

(iv) Collection of blood slides and presumptive treatment in all hospitals, dispensaries and radical treatment through voluntary agencies where positive malaria case is detected.

12.02 *Scopes of Audit*

The records for the years 1984-85 to 1987-88 as maintained by the Deputy Health Officer (Malaria), Zonal Health Officers, Narela and Najafgarh and six Primary Health Centres were test-checked during March—July 1988.

12.03 *Organisational set up*

The programme is mainly being implemented by Municipal Corporation of Delhi under the executive charge of District Malaria Officer (DMOs) and supervised by the Deputy Health Officer (Malaria) and the Municipal Health Officer. Besides, eight other agencies were also implementing the programme in their respective areas.

12.04 *Highlights*

— **The accounts indicating cost of materials received in kind from Directorate of National Malaria Eradication Programme were not maintained by the Department.**

— **Substantial population areas requiring different rounds of spray operations were left uncovered during 1984 to 1987.**

— **Houses requiring focal spray around detected malaria cases were left unsprayed to the extent of 84 to 94 per cent during 1984 to 1987.**

— **Neither entomological surveys were conducted to collect the data regarding susceptibility of vector to the insecticides nor were any arrangements made for testing the efficacy of insecticides.**

— **There was shortfall to the extent of 70 to 73 per cent in utilisation of insecticides for spraying operation.**

— **Huge stocks of prima-quine tablets (2.5 mgs.) numbering 14.59 lakhs and 34.74 lakh tablets (7.5 mgs) were lying unused and were not fit for human consumption as the life of the tablets had expired. Similarly anti-malarial drugs and insecticides were neither used nor disposed of during the last 3 to 13 years.**

— **Monthly reports on larvicidal treatment of mosquito breeding sources and space spray operations sent to the Directorate of National Malaria Eradication Programme were not realistic/reliable.**

12.05 *Budget allocation and expenditure*

The budget allocation and expenditure during 1984-85 to 1987-88 on the programme were as under :

(Rupees in lakhs)

Year	Allocation of funds for Delhi by the Centre		Funds allocated by Corporation	Total	Actual expenditure	Excess(+) Short-fall(−)
	Cash*	Kind*				
1984-85	8.52	88.70	428.50	525.72	521.74	(+)3.98
1985-86	2.15	88.40	493.00	583.55	548.96	(+)34.59
1986-87	1.15	84.73	527.50	613.38	647.41	(−)34.03
1987-88	2.15	93.26	631.00	726.41	749.77	(−)23.36
Total	13.97	355.09	2,080.00	2,449.06	2,467.88	(−)18.82

*Figures are based on the sanctions issued by Government of India.

The Department did not maintain any accounts indicating the cost of materials received in kind from the Directorate of National Malaria Eradication Programme (NMEP).

It was not understood as to how the Corporation kept a watch over the receipt of materials against the funds allocated to it by Government of India.

Apart from meeting 100 *per cent* expenditure on the purchase and supply of malatheon during 1984-85, 50 *per cent* on expenditure under the programme during 1984-85 to 1987-88 was to be met by Government of India. However, in Delhi, expenditure reimbursed to the Corporation during the same period ranged between 13 and 19.5 *per cent*.

12.06 *Coverage under spraying operations*

Under the programme, insecticidal spray operations were to be repeated once after eight to ten weeks where Dichloro Diphenyl Trichloro—ethane (DDT) was used and twice, after six to eight weeks where Benzine Hex Chloride (BHC)/Malethion was used so that all sprayable surface available in the area remained lethal for the vector throughout the transmission period.

It was, however, noticed that substantial population areas requiring regular spraying were left unsprayed each year in different rounds of spray operations as indicated below :—

(Figures in lakhs)

Year	First round				Second round				Third round			
	Target	Population covered	Short fall	Percentage short-fall	Target	Population covered	Short-fall	Percentage short-fall	Target	Population covered	Short-fall	Percentage short-fall
1984	19.74	15.28	4.46	23	22.26	17.45	4.81	22	19.33	14.97	4.36	23
1985	21.51	16.49	5.02	23	21.51	15.80	5.71	27	21.51	16.23	5.28	25
1986	24.40	18.23	6.17	25	24.40	17.03	7.37	30	24.40	16.66	7.74	32
1987	25.43	17.61	7.82	31	25.43	19.29	6.14	24	25.43	15.70	9.73	38

The shortfall in coverage was attributed by Deputy Health Officer (Malaria) in June 1988, to conversion of a large number of hutments in resettlement/JJ colonies to pucca houses, diminished mosquito menance owing to provision of better sewerage system and refusal by dwellers to get their houses sprayed.

12.07 *Focal Spray*

Population areas having Annual Parasitic Index (API) below two (i.e. less than two cases per 1,000 population) were normally not to be covered by regular insecticidal spray but the programme envisaged that even in such areas, 50 houses around a detected malaria case must be given focal spray.

In areas covered by the Corporation there were 0.93 lakh malaria cases during 1984 to 1987 but 84 to 94 per cent of the houses requiring focal spray were not sprayed, as may be seen from the table given below :—

(Number in lakhs)

Calender year	Number of malaria cases detected	Number of houses to be covered	Number of houses covered	Short fall	Percentage shortfall
1984	0.33	16.61	1.59	15.02	90
1985	0.28	13.91	0.88	13.03	94
1986	0.23	11.32	0.86	10.46	92
1987	0.09	4.41	0.71	3.70	84
Total	0.93	46.25	4.04	42.21	91

Reasons for shortfall were stated to be due to the following :—

(a) House holders' refusal to get their houses sprayed with insecticides;

(b) Houses being found locked by the spraying team at the time of focal spray operations;

(c) Houses of persons were situated in neighbouring States or in areas beyond the jurisdiction of the Corporation.

