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REPORT OF THE

COMPTROLLER AND AUDITOR GENERAL

OF INDIA

FOR THE YEAR ENDED 31 MARCH 1989

NO. 4 OF 1990

MUNICIPAL CORPORATION OF DELHI

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PREFATORY REMARKS

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. A test audit of the financial transactions of the Municipal Corporation of Delhi was conducted under Section 14(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

2. This Report for the year ended 31 March 1989 includes, among others, reviews on, Construction of fly-over on two level crossings at New Rohtak Road near Zakhira, Assessment and collection of property tax, Augmentation of water treatment plants, Power and distribution transformers and Electricity charges of industrial and commercial consumers.

3. The cases mentioned in this Report are among those which came to notice in the course of test audit during the year 1988-89; matters relating to the period subsequent to 1988-89 have also been included, wherever considered necessary.

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OVERVIEW

The Audit Report for the year ended 31st March 1989 contains 14 paragraphs including five reviews. The points highlighted in the Report are given below :

I. Financial management

The correct financial position of the organisations could not be ascertained in the absence of compilation of monthly and annual accounts. The compilation of monthly abstracts of accounts, annual accounts and annual appropriation accounts had been heavily in arrears. Provisional figures for 1988-89 showed that the General Wing of the Corporation had spent Rs. 340.32 crores against an income of Rs. 330.46 crores. The revenue expenditure of Delhi Electricity Supply Undertaking (DESU) was Rs. 572.30 crores against receipts of Rs. 419.63 crores, leaving a revenue deficit of Rs. 152.67 crores. The capital expenditure was Rs. 190.09 crores against receipts of Rs. 157.58 crores. The expenditure of Delhi Water Supply and Sewage Disposal Undertaking (DWSSDU) was Rs. 162.56 crores against receipt of Rs. 99.94 crores leaving a deficit of Rs. 62.62 crores.

General Wing of the Corporation had not submitted the annual appropriation accounts from 1985-86 and the annual accounts for 1988-89 to the Chief Auditor. The Delhi Electric Supply Undertaking had not submitted the accounts from 1985-86 and annual appropriation accounts from 1981-82. The Delhi Water Supply and Sewage Disposal Undertaking had not submitted the annual accounts and annual appropriation accounts from 1984-85.

Temporary advances to the extent of Rs. 540.07 lakhs paid to the suppliers etc. during 1954-55 to 1988-89 had not been adjusted till 31st March 1989. As per the report of the Municipal Chief Auditor for the year 1986-87, vouchers for Rs. 1229.49 lakhs and payees stamped receipts aggregating Rs. 52.01 lakhs were outstanding in accounts upto 1986-87, which included large sums drawn more than a decade earlier.

No internal audit manual had been compiled so far. The internal audit unit of the General Wing had neither conducted the internal audit of all the units whose audit was due nor had it taken proper follow up action for the settlement of outstanding objections.

(Paragraph 1)

II. Deposit work on behalf of National Cultural Festival Delhi Society

The expenditure incurred for construction of multi-tiered stages, providing stage lighting, sound arrangement, etc. for the cultural festival to be held in Delhi from 8th November 1986 at 27 venues was Rs. 131.36 lakhs against which Rs. 75 lakhs was received from the National Cultural Festival (NCF) so far. The NCF had not accepted the liability for the excess amount incurred by the Corporation.

An expenditure of Rs. 49.79 lakhs was incurred on hiring of electrical equipment including lighting and the public address system, against the original estimates of Rs. 8 lakhs. Expenditure incurred was in excess of the estimates on those works for which short notice tenders were called or spot quotations were obtained. The rates were higher in 21 cases by a margin of 126 to 582 per cent of estimates prepared on current rates.

(Paragraph 2)

III. Construction of fly-over on two level crossings at New Rohtak Road near Zakhira

The work of two level crossings-consisted of a bridge across the railway lines, slip road, cloverleaf and approach roads. The work was awarded, in November 1983, to be completed, in November 1985. The straight portion of the bridge was opened to traffic, in December 1987. The work relating to slip road and cloverleaf to avoid traffic from cross roads was incomplete due to failure of the Corporation to hand over the clear site to the contractor, for carrying out the work.

Tender documents were issued to 14 contractors of whom 13 had done works for Asiad, as per the list obtained from the Ministry of Transport and to a private firm. By restricting the number of tenderers, the benefit of open competitive tenders had not been availed of. The work was awarded to a private firm for a sum of Rs. 487 lakhs which was only 1.7 per cent lower than the offer of a public sector undertaking which was eligible for a 10 per cent price perference.

A mobilisation advance of Rs. 48.70 lakhs, which was Rs. 23.64 lakhs in excess of the maximum admissible, was given and the recovery period was made longer than the stipulated schedule. Recovery of advance and interest was deferred in contravention of the agreement. Interest of Rs. 0.72 lakh recovered in June 1986 was refunded, in July 1986, without any valid authority. Recovery of mobilisation advance and interest thereon amounting to Rs. 5.61 lakhs were still due. These resulted in undue benefits to the firm.

Only 85 per cent of the work was completed by August 1989 due to failure of the Corporation to remove encroachments from sites for cloverleaf and side road components of the project. The encroachments were known when the alignment was decided upon in 1982. The Corporation had to pay Rs. 18.63 lakhs as escalation charges for labour due to its inability to make a clear site available to the firm in time.

(Paragraph 3)

IV. Construction of bridges over the railway lines

The construction of bridges over the railway lines on the road connecting Azad Market with S.P. Mukherji Marg was intended to mitigate the problems of slow movement of traffic over the narrow bridges. The estimates were approved in 1978. A sum of Rs. 423.87 lakhs had been deposited by the Corporation with the railways for works to be executed by them. The work was started, in June 1980 and the time stipulated in the estimates for completion of work was three years. The work had not been completed so far. Some structures in occupation of encroachers on the proposed site had not been cleared. The completion of the work is likely to be delayed further.

(Paragraph 4)

V. Irregularities in purchase of medicines

Medicines valuing Rs. 9.70 lakhs had been accepted in 1987-89 in contravention of the conditions of supply as more than one sixth of life of the medicines had expired.

(Paragraph 5)

VI. Assessment and collection of property tax

Consolidated information regarding total number of properties assessable and cases of pending assessments was not available with the Assessor and Collector. The amount of arrears of property tax at the end of the year was not being complied. However, the budgetary document placed before the Corporation showed that the estimated arrears of property tax which were Rs. 3187 lakhs at the end of 1984-85 increased to Rs. 3673 lakhs at the end of 1987-88.

No manual had been compiled laying down the procedure to be followed and records to be maintained in respect of assessment, raising of demand, recovery and accountal of property tax. In the absence of such data and meaningful analysis, no effective remedial measures would be possible.

There had been no co-ordination with the Engineering Department of the Corporation which approves the building plans and the Delhi Development Authority which is a major agency for building and selling properties in Delhi. Such a co-ordination would have enabled the department to issue notice in respect of new properties without delay as the property tax cannot be levied prior to the date of issue of notice.

In an industrial estate, Delhi Development Authority handed over possession of 186 commercial sheds between 1978 and 1983 to the allottees. It was noticed in Audit that dates of taking of possessions were on record in 99 cases but notices for property tax in these cases were issued from dates later than the dates of possession. The delay had resulted in loss of revenue of Rs. 28.37 lakhs.

A cinema house started functioning, in April 1971 but assessment notice was issued for the period from April 1972 but final order had not been issued so far. The department had suffered a loss of revenue of Rs. 1.80 lakhs for the period from April 1971 to March 1972 and had failed to raise a demand amounting to Rs. 25.20 lakhs for the period from April 1972 to October 1984 when the cinema was burnt out. As assessment order and demand notice had not been issued, recovery proceedings could not be initiated.

There had been cases of delay in issue of notices, assessment orders and cases of under assessment of rateable value. In six cases, there had been loss of revenue of Rs. 10.40 lakhs.

Pass books meant for issue to assessees of property tax printed, in July 1987, at a cost of Rs. 1.12 lakhs had not been issued. An offer of a firm to print the pass books, free of cost, by inserting advertisements in the books had not been accepted.

New Delhi Municipal Committee had not paid its share of fire tax since 1958 and this had accumulated to Rs. 650 lakhs by 1987-88.

(Paragraph 7)

VII. Non-furnishing of utilisation certificates

The certificates of utilisation of grants amounting to Rs. 297.78 crores received during 1977-78 to 1987-88 in 260 cases had not been furnished by the Corporation to Delhi Administration.

(Paragraph 9)

VIII. Delhi Water Supply and Sewage Disposal Undertaking

(i) **Augmentation of water treatment plants.**—A public utility scheme for augmentation of water treatment plants at Wazirabad was approved, in July 1986. The work was to be completed within two years of award of work. The pace of construction had been slow as progress of different components ranged from zero to 75 per cent. Augmentation of water supply had thus been considerably delayed. The Undertaking stated that the scheme was likely to be completed by March 1990.

Tenders for supply of pre-stressed concrete and hume pipes were opened, in August 1986 but supply orders were issued, in June 1987, in the case of pre-stressed pipes and in respect of hume steel pipes in March 1987. Negotiations were held and the lowest tenderers in both the cases received orders for a part of the supply. Other parties were given orders at higher negotiated rates. The Undertaking incurred an avoidable expenditure of Rs. 45.42 lakhs. One of the parties did not accept the supply order and the Undertaking called for fresh tenders for 4750 metres of pre-stressed pipes which were opened, in November 1988. Negotiations were held and orders issued, in April 1989. The lowest tenderer was given an order for 50 per cent of the quantity and the other tenderer supplied the balance at a higher rate. The Undertaking incurred an avoidable expenditure of Rs. 7.24 lakhs. Thus, injudicious split up of orders had resulted in extra expenditure of Rs. 52.66 lakhs.

The lowest tenderer for the construction of pumping station at Okhla was permitted to revise upward, the quotation after the tenders had been opened on the plea that the tenderer was not aware of the corrigendum to the notice inviting tenders. However, there was evidence that the corrigendum had been received by the tenderer well before the date of opening of tenders. This undue favour to the contractor resulted in extra payment of Rs. 2.60 lakhs.

There was no condition of advance payment in the notice inviting tenders. However, advance payment of Rs. 20 lakhs each was made to two contractors. Whereas interest from one contractor was charged at the rate of 18 per cent per annum, the other contractor, a public sector undertaking, was given an interest free advance resulting in a subsidy of Rs. 2 lakhs.

(Paragraph 10)

(ii) **Construction of water treatment plant at North Shahdara.**—The construction of a 100 million gallons per day water treatment plant, pumping sets, water pumps, reservoirs, etc. at North Shahdara was taken up, in September 1980, to be completed by March 1983. The plant had been commissioned in phases from June 1984. An expenditure of Rs. 23.47 crores had been incurred on the project up to 1985-86 and the work had not been completed.

The failure of the Undertaking to properly plan execution of allied works had led to payment of escalation of labour charges amounting to Rs. 7.99 lakhs.

Advances aggregating Rs. 232.10 lakhs paid for deposit works to various agencies during March 1981 to October 1985 had been lying outstanding for four to seven years.

(Paragraph 11)

IX. Delhi Electric Supply Undertaking

(i) **Power and distribution transforems.**—The number of transformers owned by DESU installed on line, kept as standby, awaiting repairs, disposal, etc. was not available with the Chief Engineer (Distribution). In the absence of these details, there could not be any effective control or planning for purchase of transformers, their utilisation, repairs, overhauling, etc.