12.08 *Containment measures*

Deaths due to malaria in Delhi are reported to the Department by the Officer Incharge, Vital Statistics of the Corporation.

The Department instructed all Zonal Health Officers to take note of these deaths taking place in their respective jurisdiction and take necessary containment measures i.e. focal spray in and around the house of the deceased with pyrethrum mixer, conduct mass blood survey, give contact radical treatment and take necessary anti-larval measures with Malaria Larvicide Oil under intimation to it.

It was, noticed that the containment measures were taken in six out of 51 death cases due to malaria in 1983. The position in respect of the remaining 45 cases was not ascertainable from the records. Similar position existed in the case of 45 deaths due to malaria reported in 1984.

The Department stated, in June 1988, that these deaths were declared by different hospitals and containment measures, whatsoever, were to be taken by the respective medical institutions.

12.09 *Supply and utilisation of insecticides*

In 1966, technical directions issued by the Directorate of NMEP envisaged that there would be no fresh malaria cases after two to three years if the spraying operations were conducted thoroughly in the areas with the right type of insecticides. Entomological surveys were the basic requirements in selection of right type of insecticides. It was noticed by Audit that neither entomological surveys were conducted in the areas covered by the Corporation to collect data regarding susceptibility of vector to the insecticides till June 1988 nor were any arrangements made for testing the insecticides supplied by the Directorate of NMEP to determine their efficacy.

According to the technical directions issued (1966) by the Directorate of NMEP, one spray worker could use 20 pounds (equivalent to nine kgs. approximately) BHC 50 *per cent* per day. It was noticed in Audit that 1,353 spray workers engaged for 117 days during 1985 to 1987 used less quantity of insecticides than required which resulted in shortfalls from 70 to 73 *per cent* as indicated below :—

(In lakhs of Kgs)

Year	Yearly requirement	Quantity used	Shortfall	Percentage shortfall
1985	14.25	4.11	10.14	71
1986	14.25	4.22	10.03	70
1987	14.25	3.88	10.37	73
Total	42.75	12.21	30.54	71

12.10 *Excess stock of anti-malarials*

Anti-malarials were being indented from Directorate of NMEP on the basis of issues made by the District Malaria Officer (Stores) Corporation to the zones/circles/voluntary drug distribution centres during the previous year instead of on the basis of actual utilisation for which no consolidated account for the utilisation of the anti-malarials was maintained. This led to the huge accumulation of old stock of 14.59 lakh prima-quine tablets (2.5 mgs) and 34.74 lakh tablets (7.5 mgs) manufactured between 1978 and 1980 and these were unfit for human consumption as the Drug Controller advised, in August 1987, not to use these tablets which had crossed 60 months period from the date of manufacture The market value of such drugs was to the extent of Rs. 1.62 lakhs.

In March 1987, the Deputy Health Officer (Malaria) informed the Directorate of NMEP that the following anti-malarial drugs which were received from the Directorate had been lying in the store unused for the last 3 to 13 years and were not fit for further use as the dates in respect of most of them had expired. The details regarding names of such drugs with number and period from which these were supplied by the Directorate of NMEP are given below :—

Sr. No.	Name of anti-malarial drugs	Number (in lakhs)	Date of manufacture	Year of supply by Directorate of NMEP
(i)	Daraprim tablets	9.98	January 1980	1980 and 1981
(i)	Quinine sulphate	1.93	September 1975 April 1976	1975 and 1976
(iii)	Chloroquinan phosphate injection	0.02	July—August 1979 and February 1980	1980 1980
(iv)	Di Hydrochloride injection	0.05	September 1984	1985
(v)	Sulphadexine tablets	0.10	March 1984	1985

Loss in respect of these drugs could not be worked out as the cost thereof was not ascertainable from the Corporation.

12.11 *Reporting*

As envisaged in the programme, the Department of the Corporation sends to the Directorate of NMEP monthly reports on surveillance/vigilance data, larvicidal treatment of mosquito breeding sources and space spray operations.

It was noticed in Audit that larvicidal treatment of mosquito breeding sources was reported to have been done in 7.70 lakh running meters in the reports of two Zonal Officers for three selected months in each of the years 1984 to 1987, whereas in the report sent to the Directorate of NMEP by the Department, the work was shown to have been done in 16.51 lakh running meters.

It was also noticed in the case of report on the space spray operations that in Najafgarh zone, the houses sprayed with insecticides consisted of on an average of 12 to 35 rooms, while in the Narela Zone, the average worked out to 5 to 7 rooms. Thus, the average in the formal zone was, obviously on the higher side which indicated that the statistical data compiled in the Najafgarh zone was not reliable.

The DMO was to send monthly report indicating the vacant posts to the Directorate of NMEP. It was noticed in Audit that no such report was being sent to the Directorate by DMO even though there were 264 vacant technical posts out of the sanctioned strenghth of 3,283 for the last two to three years.

The matter was reported to Municipal Corporation of Delhi and Delhi Administration in September 1988; replies have not been received (April 1989).

Horticulture Department

13.Improper purchase procedure

The Commissioner, Municipal Corporation, submitted a proposal on 25th March 1987 to the Standing Committee for purchase of 42,000 metres of rubber hose pipes of various sizes worth Rs. 15.27 lakhs. The stock position of three sizes of hosepipes proposed to be purchased was almost nil. The porposal contained, inter-alia, (i) waiver of the condition of entering into contract (ii) waiver of earnest money deposit and (iii) making purchases either from Dunlop India Limited or Union Commercial and Industrial Company Private Limited at the rates found lower at the time of actual purchases, without inviting quotations. The proposal was approved by the Standing Committee in March 1987.

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Dunlop India Limited was asked on 30th March 1987 to intimates their rates for the hose pipes, whereas the other firm had already confirmed in their letter of 27th March 1987 that their earlier rates quoted on 23rd October 1986 still hold good. The rates of Union Commercial and Industrial Company were found lower and on that basis six cheques aggregating Rs. 15.27 lakhs were drawn on 31st March 1987 in favour of the firm. Administrative sanction was accorded by the Corporation in August 1987 and a formal order for the supply of 42,000 metres of hose pipes was placed with the firm in September 1987. One cheque of Rs. 2.50 lakhs was delivered to supplier in September 1987 and five cheques were revalidated and delivered after the goods were received during October 1987 to April 1988.

In this connection the following irregualities were noticed :—

The action for purchase should have been initiated well in advance and tenders for the purchase should have been called for. It was against the provisions of the financial rules to draw a sum of Rs. 15.27 lakhs on 31st March 1987 which was not required for immediate disbursement as the formal purchase order was placed only in September 1987.

It was stated by the Corporation, in December 1988, that there was no malafide intention and that the comments of Audit had been noted.

The matter was reported to Ministry of Home Affairs, Delhi Administration and Municipal Corporation of Delhi in February 1989; replies have not been received (April 1989).

14. Non-refund of security deposits taken from the public

The parks and gardens falling under the jurisdiction of various zones of the Corporation were being allotted to public for marriages, functions, etc. Apart from ground rent and booking charges, a fixed amount was required to be deposited in cash by allottees as security which was adjustable in case of any damage to the grounds. The Deputy Commissioner (Health) instructed the departmental authorities/officers in November 1984 that, the security deposits should be obtained in the form of demand drafts in the name of Director (Horticulture) and not in cash.

A test check of records of five zones revealed that demand drafts aggregating Rs. 3.09 lakhs for the period 1983-84 to 1987-88 were lying with zones uncashed.

Normally, the Corporation should have returned the security deposits to the persons who had deposited, after satisfying itself that no damage had been done to the grounds. In case of any damage, the amount should have been refunded after deduction of suitable amount from the security deposit. The Corporation authorities had not laid down a suitable procedure for prompt refund and adjustment of the deposit. Besides, demand drafts aggregating to Rs. 3.09 lakhs were also not credited to Municipal Fund and their validity period had expired.

It was stated by the Department, in December 1988, that in view of the observations made by Audit, a new policy has been proposed for approval of the competent authority.

The matter was reported to Ministry of Home Affairs, Delhi Administration and Municipal Corporation of Delhi in February 1989; replies have not been received (April 1989).

15. Non-furnishing of utilisation certificates

Certificates of utilisation of grants are required to be furnished by the General Wing of the Corporation to Delhi Administration in respect of grants-in-aid released by the latter for specific purposes certifying that the grants had been properly utilised for the purpose for which they were sanctioned and where the grants were conditional, the prescribed conditions had been fulfilled.

It was noticed in Audit that utilisation certificates in 203 cases for the total amount of Rs. 178.95 crores had not been furnished till March 1988 to Delhi Administration as per details given below :

Year of sanction of grant	Number of utilisation certificates outstanding	Amount (Rupees in crores)
1977-78	14	7.48
1978-79	6	5.67
1979-80	7	6.59
1980-81	7	2.64
1981-82	26	4.30
1982-83	29	8.05
1983-84	34	24.25
1984-85	33	36.68
1985-86	37	46.61
1986-87 (Upto September 1986)	10	36.68
Total	203	178.95

The matter was reported to Ministry of Home Affairs, Delhi Administration and Municipal Corporation of Delhi in March 1989; replies have not been received (April 1989).

CHAPTER III

Delhi Water Supply and Sewage Disposal Undertaking

16. Water supply and sewage disposal

16.01 *Introduction*

The functions of the Joint Water and Sewage Board were taken over in 1958 by Delhi Water Supply and Sewage Disposal Undertaking constituted under the Delhi Municipal Corporation Act, 1957.

16.02 *Scope of Audit*

The review is based on test check of records of headquarters of the Undertaking, two Planning Divisions, Stores and Purchase Division and nine out of twenty construction divisions of the Undertaking.

16.03 *Organisational set up*

In administering the day to day affairs of the Undertaking, the Municipal Commissioner is assisted by a Deputy Commissioner, an Engineer-in-Chief and three Chief Engineers. For the conduct and management of the Undertaking, Delhi Water Supply and Sewage Disposal Committee of the Corporation is responsible and it is empowered to exercise such powers and perform such functions as envisaged under the Act.

16.04 *Highlights*

- **The annual accounts for the years 1984-85 to 1987-88 have not been compiled by the Undertaking. The accounts for the year 1983-84 were compiled only in November 1988.**

- **The Undertaking had been running in deficit from 1969-70. Accumulated deficit of the Undertaking by the end of March 1988 was of Rs. 24,976 lakhs.**

- **Arrears of revenue amounted to Rs. 2,478.72 lakhs on account of water charges recoverable from consumers and for bulk supply of water and sewage disposal facilities to New Delhi Municipal Committee and Delhi Cantonment.**

- **As against assessed demand of 472 million gallons of water daily (MGD) by the end of 1987-88, the Undertaking could supply only 391.25 MGD resulting in shortfall of 80.75 MGD which was 17 per cent of the requirement.**

- **The measures taken to control the persisting water pollution caused by 17 drains carrying sullage/waste water into the river Yamuna had not been adequate.**

- **Out of 251 unauthorised regularised colonies in trans-Yamuna area, sewerage/drainage facilities did not exist in 250 colonies and water facilities in 51 colonies. The overall position in Delhi was that out of 541 colonies, sewerage/drainage facilities did not exist in 433 colonies, and drinking water facilities in 106 colonies.**