Proper arrangement for various tests and overhauling of power transformers had not been made. There were 112 power transformers more than six years old, all of which had become overdue for overhauling. A 100 MVA power transformer costing Rs. 100.40 lakhs failed within three years of installation against an expected life of 35 years. An Enquiry Committee pointed out that some requisite tests which could have located the faults at early stage had not been carried out. Six power transformers valuing Rs. 143.28 lakhs were commissioned after their warranty period of 12/18 months had expired. Thirteen power transformers valuing Rs. 199.77 lakhs had been declared as scrapped within 3 to 17 years which were much below the expected life. Nine power transformers costing Rs. 189.77 lakhs had been lying up to five years without being repaired or overhauled.

As per survey conducted in 1986-87, 2215 distribution transformers of various capacities were awaiting repairs. No arrangements had been made by DESU for repair of these transformers. Between 280 and 310 distribution transformers of various capacities had failed in each year during 1985-88.

Out of 4735 distribution transformers, 1207, (25.49 per cent) costing Rs. 972.68 lakhs failed during the guarantee period itself. As many as 353 distribution transformers costing Rs. 121.36 lakhs which failed during the guarantee period had been lying in store depot unrepaired/unreplaced since 1984.

Out of 985 scrapped distribution transformers, dumped at a scrap store depot for disposal, 721 had failed within 12 years from the date of commissioning without completing half of their expected life of 25 years. The number of transformers which failed even before completing one fifth of the prescribed life was 358 viz. 36 per cent. These transformers had been lying in the store depot for up to 13 years. A sum of nearly Rs. 246.25 lakhs which was expected to be realised by their disposal had thus been blocked.

Records revealed that 1.24 lakh litres of used transformer oil had been lying unrefined/undisposed off for periods up to five years. The value of recoverable oil was estimated at Rs. 13.62 lakhs.

(Paragraph 12)

(ii) **Electricity charges from industrial and commercial**

The unrealised dues from high tension consumers towards electricity charges which were at Rs. 140.16 crores at the end of 1985-86 rose to Rs. 235.33 crores at the end of 1988-89, which represented 57 per cent of the yearly revenue of Rs. 413.10 crores for the year 1988-89.

Ad hoc billing in respect of street lighting for the period 1986-89 resulted in a loss of revenue to the extent of Rs. 8 lakhs. There was undercharging of Rs. 2 lakhs due to billing for lesser consumption and non-levy of load violation charges by a consumer. In three cases, surcharge aggregating Rs. 1341.35 lakhs was either not levied or having been levied was irregularly withdrawn.

Due to the non-receipt of completion reports from executing agencies in respect of 13682 deposit works, DESU could not work out the net amount recoverable from or payable to the consumers. As many as 5269 works pertained to more than three years. Bank drafts/cheques worth Rs. 252.10 lakhs collected by Commercial Officer for providing sub-stations to the consumers were sent late for deposit into DESU's account which led to borrowing of money by DESU to that extent.

(Paragraph 13)

CHAPTER I

1. Administrative set up and financial aspects

1.1 *Administrative set up* :—The Municipal Corporation of Delhi (Corporation) was established on 7th April 1958 as a civic body under the Delhi Municipal Corporation Act, 1957 with jurisdiction over the Union Territory of Delhi excluding the areas under the New Delhi Municipal Committee and the Delhi Cantonment Board.

For the efficient performance of its functions, the Act provides for 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 and

(v) The General Manager (Electricity).

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

With the exception of some adjustments, the transactions shall represent actual receipts and disbursements during a year as distinguished from amounts due to or by the Corporation during the period. However, in the case of Delhi Electric Supply Undertaking (DESU), accounts are required to be maintained on accrual basis.

1.3 *Submission of accounts* :—Regulations lay down that at the end of each month, a monthly abstract shall be drawn up of every one of the three accounts, namely (a) General Wing Accounts (b) Delhi Electric Supply Undertaking Accounts and (c) Water Supply and Sewage Disposal Accounts which, after signature of the Commissioner|General Manager, shall be forwarded to the Municipal Chief Auditor for monthly examination and report as the case may be, to the Standing Committee, the Delhi Electric Supply Committee and the Delhi Water Supply and Sewage Disposal Committee. The abstract shall be submitted to the Municipal Chief Auditor by the 15th of the second month to which the accounts relate.

The Regulations also stipulate that the Municipal Chief Accountant shall prepare, annually, Appropriation Accounts in respect of the three accounts of the Corporation and include under the respective Heads of Accounts, explanations for variations in consultation with the heads of departments. The Appropriation Accounts shall be checked by the Municipal Chief Auditor, who shall submit the same to the Standing Committee for being laid before the Corporation.

It was, however, observed that abstracts of monthly accounts and annual Appropriation Accounts of all the three wings were submitted late to the Chief Auditor. Moreover, the submission of accounts of the Delhi Water Supply and Sewage Disposal Undertaking and Delhi Electric Supply Undertaking was heavily in arrears.

The correct financial position of the organisations could not be ascertained in the absence of compilation of monthly and annual accounts. The position of accounts of various wings was as follows :—

(a) *General Wing* :—The submission of monthly abstract of accounts to the Municipal Chief Auditor relating to 1986-87 was delayed by 8 to 12 months. For 1987-88 (up to January 1988), the delay ranged from seven to eight months and for 1988-89 (up to February 1989), the delay ranged from one to six months. The abstract of monthly accounts from January 1988 onwards had not been submitted to the Standing Committee till September 1989.

The annual Appropriation Accounts of the wing for 1985-86 to 1988-89 which were due for submission to the Municipal Chief Auditor by 15th June of each year were not submitted till June 1989.

The annual accounts of the wing up to 1987-88 had been submitted to the Municipal Chief Auditor. Information regarding certification of annual accounts by the Municipal Chief Auditor and its submission to the Standing Committee was called for from the Commissioner of the Corporation, in October 1989, but the same had not been received (November 1989).

(b) *Delhi Electric Supply Undertaking* :—Abstracts of monthly accounts from July 1987 to February 1988 were belatedly submitted to the Municipal Chief Auditor for examination and the delay ranged from 10 to 18 months. Abstracts of monthly accounts, from March 1988 to March 1989 had not been submitted (September 1989) and the delay in their submission ranged from 4 to 17 months. Information on submission of monthly abstracts to the Standing Committee was not furnished by the Undertaking.

Annual accounts from 1985-86 to 1988-89 and annual Appropriation Accounts from 1981-82 to 1988-89 had not been submitted by DESU to the Municipal Chief Auditor (June 1989). The annual accounts for 1982-83 were certified by the Municipal Chief Auditor in August 1989. As regards certification of accounts for 1983-84 and 1984-85, the requisite information was called for from the Commissioner of Municipal Corporation of Delhi but the same had not been furnished (November 1989).

(c) *Delhi Water Supply and Sewage Disposal Undertaking* :—The abstracts of monthly accounts up to March 1985 had been audited by the Municipal Chief Auditor and submitted to the Delhi Water Supply and Sewage Disposal Committee. The abstracts of monthly accounts of the Undertaking up to February 1986 were submitted to the Municipal Chief Auditor for examination (the abstract for February 1986 was submitted in January 1989). The submission of abstracts of monthly accounts for the remaining months viz. March 1986 to July 1989 were in arrears (September 1989).

The annual accounts and annual Appropriation Accounts from 1984-85 to 1988-89 which were due for submission to the Municipal Chief Auditor by 15th June of each year had not been submitted to the Municipal Chief Auditor till June 1989. The annual accounts for 1981-82 and 1982-83 and the annual Appropriation Accounts up to 1983-84 had been certified by the Municipal Chief Auditor.

The dates of submission of the certified accounts to the Delhi Water Supply and Sewage Disposal Committee was not made available by the Commissioner of the Corporation (November 1989).

1.4 *Financial position* :—In the absence of audited accounts up to date verified figures were not available. The provisional figures for the last four years were :—

(a) General Wing

(In crores of rupees)

Year	Income			Expenditure		
	Revenue	Plan	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
1988-89	231.77	98.69	330.46	233.21	107.11	340.32

(b) Delhi Electric Supply Undertaking

(In crores of rupees)

Year	Receipts			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
1988-89	419.63	157.58	577.21	572.30	190.09	762.39

(c) Delhi Water Supply and Sewege Disposal Undertaking

(In crores of rupees)

Year	Revenue Account			Loan 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
1988-89	36.43	99.76	(—)63.33	26.34	63.51	62.80	27.05

1.5 *Municipal Chief Auditor* :—The accounts 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 year 1985-86 had been placed before the Standing Committee, in September 1988 but was not presented to the Corporation so far (November 1989).

It was observed from the audit report of the Municipal Chief Auditor for 1986-87 that the inspection reports|audit objections pertaining to more than 10 years were pending settlement. As per the report, the position of outstanding inspection reports/audit objections pertaining to the period ending March 1987 issued upto 31st March 1988 and outstanding as on that date was as follows :—

Period to which inspection reports pertain	Number of outstanding inspection reports	Number of outstanding paragraphs
General Wing		
Prior to 1970-71	17	72
1970-71 to 1979-80	1056	6271
1980-81 to 1986-87	1595	9918
Total	2668	16261
Delhi Electric Supply Undertaking		
Prior to 1970-71	10	22
1970-71 to 1979-80	636	2412
1980-81 to 1986-87	921	4474
Total	1567	6908
Delhi Water Supply and Sewage Disposal Undertaking		
1970-71 to 1979-80	225	873
1980-81 to 1986-87	588	3374
Total	813	4247

There was an increase in the number of outstanding inspection reports|audit notes|paras as on 31st March 1988 as compared to the position as on 31st March 1986 as indicated below :—

Name of Wing	Inspection reports	Audit paras
General Wing	407	2255
Delhi Electric Supply Undertaking	242	985
Delhi Water Supply and Sewage Disposal Undertaking	169	961
Total	818	4201

The Corporation had prescribed a time limit of one week for disposal of audit objections raised by the Municipal Chief Auditor by the departmental officers and ten days in the case of disposal by the Commissioner as per Resolution dated 3rd September 1959. The increase in the number of outstanding inspection reports and audit paras as on 31st March 1988 over those on 31st March 1986 were 19.34 and 18.09 per cent respectively clearly indicative that the instructions regarding disposal of audit objections were not being followed.

The report of the Municipal Chief Auditor also indicated that vouchers for heavy sums which were drawn more than a decade earlier were not made available. Non-availability of vouchers, against large sums drawn more than 10 years ago is fraught with serious risks of misuse of funds and misappropriation thereof. The table below gives the break-up of the amounts outstanding :—

Period to which inspection reports pertain	For want of vouchers		For want of payee's stamped receipt	
	No. of items	Amount (Rupees in lakhs)	No. of items	Amount (Rupees in lakhs)
(a) General wing				
Prior to 1979-80	1330	195.48	297	4.75
Between 1980-81 and 1986-87	3149	191.21	104	23.97
Total	4479	386.69	401	28.72
(b) Delhi Electric Supply Undertaking				
Prior to 1979-80	1166	3.67	867	6.73
Between 1980-81 and 1986-87	27	0.35	225	0.47
Total	1193	4.02	1092	7.20
(c) Delhi Water Supply and Sewage Disposal Undertaking				
Prior to 1979-80	242	20.56	26	3.57
Between 1980-81 and 1986-87	11700	818.22	25	12.52
Total	11942	838.78	51	16.09

1.6 *Delay in adjustment of advances* :—Temporary advances drawn are required to be adjusted within one month of the date of drawal. It was observed that temporary advances to suppliers/contractors, etc.

amounting to Rs. 540.07 lakhs pertaining to 1954-55 to 1988-89 had remained unadjusted till 31st March 1989. The year wise break-up is given below :—

Year	Amount (Rupees in lakhs)
Upto 1979-80	93.43
Between 1980-81 and 1984-85 . . .	78.49
Between 1985-86 and 1988-89 . . .	368.15
Total . . .	540.07

It was noticed that advances for very heavy sums which were drawn many years ago had not been adjusted till August 1988. The Accounts wing had stated, in September 1989, that the cases for adjustment had not been received from the department who had paid the advances. Non adjustment of advances for a long time is fraught with the risk of funds being misutilised and even possibility of temporary misappropriation thereof can not be ruled out.