- **There were delays ranging from 6 to 82 months in completion of 12 major schemes of water supply and sewerage disposal.**

- **The loss of water in transit was 30 per cent during 1985-88 as against reasonable level of 15 to 20 per cent. The establishment of Leak Detection Investigation Division in 1978 did not bring about any significant improvement in this regard.**

- **Infructuous expenditure to the extent of Rs. 78.61 lakhs had been incurred on construction of three Ranney wells which had not been operating since their commissioning.**

- **The delay of more than five years in the completion of a sewage treatment plant at Kondli (Shahdara) resulted in additional cost of Rs. 25 lakhs.**

- **The stock of cast iron pipes of various sizes worth Rs. 279 lakhs was enough to meet the requirements for 3 to 20 years. The value of stock of 750 mm dia which was sufficient for 20 years was Rs. 94.29 lakhs indicating inadequate inventory control.**

— **Advances amounting to Rs. 222.13 lakhs paid to suppliers of stores and materials were lying unadjusted for periods upto eight years.**

— **Materials worth Rs. 2,418 lakhs were issued to various divisions during 1985—88, but the acceptances of debits were not received from the divisions concerned.**

— **Physical verification of stores as required under rules had not been done during 1985-86 to 1987-88.**

16.05 *Position of account*

As per Delhi Municipal Corporation (Maintenance of Accounts) Regulations, 1959, the annual accounts for a year are required to be compiled and submitted to the Municipal Chief Auditor by 15th June of the succeeding year. The annual accounts for 1984-85 to 1987-88 had not been compiled by the Undertaking (December 1988), The annual accounts for 1983-84 were submitted to the Municipal Chief Auditor in November 1988.

16.06 *Financial position*

In the absence of compiled accounts, the figures of actual receipts and expenditure for 1985-86 to 1987-88 have been taken from the budget documents which were as indicated below :—

(Rupees in lakhs)

Year	Actual receipts	Actual expenditure	Deficit
1985-86	3,019.48	6,072.30	3,052.82
1986-87	4,454.44	8,874.21	4,419.77
1987-88	3,594.38	8,668.54	5,074.16

The Undertaking stated, in April 1989, that the revenue deficits had been met out of receipts under the Suspense Accounts which included the following:—

(i) Renewal and Replacement Fund including interest during the year on account of water and sewage bulk.

(ii) Adjustment of debt charges including interest thereon.

(iii) Risk Insurance Fund.

(iv) Suspense deposit on account of contractors deposits, deposits for works and miscellaneous deposits during the year.

As these funds had been constituted for specific purposes, the utilisation of the receipts and balances in the funds to meet the current deficits would not only defeat the objective of the funds, but also reduce the income of the funds by way of interest for subsequent years on account of depletion of balances in these accounts. Besides, the fact that the deficits were proposed to be met from the Suspense Accounts, had not been mentioned in the budget documents.

The Undertaking had been running in deficit from 1969-70. The accumulated deficit by the end of March 1985, was Rs. 12,429.15 lakhs which had risen to Rs. 24,975.90 lakhs by the end of March 1988. The reasons for the increase in deficit over the years were stated to be due to increase in the operational and maintenance costs of various plants and revision of pay scales of employees on the basis of the recommendations of the Fourth Pay Commission constituted by the Government of India, and grant of instalments of dearness allowance from time to time.

16.07 *Collection of revenue*

16.07.1 The major sources of revenue of the Undertaking are water tax, water charges and scavenging tax. Water tax and scavenging tax are levied as a percentage of rateable value of property and collected alongwith the property tax. Such collections are credited to the Undertaking's account by the Corporation.

The water charges are recovered by the Undertaking directly from consumers in the Corporation area. It was noticed by Audit that there had been variations between the figures of actual receipts as per budget documents and those intimated by the collecting agency viz., the Revenue Department of the Undertaking. These are given below :—

(Rupees in lakhs)

Year	Actual receipts as per budget documents	Actual receipts as intimated by the Revenue Department	Variations
1985-86	2,183.02	1,938.15	244.87
1986-87	3,346.02	3,124.38	221.64
1987-88	2,401.38	2,141.72	259.66

The tariff for water charges were revised upwardly with effect from 1st April 1985. The increase in collection of water charges in 1986-87 was due to collection of arrears of previous years.

16.07.2 The arrears of revenue had been static during the last three years as the arrears which stood at Rs. 973.10 lakhs in the beginning of April 1985 were found to be Rs. 994.81 lakhs at the end of March 1988 as detailed below :—

(Rupees in lakhs)

Year	Arrears	Demand	Total	Collection	Balance	Percentage of collection to total demand
1985-86	973.10	2,141.64	3,114.74	1,938.15	1,176.59	62
1986-87	1,176.59	2,664.46	3,841.05	3,124.38	716.67*	81
1987-88	721.24*	2,415.06	3,136.30	2,141.72	994.81*	68

*The Revenue Department stated, in January 1989, that the revenue collection records of the Undertaking were computerised from April 1987, and the information given in the table as submitted by the computer agency was tentative and that the difference between closing balance of 1986-87 and opening balance of 1987-88 was being reconciled.

The revenue arrears were mainly recoverable from Slum Department (Rs. 287.10 lakhs), jhuggi jhonpri colonies (Rs. 213.06 lakhs) and departments of the Municipal Corporation of Delhi (Rs. 178.07 lakhs). The earliest period to which arrears related to was 1969-70 in the case of Slum Department and 1983-84 in the case of jhuggi jhonpri colonies. As regards the departments of the Corporation, it was stated that information about the earliest year to which the arrears related was not available with the Revenue Department.

16.07.3 The Undertaking supplies filtered water in bulk to areas not covered by its distribution system viz. New Delhi Municipal Committee and Delhi Cantonment Board and has to recover the expenses for such bulk supply. Similarly, for bulk disposal of sewage from these areas, charges are required to be recovered from them.

Arrears recoverable from New Delhi Municipal Committee and Delhi Cantonment Board as on 31st March 1988 on account of bulk supply of water to them amounted to Rs. 810.92 lakhs and Rs. 12.59 lakhs respectively. The cost recoverable on account of sewage disposal amounted to Rs. 585.37 lakhs from New Delhi Municipal Committee and Rs. 75.03 lakhs from Delhi Cantonment.

16.08 *Inadequate supply of water*

The main sources of supply of water are Yamuna river, the Western Yamuna canal, Upper Ganga canal, Ranney wells and tubewells.

The target for production of water upto the end of Sixth Five Year Plan was fixed as 472 million gallons of water per day (MGD) against which the Undertaking could supply 344 MGD by the end of March 1985.

The total requirement of water by 1990 i.e. at the end of the Seventh Five Year Plan was assessed at 592 MGD. To achieve the production of 592 MGD, the following works were proposed :—

(i) Construction of additional Ranney wells to yield 20 MGD.

(ii) Construction of additional 100 MGD water treatment plant at Haiderpur by exchange of sewage effluent for raw water from Haryana.

(iii) Setting up of additional 40 MGD water treatment plant at Wazirabad.

(iv) Construction of 20 MGD water treatment plant at Wazirabad.

The Undertaking could supply 391.25 MGD of water by the end of March 1988 against the assessed demand of 472 MGD resulting in shortfall of 80.75 MGD which was 17 per cent of the requirement.

16.09 *Control of water pollution*

A note of the Municipal Commissioner attached to the budget document for 1988-89 mentioned that 17 drains which were meant for carrying rain water, also carried sullage/sewage due to absence of sewerage system in a number of upstream colonies. Overflow from existing sewerage system was falling into these drains due to inadequate treatment capacity facilities. The resettlement and jhuggi jhonpri colonies developed by Delhi Development Authority had no sewerage system, their sullage flowed in open surface drains thus increasing pollution in the river.

The Commissioner had also stated on the basis of studies made by the Central Board for the Prevention and Control of Pollution that five major drains which carried 95 *per cent* pollution load had been identified and steps were being taken to trap sullage/waste water into trunk sewers. Of the five major drains sullage from two drains had been trapped into the sewerage system to a large extent and work on the third drain was in progress.

Of the remaining 12 drains, while three drains had been completely trapped sullage from other three drains had been substantially trapped into sewerage system at the source itself. In addition, oxidation ponds had been provided at the tail ends of three more drains to contain the pollution load.

Thus measures to control persisting water pollution were not adequate.

16.10 *Provision of water and drainage facilities to colonies*

16.10.1 Out of 541 unauthorised regularised colonies, water facilities did not exist in 106 colonies, regularised after 1979 by Delhi Development Authority and the Corporation. The Undertaking stated, in December 1988, that in 11 colonies, works were in progress and plans for water supply in another 32 colonies had been prepared. The works in these colonies would be taken up when the beneficiaries deposited development charges at the rate of Rs. 15 per square metre of the plotted area which was a precondition for initiating the works.

In 433 unauthorised regularised colonies and 44 resettlement colonies, no sewerage/drainage facilities had been provided.

16.10.2 Tata Consulting Engineers conducted a study on water supply schemes and submitted a report in 1983. In their report, they had anticipated a population of 11.37 lakhs in trans-Yamuna colonies in 1985 and worked out the water requirement of the area as 80 MGD. The study had also indicated that population in the area might increase to 13.29 lakhs in 1991 and that demand at the time would increase to 107 MGD. However, the actual supply of filtered water in the area was 22.61 MGD in 1985-86, 27.06 MGD in 1986-87 and 38.31 MGD in 1987-88.

In 51 out of 251 unauthorised regularised colonies in trans-Yamuna area, no regular water supply was provided to the area (December 1988).

As many areas did not have arrangements for proper filtered water supply, an expenditure of Rs. 73.37 lakhs was incurred for transporting water in tankers and trucks from August to November 1988.

16.10.3 Except in one colony, the sewerage facility had not been provided to any of the 251 regularised colonies in trans-Yamuna area (December 1988).

16.11 *Delay in completion of major schemes/works*

On a test check of records of 28 major schemes, it was noticed that there had been delays ranging from 6 to 82 months in completion of 12 schemes taken up during 1979—88.

A water supply scheme costing Rs. 137.68 lakhs was to be completed in April 1989. It was, however, noticed that only 9.26 *per cent* work had been executed (December 1988) inspite of the fact that the work was commenced in October 1987. The reasons for the delay were attributed to flash floods.

16.12 *Loss of water in transit*

The position relating to the quantity of water available with the Corporation during 1985—88 for distribution vis-a-vis quantity actually distributed and loss of potable water in transit is indicated below :—

(In million gallons)

Year	Net quantity of water available for distribution	Quantity of water actually distributed	Loss of potable water	Percentage of loss
1985-86	1,10,355	77,290	33,065	29.96
1986-87	1,22,579	85,885	36,694	29.93
1987-88	1,28,581	89,590	38,991	30.32

A Committee, formed to review the financial position of the Corporation had suggested, in their report to reduce the percentage of loss of water in distribution (which included free water supplied by the Undertaking for public hydrants, pilferage, leakage, etc. in mains as well as the internal distribution system) to the normal and reasonable level of 15 to 20 *per cent*. The Committee, inter alia, made the following important recommendations :—

(a) The Undertaking may examine the feasibility of taking the help of computer in determining the figures of actual production and distribution of water;

(b) Determine correctly the quantum of unaccounted water and to reduce the percentage to the normal level which will mean, supply of more water to the general public and better financial results;

(c) Water treatment plants very considerably in age and consequently in their operational efficiency. A study should be made to fix realistic targets of production of filtered water for each unit separately and a review should be made periodically to see how far the budgeted figures have been fulfilled and how the shortfalls can be made good.