1.7 *Internal audit* :—The Delhi Municipal Corporation (Maintenance of Accounts) Regulations, 1959, provide that the Municipal Chief Accountant shall be responsible for the proper maintenance of all the accounts and for their internal check and examination of transactions. Information regarding internal audit set up and control of the Chief Accountant over the internal check of the accounts of all the three wings, duties and functions assigned to internal audit, etc. was called for from the Chief Accountant, in May 1989. No reply had been received in spite of issue of reminders, in August and September 1989. It was understood that the Municipal Chief Accountant arranges internal checks examination of transactions in the General Wing. The Delhi Electric Supply Undertaking and the Delhi Water Supply and Sewage Disposal Undertaking have their own arrangements for internal audit. The authority for divesting the Chief Accountant of his statutorily laid down responsibility was not made available to Audit.

As per audit report of the Municipal Chief Auditor for 1985-86, the internal audit headed by the Deputy Chief Accountant under the supervision of the Municipal Chief Accountant had an establishment of six internal audit officers assisted by other subordinate staff.

The main function of the Internal Audit Cell of the General Wing is to conduct the audit of all the units|zones, physical verification of stores, etc. The internal audit is required to conduct the audit of 1900 units during a cycle of four years. There was no internal audit manual. As per the report of the Municipal Chief Auditor for 1985-86 and 1986-87, 291 units were audited and 13,687 objections were outstanding as on 31st March 1987.

It indicates that the Internal Audit Cell was neither conducting the internal audit of all the units when audit was due nor proper follow up action was being taken for the settlement of objections raised by the cell.

The main function of the Cell of the Delhi Water Supply and Sewage Disposal Undertaking is to conduct internal audit of all the units|offices of the Undertaking to deal with the inspection reports|audit paras to incorporate in the printed audit report of the Municipal Chief Auditor. Eighty three units had been audited during the last four years *i.e.* 1985—89 The Undertaking could, however, not intimate the number of units due for internal audit each year. The number of audit paras and inspection reports outstanding as on 15th September 1989 was 1277 and 89 respectively.

The Financial Adviser and Chief Accounts Officer, Delhi Electric Supply Undertaking had not supplied the requisite information.

1.8 *Non preparation of assets and liabilities statement* :—The Corporation is required to prepare annually a statement of assets created out of grants in aid and loans received from Government of India| Delhi Administration and liabilities of the Corporation on account of repayment of loans and interest thereon, etc. As per instructions contained in the Standing Committee's resolution of May 1961, a statement of assets and liabilities is to be appended to annual accounts submitted to the Municipal Chief Auditor for certification. The Corporation had not prepared the requisite statement and also failed to submit the same to the Municipal Chief Auditor along with the annual accounts.

The accounts management is in utter chaos and the Corporation needs to improve the upkeep and maintenance of accounts by suitably engaging experienced accounts qualified people and thus strengthening the Chief Accountant's set up.

The matter was referred to the Ministry, Delhi Administration and Municipal Corporation of Delhi in October 1989; replies have not been received (December 1989).

CHAPTER II

GENERAL WING

Engineering Department

2. Deposit work on behalf of National Cultural Festival Delhi Society

The National Cultural Festival (NCF) Delhi Society, decided to hold a cultural festival (Apna Utsav) in Delhi from 8th November 1986. The Municipal Corporation of Delhi was requested, in October 1986, to arrange construction of multi-tiered stages, thadas, main gate structures, wooden machans for sports, stage lighting, sound arrangements, etc. for the festival at eight important sites (maidans). Since time left between the decision taken to hold the festival and the date of the festival for making suitable arrangements was limited, the Corporation while approving the estimates of Rs. 64 lakhs for the work permitted taking up of work in anticipation of actual receipt of deposit from the NCF and to call for short notice tenders or spot quotations.

The Corporation was subsequently, asked to make stage and lighting arrangements at 19 more venues including street corners bringing the total number of sites to 27.

No estimates for the additional 19 sites were prepared nor was the quantum of work involved specified at any stage. The expenditure incurred for making the related arrangements including lighting and the departmental charges of Rs. 13.24 lakhs was Rs. 131.36 lakhs. The Corporation had received from the NCF, Rs. 75 lakhs so far (October 1989) towards the festival works.

The NCF have not accepted the liability incurred by the Corporation in excess of the deposits made by them. A sum of Rs. 56.36 lakhs spent by the Corporation on behalf of the NCF was still outstanding.

An expenditure of Rs. 49.79 lakhs was incurred on hiring of electrical equipment including lighting and public address system. Against the original estimate of Rs. 8 lakhs at eight important sites, the hire charges of electrical arrangement at seven were Rs. 36.54 lakhs and Rs. 13.25 lakhs were incurred on hiring of electrical equipment for the remaining 19.

Expenditure incurred was in excess of the estimates on those works for which short notice tenders were called or spot quotations were obtained. The rates were higher in 21 cases by a margin of 126 to 582 per cent of the estimates prepared on current rates.

The excess expenditure on electrical arrangements over the estimates was stated, in September 1989, by the Engineer-in-Chief, to be on account of electrical arrangements at additional sites, increase in area for which lighting arrangements were made, lighting arrangements round the clock for execution of work during night and providing on public address systems

The approval of the Standing Committee was obtained only by the Executive Engineer (Electrical), Sadar Pahar Ganj Zone, in May 1987, for an expenditure of Rs. 7.81 lakhs. No other sanction for the expenditure of Rs. 110.31 lakhs had been obtained (October 1989).

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

3. Construction of flyover on two level crossings at New Rohtak Road near Zakhira

3. Introduction

The construction of a flyover on two level crossings at New Rohtak Road near Zakhira was included in the Annual Plan 1982-83. The project was estimated to cost Rs. 1,853.70 lakhs including the Railway's share of Rs. 193.57 lakhs. The alignment plan was prepared by the Delhi Development Authority, in September 1980 and approved by the Delhi Urban Arts Commission, in October 1981. The work was awarded, in November 1983 and scheduled to be completed, in November 1985.

The work pertaining to construction of bridge over the railway lines was executed by the railway as a deposit work, while the construction of approach roads, a cloverleaf to avoid cross traffic from all directions and a slip road were to be executed by the Corporation.

A total expenditure of Rs. 1142.74 lakhs was incurred upto March 1989 on this work including deposits of Rs. 428 lakhs made to Railways.

3.2 Scope of Audit

The records of the work relating to the period November 1983 to March 1989 were test checked by Audit during July to September 1989.

3.3 Organisational set up

The Engineering Department of the Corporation was headed by an Engineer-in-Chief. The work was executed under his supervision by a Superintending Engineer and Executive Engineers.

3.4 Highlights

— **The work "Construction of Flyover on two level crossings at New Rohtak Road near Zakhira, New Delhi" consists of bridge across railway lines, slip road, cloverleaf and approach roads. The work was awarded, in November 1983, to be completed, in November 1985. The straight portion of the bridge was opened to traffic, in December 1987. The work relating to slip road and cloverleaf to avoid traffic from cross roads was incomplete due to failure of the Corporation to hand over the clear site to the contractor, for carrying out the work.**

— **Public notice for inviting tenders was not issued. Tender documents were issued to 13 contractors who have done works for Asiad as per list obtained from the Ministry of Transport and a private firm which had built approaches to a flyover. Without a public notice, the benefit of open competitive tenders has not been availed of.**

— **After a series of negotiations, the Municipal Commissioner recommended award of the contract to the National Buildings Construction Corporation (NBCC) a public sector undertaking which was eligible for a 10 per cent price preference. The recommendation was not accepted and the work was awarded to a private firm for a sum of Rs. 487 lakhs which was only 1.7 per cent lower than the offer of NBCC.**

— **A mobilisation advance of Rs. 48.70 lakhs was given which was Rs. 23.64 lakhs in excess of the maximum admissible amount and the recovery period was also made longer than the stipulated schedule Recovery of mobilisation advance and interest was deferred by the Engineer-in-Chief, in contravention of the agreement. Interest of Rs. 0.72 lakh recovered, in June 1986 was refunded in July 1986 without any valid authority. Recovery of mobilisation advance and interest thereon amounting to Rs. 5.61 lakhs was still due. These resulted in undue benefits to the firm.**

— **Only 85 per cent of the work was completed by August 1989 due to failure of the Corporation to remove encroachments from sites for cloverleaf and side road components of the project. The encroachments were known when the alignment was decided upon in 1982. The Corporation had to pay Rs. 18.63 lakhs as escalation charges for labour due to its inability to make a clear site available to the firm in time.**

— **Adhoc payment of Rs. 7 lakhs was made to the contractor during February to July 1986 for a deviated item of work for which design had not been approved (August 1989).**

3.5 *Award of contract* :—While notice inviting tenders was at the drafting stage, a proposal was sent to the Standing Committee by the Commissioner of the Corporation, in January 1983, for short listing of 13 contractors which the Ministry of Transport had listed for construction of flyover in connection with the Asiad, 1982 and who the Ministry considered them competent to take up the works of such a magnitude in a tight time schedule. While making the proposal, the Commissioner also added the name of one more contractor for approval on the ground that the contractor had made traffic worthy approaches to Janak Setu. This proposal was approved by the Standing Committee, in January 1983.

A decision taken by Government of India in Special cicumstances necessitating a very short time for completion of works which were necessary for the Asiad works should not have been adopted a few years later when such a compulsion did not exist.

The tender documents were issued only to a limited number of selected builders. Lump-sum tenders amounting to Rs. 250.59 lakhs based on Delhi schedule of rates (DSR) 1977 were invited from limited short listed builders, in February 1983 and opened, in March 1983.

Eleven tender documents were purchased while only four firms quoted for the work. All the contractors loaded the offer with certain conditions.

The Corporation carried out negotiations with the firms. Out of these four firms, one firm declined to participate in the second meeting. As such only three firms were left in the field.

The Commissioner, Corporation in his proposal dated 11th October 1983, recommended the award of contract to the National Buildings Construction Corporation (NBCC) on the ground that they had constructed bridges in India and abroad, and also on the strength of Ministry of Finance (BPE) letter dated 15th October 1980 which allowed a price preference up to 10 per cent to the public sector enterprises. If the preference as per orders was taken into account, the offer of NBCC was the most competitive. The recommendation was not accepted.

The work was allotted, in November 1983, to a private firm for Rs. 487 lakhs and was only 1.7 per cent lesser than that of the NBCC.

3.6 *Progress of work* :—The work which was awarded, in November 1983, was scheduled to be completed, in November 1985.

The construction of flyover consisted of a straight portion, a slip road and a cloverleaf. While the straight portion of the flyover was opened to traffic in December 1987, the slip road and cloverleaf intended to avoid cross traffic from the perpendicular roads had not been completed so far. The sites required for the construction of these portions of the project belong to Delhi Administration. The project report prepared in 1982 had taken note that some structures including a religious structure have been built thereon by encroachers. The alignment had been decided on the basis that the structures would be removed and site made available for the work. The sites had not, so far, been made available (November 1989) and the work on the slip road and cloverleaf has remained suspended since February 1988.

However, piling work for the cloverleaf had been partially done and five piers were constructed for Rs. 4.43 lakhs. The Deputy Commissioner (Engineering) stated, in December 1989, that an alternative alignment plan had been prepared to avoid the religious structure and some other encroachments. As original alignment plan is not proposed to be followed, the expenditure of Rs. 4.43 lakhs on construction of piers would be infructuous.

3.7 *Avoidable expenditure on account of escalation in cost of labour* :—The work of construction of Zakhira flyover was taken up, in November 1983, and scheduled to be completed, in November 1985. The work was still incomplete (August 1989) due to hindrances in handing over of clear site to the contractor to whom extension was granted upto December 1988 for the completion of work.

The non-clearance of the site had resulted in an avoidable expenditure of Rs. 18.63 lakhs on account of escalation in cost of labour incurred after November 1985 (scheduled month of completion) till January 1988.

3.8 *Ad-hoc payment to the contractor* :—The contractor was paid Rs. 3 lakhs in February 1986 and Rs. 4 lakhs, in July 1986, as ad-hoc payment on account of poor bearing capacity of soil under retaining wall as sanctioned by the Engineer-in-Chief.

This was a deviated item of work for which designs were required to be approved. The designs had, however, neither been approved so far (August 1989), nor sanction of ad-hoc payment of Rs. 7 lakhs had been regularised (August 1989).

3.9 *Mobilisation advance* :—(i) The Ministry of Works and Housing laid down in 1983 that mobilisation advance could be sanctioned to the contractors in respect of certain specialised and capital insation advance could be sanctioned to the contractors of the estimated cost put to tender or Rs. one crore whichever was less. The recovery of this advance was required to be made in suitable instalments commencing from the second running account bill or after 10 per cent of the work was completed whichever was earlier. The entire amount was however, to be recovered before 80 per cent of the work was completed.

The total estimated cost of the work was Rs. 487 lakhs out of which, work put to tender was amounting to Rs. 250.59 lakhs. The Corporation instead of paying the mobilisation advance of Rs. 25.06 lakhs based on cost put to tender, paid an advance of Rs. 48.70 lakhs. A sum of Rs. 23.64 lakhs had been paid in excess of what was admissible under the codal provision.

The mobilisation advance of Rs. 48.70 lakhs which should have been recovered from the payments through running account bills up to 80 per cent of the work was permitted to be recovered till 90 per cent work was completed resulting in undue benefit to the contractor.

(ii) The contractor made a request, in November 1985, that recovery of interest of mobilisation advance be suspended and interest already recovered from him after the due date of completion (November 1985) be refunded due to the failure of the department to hand over clear site due to some encroachments. The contractor was asked to execute the work on the available portion of the site, but he declined to take up work piecemeal. The Engineer-in-Chief refunded, in July 1986, a sum of Rs. 0.72 lakh deducted, in June 1986, as interest on mobilisation advance, on the assurance given by the contractor that if at any stage deduction of interest of mobilisation advance is not approved by the competent authority, the contractor will deposit the interest on mobilisation advance in lump sum. As the recovery of interest had been made as per the terms of agreement, any relaxation should have been got approved from the Standing Committee.

Although substantial payments on the basis of executed work were made up to February 1988, the recovery of mobilisation advance was suspended in March 1987 by the Engineer-in-Chief. Up to February 1988, Rs. 8.87 lakhs had become due as outstanding mobilisation advance. The Corporation recovered Rs. 5.90 lakhs as principal in the bills for the months of November, December 1987 and February 1988. Engineer-in-Chief deferred, in October 1987, the recovery of interest on mobilisation advance as the recovery of interest on advance had been referred to the arbitrator in March 1987.

A sum of Rs. 5.61 lakhs (principal Rs. 2.97 lakhs and interest Rs. 2.64 lakhs) had remained unrecovered when the work was suspended, in February 1988. The deferment of recovery of advance and interest was not got approved from the competent authority. Thus the refund of Rs. 0.72 lakh made, in July 1987, was irregular.

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

4. Construction of bridges over the railway lines

The scheme for construction of bridges after dismantling the existing narrow bridges over the railway lines with a view to provide a direct link for the traffic between S. P. Mukherjee Marg and Azad Market was cleared by the Planning Commission for inclusion in the Fifth Five Year Plan. The bridge was intended to mitigate the problems of slow movement of traffic over the narrow bridges.

The Ministry of Shipping and Transport approved the estimates for Rs. 314.30 lakhs, in June 1978. The Standing Committee of the Corporation accorded approval, in November 1978. The Railways submitted revised estimates for Rs. 468.66 lakhs, in January 1981 which were approved by the Ministry of Transport in June 1982.

Except for portions of approach roads, the work which was to be executed by the Railway as a deposit work was started, in June 1980 and the time stipulated in the estimates for completion of the work was three years.

The work had not been completed so far (November 1989). Some structures in occupation of encroachers on the proposed site had not been cleared. The completion of the work is likely to be delayed further.

Deposits aggregating Rs. 423.87 lakhs had been made with the Railways. The Corporation had not obtained an account of the expenditure incurred so far on the work. The work approved, in 1978 had not been completed so far (November 1989).

The matter was referred to the Ministry of Home Affairs, Delhi Administration and Corporation in November 1989; replies have not been received (December 1989).

Health Department

5. Irregularities in purchase of medicines

As per terms and conditions attached to the notice inviting tenders, the permissible time period between the date of manufacture of allopathic medicines and the date of tendering the stores for inspection should not exceed one year in the case of non-life items and one-sixth of the whole life period in the case of life items.

A test check of approval registers for 1987—89 of the Central Medical Store revealed that medicines worth Rs. 9.70 lakhs, which were initially rejected, as one-sixth of their life period had expired at the time of inspection, were subsequently, accepted on obtaining an undertaking from the supplier to replace the same, if necessary. The authority for accepting such medicines on the basis of an undertaking from the suppliers called for by Audit, in June 1989 was not made available.

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

Horticulture Department

6. Avoidable expenditure

It was noticed that the services of three employees working in the Horticulture Department were terminated. The prescribed codal provisions regarding disciplinary action had not been followed. The cases were not defended in the appropriate conciliation/labour courts with the result that the employees had to be reinstated during 1986-87 to 1988-89 under the orders of various courts/authorities with full back wages. The department had to incur an avoidable expenditure of Rs. 1.39 lakhs as detailed below :—

(i) The services of one mali were terminated in February 1984. The department did not file a written statement in the labour court. The court ordered reinstatement in September 1987, and payment of Rs 0.58 lakh full back wages.

(ii) One mali removed from service in 1975 was ordered to be reinstated by the Sessions Courts, in August 1979. He reported for duty, in October 1979 but was not allowed to resume duty. He was, however, taken back in service in May 1986. The Labour Court ordered in August 1988 payment of Rs. 0.34 lakh as full back wages from February 1975 to May 1986.

(iii) The services of a mali were terminated, in March 1984, without giving him any reason/proper notice and without payment of one month's salary. The department neither attended the proceedings on any date nor filed reply to the statement of claim with the conciliation officer. Labour Court ordered, in December 1987, the reinstatement of the mali with full back wages of Rs. 0.47 lakh.

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

Property-tax Department

7. Assessment and collection of Property Tax

7.1 Introduction

Under Section 113(1) of the Delhi Municipal Corporation Act, 1957, the Corporation has been empowered to levy property tax in addition to other tax. Secion 113(2) empowers the Corporation to levy an education cess which is collected alongwith the property tax.

The property tax comprises (i) water tax (ii) scavenging tax (iii) fire tax at such percentage of the rateable value of land and building as the Corporation may deem reasonable and (iv) a general tax of not less than 10 per cent and not more than 30 per cet of the rateable value of land and buildings within the urban areas, and on land and buildings in rural areas at such lower rates as may be determined by the Corporation. The Corpopration may, however, exempt from general tax, lands and buildings of which the rateable value does not exceed Rs. 1,000 (with effect from 1st April, 1985).

The property tax is to be levied on lands and buildings in Delhi except in areas falling under the New Delhi Municipal Committee (NDMC) and the Delhi Cantonment Board.

7.2 Scope of Audit

A review of 500 cases of assessments made by the Special Cell and Special Assessment Unit of the Property Tax Department was carried out by Audit during May to July 1989. Information was also called for from the Assessor and Collector who is the head of the Department.

7.3 Organisational set up

For the purpose of levy and collection of property tax, a separate Assessment and Collection office headed by an Assessor and Collector has been set up. The Special Cell is directly under the Assessor and Collector. The Special Cell deals with cases in which rateable value exceeds rupees one lakh. The Special Assessment Unit is headed by a Joint Assessor & Collector. The Special Assessment Unit deals with assessment of cases relating to cinema houses, petrol pumps, schools and colleges, commercial and industrial properties, flats under self-financing scheme and group housing societies.

For the purpose of assessment and collection of proprety tax, the territory has been divided into ten zones and seven sub-zones.

7.4 Highlights

— **The consolidated information regarding total number of properties assessable and cases of pending assessments was not available with the Assessor and Collector. As** per a study conducted by the Department of Administrative Reforms and Public Grievances, the number of undecided cases which were 0.81 lakh as on 31st March, 1984, increased to 2.11 lakhs as on 1st October 1985. Data after this date were not reportedly being compiled.

— The amount of arrears of property tax at the end of the year is not being complied. However, the budgetary document placed before the Corporation showed that the estimated arrears of property tax which were Rs. 3,187 lakhs at the end of 1984-85 increased to Rs. 3,673 lakhs at the end of 1987-88.

— New Delhi Municipal Committee had not paid its share of fire tax since 1958 and this had accumulated to Rs. 650 lakhs by 1987-88.

— No manual has been compiled laying down the procedure to be followed and records to be maintained in respect of assessment, raising of demand, recovery and accountal of property tax. In the absence of such data and analysis to identify the deficiencies of the system no effective remedial measures would be possible.

— The Engineering Department of the Corporation which approves building plans and the DDA which is a major agency for building and selling properties in Delhi are two nodal points from which information regarding new properties could be obtained in batches and utilised for updating the property registers. It had been noticed that the department had not maintained any co-ordination with the agencies. Such a co-ordination would enable the department to issue notices in respect of new properties without delay as the property tax cannot be levied prior to the date of issue of notices. 186 commercial sheds were handed over by Delhi Development Authority between 1978 and 1983. The date of handing over of possession was available in 99 assessment cases only. In all cases, there was delay in the issue of notice and consequential date of bringing these properties to tax resulted in loss of revenue of Rs. 28.37 lakhs.

— A cinema house started functioning, in April 1971 but notice under section 126 of the Act was issued for the period from April 1972. The notices for assessment were issued but final order had not been issued so far (July 1989). The department had suffered a loss of revenue of Rs. 1.80 lakhs for the period from April 1971 to March 1972 and had failed to raise a demand amounting to Rs. 25.20 lakhs from April 1972 to October 1984 when the cinema was burnt out. As assessment order and demand notice has not been issued, recovery proceedings cannot be initiated.