The high percentage of losses indicated that no significant improvement had been made despite the fact that Leak Detection Investigation Division headed by an Executive Engineer had been functioning since April 1978 with a staff of 50 personnel who were equipped with electronic devices. There was nothing on record to show that any review of the performance of the Division was undertaken which was one of the recommendations of the Committee.

16.13 *Infructuous expenditure*

For the augmentation of water supply in Delhi, the Undertaking took up in 1979-80 the work of construction of six Ranney wells near ITO barrage with a minimum capacity of 13.5 MGD. Four wells were commissioned in 1982 and two in 1985. The total expenditure incurred on the project was Rs. 157.23 lakhs.

Out of six Ranney wells, two did not operate from the dates of their commissioning in 1985 due to bad quality of water (approximate expenditure Rs. 52.41 lakhs). Another well which was constructed at Kishan Kunj at a cost of Rs. 26.20 lakhs had not been in operation since January 1988 due to presence of high iron and ammonia content in water. In addition to six Ranney wells, the Undertaking had also constructed eight wells of which one Ranney well at Vikas Marg had not been in working condition prior to 1983, and another since 1985. One well at Patparganj High Way had not been in working condition since January 1988.

The construction of wells without proper testing of quality of sub-soil water resulted in infructuous expenditure of Rs. 78.61 lakhs.

16.14 *Avoidable expenditure*

Contract for the work relating to construction of sewage treatment plant (10 MGD) at Kondli (Shahdara) was awarded to Engineering Projects (India) Limited at a total cost of Rs. 151 lakhs (Rs. 83.88 lakhs for civil works and Rs. 67.12 lakhs for equipment and machinery) in February 1980. The work was to start from February 1980 and was to be completed within two years.

After the execution of 33 *per cent* work, the contractor requested in July 1982, for enhancement of the contract value so as to meet the increase in the prices of construction material, loss of overheads such as compensation for idle labour and machinery, extra design charges, etc. on the grounds of (i) delay in approval of plant layout by the Undertaking, (ii) shortage of cement, (iii) unworkability of size of digestors approved as given in the contract, (iv) delay for over two year in handling over the possession of the land for the effluent channel and (v) delay in the approval of design engineering.

As some part of the machinery had already been procured and civil works had also been partly executed, the Undertaking decided, in October 1982, not to rescind the contract at that stage and agreed to provide enhancement of contract amount by Rs. 25 lakhs (Rs. 15 lakhs for civil works and Rs. 10 lakhs for electrical and mechanical works). The increase was to be paid on the pro-rata basis on the residual value of work with every running bill. As per revised programme, the work was to be completed in July 1984. Further extension of time was granted to the contractor till January 1988. Though the plant was stated to have been commissioned in November 1987, certain ancillary works were still to be completed. As against the contracted amount of Rs. 176 lakhs, payments aggregating Rs. 162.61 lakhs had been made till December 1988. Thus there had been time and cost overrun in completion of the work.

The Undertaking stated, in January 1989, that the delay was attributed to the work being executed by the contractor through their sub-contractors and these sub-contractors were frequently changed by the contractor.

16.15 *Inventory management*

For replenishment of cast iron pipes, orders are placed annually. The lead time from the date of placing order and the receipt of the goods is not very

long as pipes of various diametres are standard items manufactured by trade. It was observed that minimum and maximum stock limits had not been fixed for stock items.

A review of the stock register of the Stores and Purchase Division of the Undertaking indicated the following position :—

(Quantity in metres)

Size of pipe	Balance as on 1st April, 1985	Receipts during 1985-86 to 1987-88	Issues during 1985-86 to 1987-88	Balance as on 31st March, 1988
350 mm dia	6,537.30	2,392.40	4,105.50	4,824.20
400 mm dia	9,371.74	1,826.00	4,926.19	6,271.55
600 mm dia	4,351.69	1,945.20	2,234.95	4,061.94
700 mm dia	1,262.58	987.80	1,139.00	1,111.38
750 mm dia	2,857.53	1,483.45	544.95	3,796.03

It will be observed from the table above that the Undertaking had been carrying on excess stocks of pipes. The 350 mm pipes were enough for more than three years, 400 mm for four years, 600 mm for more than five years, 700 mm for three years and 750 mm for twenty one years.

It would be observed that even though there being adequate stocks of pipes of various sizes available with the Undertaking, the purchases were continued to be made from year to year.

The Undertaking had been persistently running in deficit and there is need for stricter financial control.

There was stock in hand of 750 mm diametres pipes of 2857.53 metres on 1st April 1985, and as in the table shown the consumption during three years was 544.95 metres or 181.65 metres per annum. The stock was adequate for almost 16 years, but additional 1,483.45 metres of pipes of this diametre were purchased. Stock left on 31st March 1988 was 3,796.03 metres enough for 20 years on the assumption of average consumption of 181 metres per annum. The value of stock of pipes of this diameter alone was Rs. 94.29 lakhs.

The total value of pipes in stock on 31st March 1988 was Rs. 278.89 lakhs. By laying down and following a proper system of inventory control, the Undertaking would have avoided blocking of funds.

16.16 *Delay in adjustment of advances paid to suppliers*

As per provisions of General Financial Rules, any advance drawn for the purpose of purchase is required to be adjusted within one month of its drawal. It was noticed that advances made upto 1987-88 for the purchase of tor steel, M.S. plates and pig-lead to the extent of Rs. 222.13 lakhs had remained unadjusted (December 1988). The yearwise break up of outstanding advances was as follows :—

(Rupees in lakhs)

Year	Amount of Advance	Balance
1981-82	1.91	1.05
1982-83	7.65	5.20
1983-84	8.99	6.96
1984-85	80.39	25.17
1985-86	149.38	39.55
1986-87	113.25	4.02
1987-88	140.81	140.18
Total :	502.38	222.13

Advances to the extent of 100 per cent of the purchase prices had been made as suppliers were reported to be public sector units. The Executive Engineer-in-charge of the stores had stated, in January 1989, that the advances could not be adjusted as no accounts had been rendered by the suppliers. The division had not taken any systematic and effective steps to obtain the accounts from suppliers for these outstanding advances. There was no evidence on record whether the goods for which advances had been made had in fact been received and that there had been no shortages and delays which would require refunds or levy of damages.

16.17 *Non-acceptance of debits by divisions*

Under CPWD system of accounts adopted by the Undertaking, debits for the cost of materials issued to various divisions were required to be raised against them by the Central Stores Division of the Undertaking. For watching the adjustment of transactions, the Central Stores Division was required to maintain division-wise register of transactions and the responding division was required to maintain a register of claims received. Such prescribed records were, however, not maintained either by the Central Stores Division or the responding divisions. It was observed that material worth Rs. 2,418 lakhs had been issued to various divisions during 1985—88 but acceptance of debits was not received in the Stores Division (December 1988).

The Executive Engineer, Stores and Purchase Division stated that as the Central Stores Division did not receive any objection to the details of materials and costs indicated on the copies of indents, the debits raised were presumed to have been accepted by the divisions concerned.

The reply is not tenable as in the absence of prescribed records, the authenticity of debits raised, their acceptance and actual receipt of material by the user divisions could not be vouchsafed.

16.18 *Non-verification of stores*

As per provisions of Municipal Corporation of Delhi Account Code, all stock articles are required to be physically verified at least once a year by an officer under the Chief Accountant. The result of such surprise verification should be bronght to the notice of the Municipal Commissioner for orders. Neither the stock in hand during 1985-86 to 1987-88 were physically verified nor was it at any stage insisted upon by the Chief Accountant.

16.19 The matter was reported to Ministry of Home Affairs, Delhi Administration and Municipal Corporation of Delhi in February 1989; replies have not been received (April 1989).

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CHAPTER IV

DELHI ELECTRIC SUPPLY UNDERTAKING

17. Power generation

Delhi Electric Supply Undertaking (DESU) constituted on 7th April 1958 was entrusted with the task of generation, transmission and distribution of electric power in the Union Territory of Delhi. The following table indicates the operational performance of DESU for the three years upto 1987-88 :

Sl. No.	Particulars	1985-86	1986-87	1987-88
		(In Mega Watts.)		
1	2	3	4	5
1.	Installed capacity			
	(i) Indraprastha Power Station	284.1	284.1	284.1
	(iii) Rajghat Power Station	15.0	15.0	15.0
	(iii) Diesel Power Plant (at Rajghat, Lahori Gate] and Kilokri)	20.0	—	—
	(iv) Gas Turbines 6 X 30	—	180.0	180.0
	Total capacity	319.1	479.1	479.1
2.	Maximum Power demand (In Mega Watts.)	846.7	967.6	1065.1
		(In miliion units)		
3.	Power generated	1,158.1	1,402.1	1,358.5
	Less auxiliary consumption	106.0	127.0	91.5
4.	Net power generated	1,052.1	1,275.1	1,267.0
5.	Power purchased	3,759.4	4,156.8	4,830.2
6.	Power available for sale	4,811.5	5,431.9	6,097.2

During 1987-88, DESU had installed capacity of 479.1 M. Ws. against the maximum demand of 1,065.1 M. Ws. To meet the rising demand of electricity, DESU received an allocated share from thermal power station in Badarpur, the super power stations at Singrauli and the hydel power station at Bairasul and salal as well as from unallocated shares of centrally sponsored schemes. The power generation constituted only 22 *per cent* of power distributed during 1987-88. During 1987-88, DESU had 14.79 lakh domestic, commercial, industrial and agricultural consumers (excluding those located in the areas of New Delhi Municipal Committee and Delhi Cantonment).

18. Purchase of distribution transformers

(a) In response to a tender notice issued in June 1986 for supply of 200 distribution transformers of 630 KVA, 11 tenders were received. After obtaining the approval of Delhi Electric Supply Committee (DESC), in November 1986, an order was placed, in December 1986, on Electric Construction & Equipment Company Limited for supply of 120 transformers at the rate of Rs. 1.34 lakhs each. Another order for the supply of 80 transformers was also placed on Marson's Electrical Industries at the rate of Rs. 1.38 lakhs each. DESC had also resolved that the General Manager (Electric) should inspect the factories of three other firms as they were new and their rates were lower. If the firms were found satisfactory on inspection a trial order of five transformers each was to be placed on them. However, no inspection was carried out and hence the trial orders of five transformers each, as recommended by DESC, were not placed on them.

Under the 25 *per cent* additional quantity clause of the agreement, order for supply of 20 transformers was placed in October 1987 on Marson's Electrical Industries which supplied them in June 1988. However, Electric Construction & Equipment Company Limited, on whom an order for supply of 30 additional transformers was placed did not supply them on the plea that the order of October 1987 was placed after the expiry of the scheduled delivery period i.e., August 1987. Belated placing of supply order resulted in an avoidable expenditure of Rs. 2.70 lakhs as the transformers were purchased from the same firm at the rate of Rs. 1.43 lakhs each on the basis of quotations invited in May 1987 and opened in June 1987.