— There have been cases of delay in issue of notices, and assessment orders and cases of under assessment of rateable value. In six cases, there had been loss of revenue of Rs. 10.40 lakhs.

— Pass books meant for issue to assessees of property tax printed in July 1987 at a cost of Rs. 1.12 lakhs had not been issued (June 1989). An offer of a firm to print the pass books free of cost by inserting a few advertisements in the book had not been accepted.

7.5 *Collection of property tax.*—Annual accounts of the general wing up to 1987-88 had been submitted to the Municipal Chief Auditor. The annual accounts for 1988-89 had not been compiled. The provisional figures of receipt of property tax including fire tax, education cess and the total cost of collection of property tax for 1985-86 to 1987-88 and percentage of collection charges over receipts were as under :—

(Rupees in lakhs)

Year	Receipts	Collection charges	Percentage
1985-86 . . .	4675.58	173.44	3.70
1986-87 . . .	8757.61	219.66	2.51
1987-88 . . .	7785.05	323.85	4.16
1988-89 . . . (estimated)	10000.00	356.15	3.56

The percentage of collection charges over receipts which was 3.70 in 1985-86 came down to 2.51 in 1986-87 but increased to 4.16 in 1987-88.

Although the number of properties assessable to tax would have increased due to new construction, addition to existing buildings etc., during 1987-88 as compared to 1986-87, there was shortfall of actual receipts by 972.56 lakhs. The reasons for the shortfall were not intimated to Audit.

7.6 *Absence of information regarding assessable properties* :—The consolidated information regarding total number of assessable properties falling in the jurisdiction of the Corporation, number of assessment cases finalised, number of cases pending and total amount of arrears, etc., was called for by Audit from the Assessor and Collector. He, however, showed his inability to furnish such a consolidated information and called for requisite information from the zones/sub-zones (May 1989) but no information was furnished.

As per a study conducted by the Department of Administrative Reforms and Public Grievances, the number of undecided cases which were 0.81 lakh on 31st March, 1984 increased to 2.11 lakhs on 1st October, 1985. Data after this date was not reportedly being compiled.

7.7 *Arrears of property tax* :—The estimated arrears of tax as per budget documents were Rs. 3,187 lakhs at the end of 1984-85 and rose to Rs. 3,673 lakhs at the end of 1987-88. The figures for 1988-89 were not printed in the budget documents for the year 1989-90.

The information regarding arrears of propety tax was not available with the office of the Assessor and Collector. The Assessor and Collector stated in May 1989 that the information may be collected by Audit directly from the various subordinate offices. The Assessing Officer dealing with cases of the commercial and industrial premises stated, in June 1989, that they were unable to furnish this information.

7.8 *Amounts outstanding against NDMC* :—The maintenance of the fire services for the entire area of Delhi except NDMC and Delhi Cantonment area, is one of the obligatory functions of the Corporation. However, the Corporation provides fire services to the NDMC areas also and is required to recover the cost of services in the ratio of the annual rateable value of properies in their respective areas. The share of NDMC for the period 1958 to 1987-88 had been worked out by the Corporation at Rs. 650 lakhs. The recovery of this amount was yet to be made.

7.9 *Monitoring and control* :—The department had not prepared any manual laying down the procedure to be followed, records to be maintained regarding assessment, demand, recovery and accounting of property tax. A request was made by Audit in May 1989 for the supply of copies of orders laying down the procedure and the records to be maintained. Copies of orders had not been supplied till August 1989 when audit was completed. No schedule for disposal of cases by each level of officers, zones and sub-zones had been laid down. The Assessor and Collector had also not prescribed any monthly, quarterly and annual return incorpoating therein, the number of cases pending, finalised, total dues outstanding, demand raised and collections made against the demand. Neither the zones nor the headquarters consolidate the information regarding total number of properties, number of properties assessed, number of pending cases and arrears of property tax. The Assessor and Collector stated, in May 1989, that information on these aspects was not available. In the absence of a system of periodical compilation and analysis to identify the deficiencies, no effective remedial measures would be possible.

7.10 *No reconciliation of property tax receipts* :—The procedure of reconciliation of property tax receipts with those of the amounts posted in demand and collection registers had not been introduced. The department was unable to verify that the total of credits posted in the accounts of all the assessees agreed with the total receipts accounted for during the accounting period.

The Additional Tax Recovery Collector stated in June 1989, that the department would introduce the system of computerisation and such type of mistakes were likely to be eliminated with the introduction of this system. Presently, one computer had been installed in the office of the Special Assessment Unit which was utilised for the purpose of preparation of annual bills of properties already assessed and for working out the demands in case of fresh assessments relating to that unit. Another computer had been installed in the Special Cell under the Assessor and Collector which was used for issuing bills for individual assessments. No computers had been installed in other ten zones and seven sub-zones nor any proposal to instal such computers was in hand.

7.11 *Cases pending various courts* :—The number of cases pending in various courts had increased from 4718 as on 31st March 1985 to 7399 as on 31st May 1989. The number of cases pending with various courts as on 31st May 1989 were as under :

Period of pendency	Number of suits	Number of appeals	Number of High Court/ Supreme Court cases	Total
More than ten years	261	15	123	399
Between five and ten years . .	1182	53	312	1547
Between three and five years . .	458	136	189	783
Between one and three years .	794	896	356	2046
Less than one year	601	1645	378	2624
Total . .	3296	2745	1358	7399

There were 48 cases more than one year old where affidavits had not been prepared by the department (May 1989).

7.12 *Non-imposition of penalty for default in paymet* :—Under the Act, a sum not exceeding 20 per cent of the amount of tax as may be determined by the Commissioner is recoverable by way of penalty from a person who is in default for payment of tax. This is in addition to the amount of tax and the notice fee payable. The amount along with all costs and penalty is required to be recovered under a warrant of distress or by sale of movable property or attachment or sale of immovable property of the defaulter. Where the assessee liquidates tax liability through cheque and if the same is dishonoured and not paid within 15 days of the notice of default, the department can impose penalty at the rate of 20 per cent of the amount of tax.

A test check of the records of the Special Cell and Special Assessment Unit revealed that the department had not been imposing penalty for default contrary to the provisions of the Act.

The department was requested, in May 1989, to furnish the number of cases in which penalties had been imposed under the provisions of the Act and the amounts realised by way of penalty but it did not furnish the requisite information (July 1989).

7.13 *Delay in issue of notice* :—Due to delay in regular survey of prorties, the department was unable to levy the propety tax for the period prior to the year in which notices were issued resulting in loss of tax revenue. The Engineering Department of the Corporation which approves the building plans and the DDA which is a primary agency, building and selling properties in Delhi, are two nodal points from which information regarding new properties could have been obtained in batches and utilised for updating the property registers. It had been noticed that the Assessment and Collection Department had not maintained any liaison with the agencies. Such a co-ordination would have enabled the department to issue notices in respect of new properties without delay as the property tax cannot be levied prior to the date of issue of notices. A few instances of delay in issue of notices are mentioned below.

(i) DDA had allotted 186 commercial sheds in Okhla Industrial Area Phase-I, possession of which was handed over to the allottees on different dates during 1978 to 1983. Out of 186 sheds, dates of possession were available in assessment files in 99 cases only. In all these cases, there was avoidable delay in issue of notices under section 126 of the Act. The assessments in these cases were made with effect from 1st April 1984. Failure of the department in booking the property, issue of notices under the Act, non-assessment from the dates of possession falling in the period 1978 to March 1984, resulted in loss of revenue amounting to Rs. 28.37 lakhs. In the remaining 87 cases, although assessments were also made from April 1984, the loss of revenue could not be worked out due to non-availability of dates of possession.

(ii) A notice was issued proposing the rateable value of Rs. 2.50 lakhs per annum with effect from 1st April 1985 in respect of a property in Zamrudpur. The information regarding area, name and address of the allottee, date of possession and cost of plot was furnished by the Survey Cell of the Corpoartion, in November 1988. As per this information, the property was handed over by the DDA in June 1977 at a cost of Rs. 17.22 lakhs. On the basis of this information, the department could have decided the case which was not done. The department failed to decide the case till July 1989. The reasons for keeping the case pending were not on record.

Total cost of the plot worked out to Rs. 18.05 lakhs. Accordingly, assumed rateable value works out to Rs. 0.90 lakh per annum. Due to issue of notice with effect from April 1985 instead of June 1977, the department suffered a loss of revenue amounting to Rs. 2.09 lakhs (after deducting water charges of Rs. 0.35 lakh) from June 1977 to March 1985.

(iii) A notice proposing the rateable value of Rs. 13.50 lakhs per annum was iussed from April 1985 in respect of a property in Zumrudpur. In

August 1988, the Deputy Assessor and Collector, Special Assessment Unit fixed the revised rateable value at Rs. 7.66 lakhs per annum from April 1985. As per rent agreement, the premises was let out from October 1984 at a monthly rent of Rs. 0.67 lakh. The delay in issue of notice resulted in a loss of revenue of Rs. 1.44 lakhs to the department from October 1984 to 31st March 1985.

(iv) A plot of land in Masjid Moth was purchased in auction from DDA, in February 1984, at a total cost of Rs. 22.57 lakhs. Notice was issued to the owner proposing a rateable value of Rs. 5.04 lakhs per annum with effect from April 1985 which was confirmed by the assessing officer. The rateable value was challenged by the assessee and on issue of notice by the advocate, the case was re-opened by the department and the rateable value was fixed at Rs. 1.75 lakhs per annum from April 1985. Failure of the department to issue notice from February 1984 resulted in a loss of revenue of Rs. 0.84 lakh from February 1984 to March 1985.

(v) A cinema house started functioning, in April 1971. The department issued a notice. in March 1973 proposing rateable value of Rs. 7.75 lakhs per annum from April 1972 which was subsequently increased to Rs. 8.79 lakhs from April 1977 on account of erroneous valuation etc. Non-issue of notice under Section 126 of the Act for the period from April 1971 to March 1972 thus precluded the department from making assessment for the period from April 1971 to March 1972. The rateable value had been computed, in July 1986, by the Assessor and Collector at Rs. Rs. 5.54 lakhs but assessment order had not been issued so far (July 1989). Assuming that this rateable value is confirmed, the department has suffered a loss of Rs. 1.80 lakhs for the period from April 1971 to March 1972. As the department had failed to raise the demand, an estimated sum of Rs. 25.20 lakhs for the period from April 1972 to October 1984 had not been recovered. The amount recoverable from October 1984 onwards could not be computed by Audit. As assessment order and demand notice has not been issued, recovery preceedings cannot be initiated.

(vi) A notice proposing the rateable value of Rs. 52 lakhs per annum from March 1981 was issued with regard to assessment of a hotel. The case was decided fixing the rateable value at Rs. 14.58 lakhs per annum from July 1981. It was mentioned in the assessment order that completion certificate was applied for, in May 1981 but the hotel could not be started for want of licence. The annual report of the hotel for 1980-81, however, revealed that it had received an income of Rs. 19.78 lakhs on account of room rent, serving of food and beverages during March 1981 to July 1981.

As per provisions of the Act, assessment should be effective from the date of completion or occupation of building whichever occurs first. As such, the rateable value should have been decided from April 1981. Since it was fixed from July 1981, it resulted in a loss of revenue of Rs. 1.34 lakhs for April to July 1981.

7.14 *Under assessment* :—(i) A notice proposing the rateable value of Rs. 3.38 lakhs per annum from April 1977 was issued to an assessee in respect of a cinema. The proposal was revised to Rs. 5.85 lakhs per annum from April 1978. The completion certificate was applied for by the assessee in October 1976.

The case was decided working out the rateable value at Rs. 3.68 lakhs per annum which was restricted to Rs. 3.38 lakhs as the notice was served for that amount. The rateable value was given effect from September 1977 when electric connection was given. The licence to run the cinema was granted, in September 1977. The assessment of property from September 1977 instead of October 1976 had resulted in a loss of Rs. 0.86 lakh.

The department stated, in August 1989, that though the completion certificate was applied for, in October 1976, yet the building could not be used for want of electric connection and licence to run the cinema. It was also stated that higher rateable value was worked out due to inclusion of market rate of land at the time of construction and the cost of sanitary and electrical installations.

The reply of the department was not tenable. As per section 129 of Delhi Municipal Corporation Act, property has to be assessed from the date of completion or possession whichever occurs first irrespective of the consideration whether electric connection or licence was provided or not. As the completion certificate was applied for, in October 1976 by the assessee, the assessing officer cannot deviate from the provisions of the Act and assess the property from September 1977.

(ii) To decide the rateable value of two properties in Rohtak Road, Delhi, a notice was issued to the assessee proposing the rateable value of Rs. 1 lakh per annum with effect from April 1986 treating the building as rented and taking into account the prevailing market rate of rent at Rs. 5 per square foot per month for the covered area of 1845 square feet.

The case was decided, in May 1987, fixing the rateable value of Rs. 0.21 lakh per annum adopting rent at Rs. 1.05 per square foot.

A lump sum payment of tax amounting to Rs. 0.52 lakh for ten years was made by the assessee to avail the benefit of exemption from payment of property tax in future.

It was seen in Audit that an adjacent property in the same locality was assessed in June 1987 calculating the standard rent at a rate of Rs. 5.46 per square foot per month while in the instant case, the standard rent was calculated on the basis of a rent deed at Rs. 1950 per month for the covered area of 1845 square feet which worked out to Rs. 1.05 per square foot per month. Under assessment of rateable value had resulted in a loss of revenue Rs. 3.83 lakhs to the department.

7.15 *Avoidable expenditure on printing of pas book*.—The department considered the necessity of issue of pass books to the tax payer in June 1987. A firm offered to design the pass books and supply three lakh pass books free of charge after obtaining advertisements from public sector undertakings. As offer of a firm to print the pass books free of cost by inserting a few advertisements in the books had not been accepted. The Finance Department of the Corporation advised extending of the advertisements to other commercial organisations to fetch some additional revenue. As per entry in the stock register, 1.95 lakh pass books were got printed from the Municipal Press without inserting any advertisements, the reasons for which were not on record. An expenditure of Rs. 1.12 lakhs incurred on printing of pass books could have been avoided had the suggestion of the firm, as approved by the Finance Department, been implemented. Pass books were printed, in July 1987 and issued to their subsidiary units, in August and September 1988. The department had not issued the pass books to the tax payers so far (June 1989).

The matter was referred to the Ministry, the Delhi Administration and the Municipal Corporation of Delhi in August 1989; replies have not been received (December 1989).

Account Department

8. *Non maintenance of separate assets register*

As per Government of India's decision No. 7 below Rule 149 of the General Financial Rules, the grantee institution is required to maintain a register (in form GFR 19) separately in respect of each sanctioning authority, of permanent or semi-permanent assets acquired wholly or substantially out of Government grants and to furnish a copy thereof, annually, to the respective sanctioning authority.

The Municipal Corporation, however, maintained a combined register comprising assets created/acquired out of loans/grants given by the Delhi Administration and out of the Municipal Fund. The statement required to be furnished to each sanctioning authority annually, under the said rule was also not sent to Delhi Administration for each grant by the Municipal Corporation of Delhi.

The Municipal Corporation stated, in October 1989, that the Corporation had undertaken an exercise of segregating the assets acquired out of grants/loans released by Delhi Administration and the list would be forwarded to Delhi Administration.

9. Non fur ishing of utilisation certificates

Certificates of utilisation of grants are required to be furnished by the General Wing of Municipal Corporation to Delhi Administration in respect of grants-in-aid released by the latter for specific purposes specifying therein that the grants had been properly utilised on the objects for which those were sanctioned and that where the grants were conditional, the prescribed conditions had been fulfilled. It was noticed that utilisation certificates in 260 cases for a total amount of Rs. 297.78 crores had not been furnished March 1989 to Delhi Administration as per details given below :—

Year of sanction of grants	Number of utilisation certificates outstanding	Amount (Rs. in crores)
1977-78 . . .	14	7.48
1978-79 . . .	6	5.67
1979-80 . . .	7	6.59
1980-81 . . .	7	2.65
1981-82 . . .	26	4.30
1982-83 . . .	29	8.05
1983-84 . . .	34	24.25
1984-85 . . .	33	36.68
1985-86 . . .	37	46.62
1986-87 . . .	32	67.96
1987-88 . . .	35	87.53
Total . . .	260	297.78

The amount of utilisation certificates not furnished to Delhi Administration as on 31st March 1989 registered an increase of Rs. 118.83 crores as compared to the position as on 31st March 1988. Not a single utilisation certificate was furnished during April 1988 to March 1989 in respect of the grants released during 1977-78 to 1985-86. Thus the position of outstanding utilisation certificates for 1977-78 to 1985-86 continued to be the same and remained unsatisfactory.

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

CHAPTER III

DELHI WATER SUPPLY AND SEWAGE DISPOSAL UNDERTAKING

10. Augmentation of water treatment plants

10.1 **Introduction** A scheme for augmentation of the water treatment plants at Wazirabad was approved by the Ministry of Urban Development in July 1986, to be completed by the Undertaking within two years from the date of award of work. The scheme included three major items of work (i) construction of 40 million gallons per day (MGD) water treatment plant at Wazirabad adjoining the existing plant; (ii) providing, laying and joining 1500 mm diameter trunk transmission main from Wazirabad to Naraina reservoir; and (iii) construction of an effluent pumping station at the Okhla sewage disposal works and the laying of a 1500 mm diameter transmission main up to Tilak bridge.

The scheme did not envisage drawal of any additional raw water from the Yamuna. The Central Public Works Department (CPWD) are drawing 40 MGD raw water from the Yamuna near Rajghat power house for gardening. On completion of the above works, CPWD was to be supplied an equal quantity of treated effluent from Okhla sewage treatment plant for gardening so that the raw water is available for drinking.

The work regarding construction of 40 MGD water treatment plant was divided into two parts and was allotted to two contractors. The scheme was stipulated to be completed by April 1989. But the Superintending Engineer stated in December 1989 that it was likely to be completed by March 1990.

10.2 Scope of Audit

A test check of the records relating to the allotment of works and expenditure incurred thereon from 1986-87 to 1988-89 was conducted by Audit in July and August 1989.

10.3 Organisational set up

The civil, electrical and mechanical works relating to the scheme were being got executed through contractors under the supervision of three Executive Engineers under the control of respective Superintending Engineers and Chief Engineers.

10.4 Highlights

- **A public utility scheme for augmentation of water treatment plants at Wazirabad was approved in July 1986. The work was to be completed within two years of award of work. There had been delays ranging from 8 to 14 months in the award of various components of works. The pace of construction has been slow as progress of different components ranged from zero to 75 per cent till June 1989. Augmentation of water supply has thus been considerably delayed.**

- **The tenders for supply of pre-stressed concrete and hume pipes were opened, in August 1986 but supply orders were issued in June 1987, in case of pre-stressed pipes and of hume steel pipes in March 1987. In both the cases, the orders for the full quantity had not been placed with the lowest tenderers. Negotiations were held and the lowest tenderer, in both the cases, received orders for a part of the supply. Other parties were given orders at higher negotiated rates. The Undertaking paid an avoidable extra payment of Rs. 45.42 lakhs.**

- **One of the parties did not accept the supply order and the Undertaking called for fresh tenders for 4750 metres of pre-stressed pipes which were opened in November 1988. Negotiations were held and orders issued in April 1989. The lowest tenderer was given an order for 50 per cent of the quantity and the other tenderer supplied 50 per cent of the quantity at higher rate. The Undertaking paid an avoidable extra payment of Rs. 7.24 lakhs. Injudicious split up of orders for supply had resulted in extra expenditure of Rs. 52.66 lakhs.**

- **A lowest bidder for the construction of pumping station at Okhla was permitted to revise upwards his quotation after the tenders had been opened on the plea that he was not aware of the corrigendum to the**

notice inviting tenders. There was evidence that the corrigendum had been received by him well before the date of tenders. This undue favour to the contractor resulted in extra payment of Rs. 2.60 lakhs.

- **There was no condition of advance payment in the notice inviting tenders. Advance payment of Rs. 20 lakhs each was made to two contractors. Whereas interest from one contractor was charged at the rate of 18 per cent per annum, the other contractor albeit a public sector undertaking, was given an interest free advance resulting in a subsidy of Rs. 2 lakhs.**

- **One of the two similar works relating to laying and joining of 1500 mm dia pipes was awarded at a higher rate as compared to the other work allotted during the same period under the same scheme. This involved an extra expenditure of Rs. 11.49 lakhs.**

- **Advances amounting to Rs. 160.11 lakhs paid during December 1986 to March 1989 for deposit works remained unadjusted. Works against which advances worth Rs. 55.85 lakhs were paid, had not yet been started.**

10.5 *Financial outlay* :—The scheme was approved by the Ministry of Urban Development in July 1986 at an estimated cost of Rs. 2,267 lakhs.

Budget estimates and actual expenditure incurred were.—

(in lakhs of Rupees)

	Budget allocation	Actual expenditure	Saving
1986-87	300.00	28.35	271.65
1987-88	475.00	461.65	13.35
1988-89	1153.00	971.37	181.63

The saving was mainly due to delay in award of work and subsequent delay in execution of work.

10.6 *Delays in award of works.*—The Undertaking took 8 to 14 months in the award of important components of works as detailed below :—

	Month in which NIT was issued	Month in which tenders were opened	Month of award of work	Delay in award of work (in months)
Construction of 3rd 40 MGD water treatment plant at Wazirabad	July 1986	January 1987	September 1987	14
Supply of 1500 mm PSC pipes	August 1986	August 1986	June 1987	10
Construction of 40 MGD effluent pumping station at Okhla	July 1986	August 1986	May 1987	10
Supply of 1500 mm HS pipes	July 1986	August 1986	March 1987	8
Supply of equipment erection and commissioning of clear water pump house at Wazirabad	July 1986	October 1986	September 1987	14
Supply of equipment erection and commissioning of 40 MGD effluent pumping station at Okhla	July 1986	October 1986	September 1987	14

10.7 *Delay in completion of works*:—The progress of the nine works as indicated by the Executive Engineers concerned pointed out that the progress had been very slow as may be seen from the following table :—

	Number of delayed cases	Stipulated date of completion	Percentage of work done upto June 1989
1	2	3	4
Construction of 3rd 40 MGD water treatment plants at Wazirabad	2	April 1989	70
Supply of equipment erection and commissioning of clear water pump houre at Wazirabad	1	October 1988	52
Laying and jointing of 1500 mm dia PSC/HS pipes from Wazirabad to Rohtak road	2	October 1988	59 and 49
Construction of 40 MGD effluent pumping station at Okhla	1	May 1988	75
Laying and jointing of 1500 mm PSC/HS pipes from Okhla to Tilak bridge	2	(i) October 1987 (ii) November 1987	(i) 58 (ii) Not yet started
Supply of 1500 mm PSC pipes	1	November 1988	18.50

The Executive Engineer stated, in August 1989, that the delay in execution of works was mainly attributable to the delayed submission of drawing and designs by the contractors and consequential delay in approval by the Undertaking; delayed procurement of pipes; site difficulties and inadequate arrangement of labour and material in case of laying and jointing of pipes; cement and steel shortage and incapability of two contractors in the case of supply of pipes.