The matter was reported to Ministry of Home Affairs, Delhi Administration, Municipal Corporation of Delhi and DESU in March 1989; replies have not been received (April 1989).

(b) The orders for the supply of 75 transformers of 1,000 KVA each were placed on two firms in May 1987. Under the 25 *per cent* additional quantity clause, additional orders for 18 units were placed in November 1987 and May 1988. Electric (India) Limited was to supply 56 transformers at the rate of Rs. 1.76 lakhs per unit, while Marson's Electrical Industries was to supply 37 transformers at the rate of Rs. 1.94 lakhs per unit.

Delivery period quoted by both the firms was stated to be long and not as per the notice inviting tenders. However, the Stores Finance Committee stated in April 1987 that both the firms had clarified that they were ready to accept delivery schedule as per notice inviting tenders in case order for full tendered quantity was placed. The Committee recommended division of order "to ensure flexibility of supplies" and stated that the delivery schedule offered by the firms suited the requirements of DESU.

The placement of order on a higher rate had resulted in an extra expenditure of Rs. 6.59 lakhs.

The matter was reported to Ministry of Home Affairs, Delhi Administration, Municipal Corporation of Delhi and DESU in March 1989; replies have not been received (April 1989).

19. Purchase of streetlight fittings

Streetlight fluorescent tube fittings of 2 × 40 watts are a regular stock item. The Stores Purchase Committee keeping in view the consumption of 12,544 fittings during the year 1986-87 considered the procurement of 15,000 fittings as the appropriate number for purchase for restocking during the next year. Tenders were called for in December 1987 and processed on that basis.

The Stores Purchase Committee recommended in June 1988 that to make sure that suplies are made in time and that in consonance with the practice in similar cases the order may be split up in the ratio of 60 : 40 between the lowest technically acceptable tenderer and the next higher tender even though the splitting up of order would put some extra financial burden on DESU. The Committee also observed that the financial position of DESU was none too good and that they must locate saving wherever possible. The Stores Purchase Committee recommended placing an order for 9,000 units to Anil Industries at a cost of Rs. 31.19 lakhs and 6,000 units on Chandigarh Lighting Industry at a cost of Rs. 21.11 lakhs. The total value of the proposal was for Rs. 52.30 lakhs.

In July 1988, the Delhi Electric Supply Committee (DESC) considered the proposal and increased the supply order to 25,000 units increasing of the total value of order to Rs. 90.43 lakhs. No justification for increase in quantity was on record. The DESC also decided to place the order at the rate of 5,000 units each to five firms although the computed rates of three other firms were higher than the two firms recommended by the Stores Purchase Committee.

DESU had, therefore, not only purchased 10,000 units in excess of the assessed demand and blocked funds to the extent of Rs. 38.13 lakhs but also incurred an extra expenditure of Rs. 3.79 lakhs computed with reference to the lowest tendered.

The matter was reported to Ministry of Home Affairs, Delhi Administration, Municipal Corporation of Delhi and DESU in March 1989; replies have not been received (April 1989).

20. Purchase of earth wire

A purchase order for supply of 16 kms. of earth wire of size 19/2.5 mm was placed on a firm at a total cost of Rs. 2.43 lakhs in May 1987. The firm requseted, in August 1987, for either waiver of inspection or for arranging the inspection of goods at the firm's premises. The inspection by a representative of Delhi Electric Supply Undertaking was carried out, in October 1987, at the firm's premises and after approval, the total quantity of 16.739 kms. of wire was received by DESU in the same month.

The material supplied had manufacturing defects and accordingly DESU directed the firm telegraphically, in May 1988, to either replace all the material or face action as per the relevant clause of purchase order. No response was received from the firm.

In November 1988, DESU took up the matter again with the supplier stating that the material was lying unutilised and the entire lot should be replaced within 15 days; otherwise, appropriate penal action including debarring the firm for further dealing with DESU would be taken.

Till January 1989, the firm had neither replaced the material nor any action had been taken by DESU to black list it. A total payment of Rs. 2.32 lakhs

had been made to the firm in December 1987 and February 1988. Action had also not been taken against the official who inspected the material at the firm's premises in October 1987.

The matter was reported to Ministry of Home Affairs, Delhi Administration, Municipal Corporation of Delhi and DESU in March 1989; replies have not been received (April 1989).

New Delhi,
The
31 MAY 1989

(A. S. MOHINDRA)
Officer on Special Duty
Office of the
Director of Audit Central Revenues-I

Countersigned

New Delhi,
The
1 JUN 1989

(T. N. CHATURVEDI)
Comptroller and Auditor General of India

ERRATA

Page No.	Col. No.	Line	For	Read
(i)	—	4th	Convervancy	Conservancy
(vi)	2	9th from below	tenders	tenderer
2	2	1st	acconuts	accounts
2	1	5th from bottom	acconuts	accounts
3	2	6th	Se age	Sewage
3	1	5th from bottom	Se age	Sewage
5	2	Table figures expenditure	4,677.78	4,677.98
6	1	6th	expected to	expected in
6	2	Table figure	2,28	2.28
12	1	5th	lowes	lowest
13	1	18th	egotiations	negotiations
14	1	18th	Mnicipal	Municipal
15	2	4th (Table)	Acual	Actual
17	1	17th (Table)	(i)	(ii)
17	1	18th	Chloroquinnn	Chloroquine
17	1	20th	S.. .. tablets	Sulphadexine tablets
17	2	20th from bottom	strenghth	strength
22	1	11th	trapped	trapped,
23	1	6th	very	vary
23	2	19th	handling	handing
26	1	16th	(iii)	(ii)
27	1	16th	Finance	Purchase
27	2	18th	tendered	tenderer

S/94CAG/89