The agreements with the contractors made them responsible for submitting designs and drawings but were silent about the time within which these were to be submitted and within which these were to be approved by the Undertaking. The failure to specify the time frame in the agreements had contributed to the delay in completion of the work.

Cement and steel were stock items and the delay in supply of these items could have been avoided by proper coordination.

10.8 *Purchase of pipes*:—Separate tenders for supply of pre-stressed concrete (PSC) and hume steel (HS) pipes each of 1500 mm dia were opened in August 1986. Firm 'A' had quoted the lowest rate of PSC pipes but the orders for the full quantity of 19000 metres put to tender was not awarded to the firm but negotiations were carried out with three firms including firm 'A'. The orders for supply of 30 per cent of the quantity was placed on firm 'A' in June 1987 at the quoted rate of Rs. 2846.71 per metre. Firm 'B' was ordered to supply 20 per cent of the quantity at a rate of Rs. 3091.09 per metre. Firm 'C' was ordered to supply 50 per cent of the quantity at a rate of Rs. 3273.81 per metre. The rates of both these firms were higher than the lowest quoted rates of firm 'A'. By not placing orders on firm 'A' for the full quantity, the Undertaking incurred an extra liability of Rs. 40.57 lakhs in respect of order placed on firm 'C' and Rs. 9.29 lakhs on the order placed with firm 'B'.

Firm 'B' however, did not enter into the agreement and did not supply 3800 metres of the pipes allocated to it. To meet the deficiency of pipes and other requirements, a tender for 4750 metres of the PSC pipes of the same dia was called for and opened in November 1988. The same three firms responded and the quoted rate of Rs. 3518.75 per metre of firm 'A' was the lowest. However, negotiations were carried out with firm 'A' and 'C'. Firm 'B' was not considered in view of its earlier unsatisfactory performance. The order for 50 per cent of the quantity was placed, in April 1989, with firm 'A' and 50 per cent with firm 'C' although its negotiated rate of Rs. 3823.49 per metre was higher than the rate of firm 'A'. The Undertaking thus had to incur extra expenditure of Rs. 7.24 lakhs by not placing an order for the full quantity on the lowest bidder.

In response to the tenders invited, in July 1986, for the supply of 5500 metres of 1500 mm dia HS pipes, four firms had responded which included firms 'A' and 'B' which had competed for the supply of PSC pipes also. The rate of firm 'B' was the lowest. Firm 'A' was considered incapable of making the supply. Negotiations were held with the other three firms. Firms 'B' and 'D' agreed to supply pipes at the same rates. Supply order issued, in March 1987 was split up in 60:40 (ratio) among firms 'B' and 'D'. While placing the orders, the difference of sales tax which was 7 per cent in the case of firm 'B' and 4 per cent in the case of firm 'D' was ignored. The effective rate of firm 'B' was higher and the Undertaking paid an extra sum of Rs. 4.85 lakhs.

The proposals for split up of supply of PSC pipes indicated that firm 'A' had stated after the opening of the tenders that it was not in a position to supply the full quantity. By permitting a bidder to reduce the quantity of supply unilaterally, the sanctity of the tendering system had been lost.

The stated reasons for split up of the order of HS pipes were to get expeditious supply. The purpose had not been served as firm 'B' had not completed the supply (August 1989).

Thus, the splitting up of supply orders in the three cases and awarding those at higher rates to other than the lowest tenderer had resulted in an avoidable extra expenditure of Rs. 52.66 lakhs.

10.9 *Irregularity in lump-sum contract* :—National Buildings Construction Corporation had offered at the time of bid, in January 1987, to instal clariflocculators of Richardson and Cruddas make which did not conform to the tender requirement. The firm during negotiation offered to instal "Dorr" make equipment according to tender requirement on the condition that it would charge Rs. 10 lakhs over and above the amount quoted in the tender. During negotiation, this offer was accepted by the Water Supply Committee without verifying the rates from the manufacturers. Payment of extra cost of Rs. 10 lakhs for clariflocculators instead of actual difference between the market rate prevailing at the time of opening the tenders was irregular.

Executive Engineer's reply that the firm agreed to supply "Dorr" make equipment at an extra payment of Rs. 10 lakhs was not tenable as there was nothing on records regarding verification of the market rate at the time of acceptance of tenders.

10.10 *Avoidable extra expenditure in award of work*:—With regard to work "Construction of 40 MGD pumping station at Okhla including effluent channel and sump-well", it was noted that the date of receipt of tenders was 29th August 1986 and were to be opened on the same day. A corrigendum regarding soil conditions was issued on 26th August 1986. The said corrigendum was received by all those to whom the tenders were issued, three days before the opening of tenders. Out of five tenders received, offers of first three lowest tenderers were Rs. 29.29 lakhs, Rs. 33.14 lakhs and Rs. 38 lakhs respectively.

The firm whose tender was received on 29th August 1986, stood the lowest at Rs. 29.29 lakhs, stated in the meeting of the Technical Committee held on 19th December 1986 that their offer was made not inclusive of effect of corrigendum regarding sub-soil conditions. The firm was given an opportunity to revise its offer. The firm revised the offer at Rs. 32.10 lakhs on 26th December 1986 which was for a rate lower than the second lowest bidder.

In order to have more competitive rates, the Technical Committee decided to call the tenderers for negotiations, in January 1987 and negotiated rate of Rs. 31.89 lakhs of the same lowest tenderer, was considered reasonable and recommended for acceptance. This was accepted by Water Supply Committee on 12th March 1987.

The circumstances under which a statement of the lowest bidder made nearly after four months of opening of the tenders was accepted and was allowed to revise the rate upwards had not been explained.

The irregularity of allowing the lowest bidder to revise the bid upwards when the corrigendum was already received by the firm three days in advance of the the date of opening of the tenders had, thus, resulted in an avoidable extra expenditure of Rs. 2.60 lakhs.

10.11 *Undue favour to a contractor* :—A part of work "Construction of 40 MGD Water treatment plant at Wazirabad" was allotted to National Buildings Construction Corporation (NBCC) in September 1987. NBCC requested the Undertaking for financial support for speedy progress of the work. Payment of the work was to be made on percentage basis. The Water Supply Committee accepted the request, in January 1989, and suggested the allotment of funds on the basis of monthly requirement. The following sums were, however, placed at the disposal of the NBCC for the period noted against each without any proper assessment.

Amount	Period during which availed
(Rupees in lakhs)	
10.00	December 1988 to March 1989
20.00	March to July 1989
18.00	July to August 1989

A part of the above mentioned work was also allotted to a private company, in September 1987 to whom mobilization advance of Rs. 20 lakhs was sanctioned, in July 1989, on which interest at the rate of 18 per cent was chargeable.

There was no condition in the agreement for making the payment of advance to either of the contractors. The grant of advances to both the contractors was an unintended benefit not contemplated in the original tender notice. There was no justification in not charging interest from NBCC when interest from the other contractor was charged at the rate of 18 per cent per annum. Non-charging of interest from NBCC resulted in loss of revenue amounting to Rs. 2 lakhs to the Undertaking (up to the end of August 1989).

The Undertaking's version that the NBCC being a Government agency, interest was not required to be charged, was not tenable as NBCC had competed for the work as a commercial Undertaking and there were no orders for giving any benefit to such an organisation.

10.12 *Award of similar type of work at higher rates* :—The work of laying and jointing of 1500 mm dia PSC|HS pipes from Wazirabad plant to Rohtak Road (14.5 kms.) was split-up in two parts (i) from Wazirabad treatment plant to Model Town, (ii) from Model Town to Rohtak Road. The works were awarded to two contractors at negotiated rates of 64 per cent and 64.99 per cent above the estimated cost of Rs. 38.49 lakhs and Rs. 34.40 lakhs respectively against the departmental justification rate of 70.99 and 64.70 per cent above the estimated cost based on Delhi Schedule of Rates 1981.

Similar type of work of "Laying and jointing of 1500 mm dia PSC/HS pipes from Okhla effluent channel to Tilak bridge" was also divided in two parts from (i) Okhla to Barapulla Nalla, (ii) Barapulla Nalla to Tilak Bridge and awarded to two contractors during the same month at 47.99 per cent and 49.50 per cent above the estimated cost of Rs. 27.54 lakhs and Rs. 38.03 lakhs based on Delhi Schedule of Rates 1981 respectively.

The award of similar type of work relating to one and the same scheme during the same period at different rates had thus resulted in extra expenditure of Rs. 11.49 lakhs (Rs. 6.16 lakhs on part I and Rs. 5.33 lakhs on part II of the former work)

The Executive Engineer's reply that the work cannot be compared with other sizes and other alignments was not tenable as the size of pipes laid for both the works was the same. It is a normal practice that the rates accepted for a work are compared to similar nature of work undertaken during the same period.

10.13 *Advances given for deposit works.*—It was noticed that advances aggregating Rs. 160.11 lakhs had been paid during 1986-87 to 1988-89 by two divisions of the Undertaking to Delhi Electric Supply Undertaking, Delhi Administration, Municipal Corporation of Delhi and Railways for execution of certain works. The advances were given for execution of deposit works pertaining to construction of bridges across drains, road restoration and shifting of poles etc.

Out of Rs. 160.11 lakhs, Rs. 55.85 lakhs related to nine items of works for which construction had not even started (August 1989). Even the cases in which remaining advances aggregating Rs. 104.26 lakhs were paid, had not been got adjusted for the periods ranging from 14 to 32 months (August 1989).

The Executive Engineer stated in August 1989 that all such payments had to be made well in advance along with the approval of alignment. Failure of timely allotment of works had resulted in delay in completion of works and had led to blocking of funds to the tune of Rs. 160.11 lakhs.

10.14 *Check of measurement by the prescribed higher authorities* :—Measurements recorded in respect of all hidden items, items of high unit rates and all important items are required to be checked cent per cent by an officer of the rank of Assistant Engineer or Executive Engineer. No such check was, however, exercised during the execution of the following works which included either hidden or high unit rate items :—

(i) Construction of water treatment plant at Wazirabad

(ii) Construction of Okhla effluent pumping station

(iii) Laying and jointing of 1500 mm dia PSC|HS pipes from Wazirabad treatment plant to Rohtak Road and Okhla effluent channel to Barapulla Nalla.

Executive Engineer's reply that there was no practice of conducting 100 per cent check for such items was not tenable in view of clear provisions in CPWD manual which is being followed by the Undertaking.

The matter was referred to the Ministry of Home Affairs and Delhi Administration in October 1989; replies have not been received (December 1989).

11. Construction of water treatment plant, North Shahdara

A project to construct 100 million gallons per day (MGD), water treatment plant at Shahdara North and ancilliary works was sanctioned for Rs. 1,804 lakhs by the Delhi Water Supply and Sewage Disposal Committee in September 1977. The project was expected to be completed by March 1979. It was intended to meet the supply of water to trans-Yamuna area, Civil Lines and South Delhi. The plant was commissioned with a capacity of 50 MGD, in June 1984 and capacity of 50 MGD was added in phases up to April 1986. The total expenditure incurred on the project was Rs. 23.47 crores.

The project consisted of construction of 100 million gallons per day water treatment plant, pumping sets, water mains, reservoirs, etc. The works were awarded to National Buildings Construction Corporation (NBCC) limited, a public sector undertaking, in September 1980. The works were to be completed by March 1983. Some works were left incomplete or not done at all. A case between NBCC and the Undertaking had been pending with the arbitrator since 1985.

The appurtenent works were, however, still under construction and an amount of Rs. 355.68 lakhs had been spent after 1985-86 till January 1989.

The construction work of water pump house including pump, intake channel, etc. which was awarded to a private contractor at a lump sum cost of Rs. 170 lakhs was to be started from October 1982 and to be completed, in January 1984. The work was completed, in February 1987. The contractor had to be granted extension due to non-completion of other connected works which could not be completed to enable the contractor to take up his work. During the extended period the wages of labour increased and the department had to pay labour escalation amounting to Rs. 7.99 lakhs to the contractor. Had the execution of related works been properly planned and coordinated, payment of Rs. 7.99 lakhs escalation charges could have been avoided.

The construction of canteen building attached to 100 MGD plant was completed at a total cost of Rs. 5.12 lakhs in September 1988.

It was observed that the canteen building was not put to use till August 1989. This resulted in blocking of funds to the extent of Rs. 5.12 lakhs.

A test check of the records of the Construction Water Division I revealed that adjustment of advances amounting to Rs. 232.10 lakhs paid during March 1981 to October 1985 to various agencies in connection with the work relating to 100 MGD water treatment plant were still pending as on 31st July 1989 although the major work of the said plant stood completed in April 1986.

It was, further, observed that neither fortnightly reports of the outstanding advances were sent to the Finance and Accounts wing of the Undertaking regularly as required in the Undertaking's circular dated 9th October 1985 nor an effective follow up action was taken to get the advances adjusted.

A test check of the records of payments to the Uttar Pradesh Jal Nigam revealed that a sum of Rs. 141.72 lakhs was paid on adhoc basis during 1983 to 1989 towards the maintenance of raw water conduit and settling tank. No agreement had been entered into with the Jal Nigam regarding payment of charges for maintenance of raw water conduit and settling tank. The Undertaking had not certified|stated anywhere whether the adhoc payments were reasonable.

To sum up,

- **The failure of the Undertaking to properly plan execution of allied works had led to payment of escalation of labour charges amounting to Rs. 7.99 lakhs.**
- **A canteen building completed, in September 1988, at a cost of Rs. 5.12 lakhs had remained unutilised.**
- **Advances aggregating Rs. 232.10 lakhs paid to various agencies during March 1981 to October 1985 in connection with the work had been lying outstanding for over four to seven years.**
- **The Undertaking had paid Rs. 141.72 lakhs as a share of the cost of maintenance of raw water conduit and settling tank to the UP. Jal Nigam without agreement and examining the reasonableness of the claim.**

The matter was referred to the Ministry of Home Affairs, Delhi Administration, Corporation and the Undertaking in October 1989; replies from the Ministry and Delhi Administration have not been received (December 1989).

CHAPTER IV

DELHI ELECTRIC SUPPLY UNDERTAKING

12. Power and distribution transformers

12.1 Introduction

Transformers form an important link between power generation and transmission system on one hand and between transmission system and distribution system on the other. Transmission and distribution of power over long distances from generating stations to load centres necessarily involve the stepping up and stepping down of voltages by the use of transformers. An adequate transmission system is necessary for keeping down the system losses to the minimum and improving the reliability of the system as a whole.

Eleven KV is the distribution voltage in the Union Territory of Delhi and demand of the consumers is met on 11 KV|LV system.

The removal of a transformer from a system due to failure, results in overloading of other units and may pose system constraints. Fault free operation of a transformer is, therefore, important both for power supply and distribution network. Timely repairs and overhauling of transformers not only prolong their life but also avoid system disturbances.

12.2 Scope of Audit

The records for the years 1985-86 to 1988-89, as maintained by two store depots dealing separately with power and distribution transformers, two out of six circles of the Distribution and Maintenance Department, the Power Transformers Repair Workshop at Okhla and the Scrap Transformers stores at Rohtak Road|Rampura were test checked by Audit during April—July 1989.

12.3 Organisational set-up

The Transmission and Distribution Department which is responsible for the proper usage and maintenance of power and distribution transformers at various sub-stations is headed by the Chief Engineer (Distribution). The department has been divided into six circles under the charge of Additional Chief Engineers. There are six main store depots under the charge of Executive Engineers, out of which two deal separately with new power and distribution transformers and one with scrap distribution transformers.

12.4 Highlights

- **The number of transformers owned by DESU those installed on line, kept as standby, awaiting repairs, disposal, etc. were not available with the Chief Engineer (Distribution). In the absence of these details, there could not be any effective control or planning for purchases of transformers, their utilisation, repair, overhauling, etc. The details of power transformers were partially made available to Audit.**

- **Proper arrangements for various tests and Overhauling of power transformers had not been made. There were 112 power transformers more than six years old and had become overdue for overhauling during 1988-89. A 100 MVA power transformer costing Rs. 100.40 lakhs failed within three years of installation. The Enquiry Committee pointed out that some requisite tests which could have pointed out the faults at early stages had not been carried out.**

- **Six power transformers valuing Rs. 143.28 lakhs were commissioned after their warranty period of 12/18 months had expired. Thirteen power transformers valuing Rs. 199.77 lakhs had been declared as scrapped within 3 to 17 years which was much below the expected life of 35 years.**

- **Out of 4200 distribution transformers which were in the system as on 31st March 1987, 296 failed during 1986-87. The percentage of failure during the year was 7.04. With proper maintenance, the failure should not exceed three to four percentage. During 1985-86, 310 distribution transformers of various capacities failed and 280 failed during 1987-88. Nine power transformers costing Rs. 189.77 lakhs had been lying from one to five years without being repaired or overhauled, which had not been taken up for want of spare windings or requisition to repair transformers from sub-stations.**

— **Out of 4735 distribution transformers, 1207 (25.49 per cent) costing Rs. 972.68 lakhs failed during the guarantee period itself. As many as 353 distribution transformers costing Rs. 121.36 lakhs had failed during the guarantee period and had been lying in store depot unrepaired|unreplaced since 1984 and onwards.**

— **As per a survey conducted in 1986-87, 2215 distribution transformers of various capacities were awaiting repairs. No arrangements had been made by DESU for repair of these transformers till date (July 1989).**

— **Scrapped distribution transformers dumped at a scrap store depot for disposal revealed that out of 985 transformers, 721 i.e. 73.20 per cent had failed within 12 years from the date of commissioning i.e. without completing half of their expected life of 25 years and 36.35 per cent of the transformers had failed even before completing one fifth of the prescribed life. As many as 985 distribution transformers had been lying in the store depot for one to 13 years. A sum of nearly Rs. 246.25 lakhs which was expected to be realised by their disposal had thus been blocked.**

— **Records of Scrap Store Depot revealed that 1.24 lakhs litres used transformer oil had been lying unrefined|undisposed of for period upto five years. The value of recoverable oil was estimated at Rs. 13.62 lakhs.**

12.5 *Planning control and monitoring* :—The budgetted and actual expenditure incurred on purchases, repair and maintenance of the transformers during 1985-86 to 1988-89 was called for, in August 1989 from the Financial Adviser and Chief Accounts Officer, but there have been no response from him. The information was also not available in the office of the Chief Engineer (Distribution).

The number of transformers in the possession of DESU, those installed on line in the system, those kept as standby off the line, those awaiting repairs or overhauling outside the system were also not available with the Chief Engineer. He asked the Additional Chief Engineers, in May 1989, to furnish the information who, in turn, wanted Executive Engineers subordinate to them to furnish the information. However, only partial information in respect of power transformers was supplied to Audit by the various Executive Engineers.

It was noticed that there was no arrangement to collect, compile, process, monitor and analyse the data/information regarding the performance of the transformers of various capacities received from a number of suppliers.

Details regarding schedule of periodical repairs and overhauling were also not available with the offices of the Chief Engineer and Additional Chief Engineers and Executive Engineers.

In the absence of details of schedules of tests and overhauling, it is not understood as to how plans for repairs, overhauling, condemnation and disposal of scrapped transformers could be drawn up.

12.6 *Non-maintenance of history cards of transformers* :—The history cards of power as well as distribution transformers were not maintained by respective executive engineers though required to be maintained as per decision taken in a meeting held, in January 1984. In the absence of these cards, the following points could not be verified by Audit : delay in commissioning of transformers, performance, of transformers, the period for which the transformers remained idle, periodical test, overhauling and maintenance of the transformers at sub-stations and movement of damaged transformers.

It was observed that at sub-stations, general diaries were being maintained wherein the entries in chronological order regarding the maintenance of transformers, the results of oil sample tests, oil filteration, dehydration of power transformers, etc. were being made. Thus the tests, the details of repairs, change of parts and accessories made in a particular transformer over a number of years could not be found out unless the diaries of all the relevant years were referred to and the items separately listed out. Two or three diaries were used every year. Diaries of earlier years were not readily available. Transformers were sent to DESU workshop at Okhla without history cards.

12.7 *Preventive testing and maintenance* :—It is imperative to keep track of the location and condition of each transformer. It was, however, observed that the existing control methods were imperfect with the result that premature failure of transformers was a regular feature in DESU. As per the Bureau of Indian Standards code of practice for selection, installation and maintenance of transformers, it is necessary to assess the operating conditions of transformers by periodic testing and other monitoring techniques. Detection of faults at incipient stages and initiation of corrective measures, would save transformers from being burnt out. A rigid system of inspection and preventive maintenance ensures long life, trouble free service and low maintenance cost. Maintenance consists of regular inspection, testing and reconditioning where necessary. The degree of attention and maintenance varies with the service conditions and load cycle of the transformer.

Records are required to be kept of each transformer giving details of all inspections and testing made and of unusual occurrence.

The periodicity for conducting the important tests has been recommended by the Bureau of Indian Standards but these were not being observed by DESU. The periodicity for overhauling of the transformers had also been prescribed. Information regarding the exact number of transformers due/overdue for overhauling and reasons for delay in their overhauling were called for in May-June 1989 but was not furnished (November 1989).

Some cases noticed as a result of test check in which periodical tests, timely overhauling of power transformers were not done, are given below :

(i) *Periodical tests and overhauling* :—In seven sub-stations (220 KV), 31 power transformers were in operation on 1st April 1989. It was observed that only three tests i.e. dissolved gas analysis, insulation resistance test and earth resistance test were being carried out as per schedule. The other tests were not carried out. It was intimated by the Superintending Engineer that the tests in question are carried out only when the transformer trips on account of some faults. The Superintending Engineer further stated that low voltage impulses test, bushing tests, core loss measurement tests could be carried out at the time of overhauling. The overhauling of transformers on line was not done as proper arrangements and spare transformers were not available.

(ii) *Absence of preventive testing and maintenance leading to premature failure of a power transformer* :—A power transformer of 100 MVA capacity costing Rs. 100.40 lakhs was installed/commissioned at Patparganj sub-station, in February 1985. The transformer tripped on 17th April 1988 was tested by the officials of the Transformers Repair Workshop on 19th April 1988. The estimated cost of repair, as intimated by the supplier, was Rs. 85 lakhs. The decision whether the transformer should be got repaired or declared as scrap was still to be taken (July 1989). A Committee consisting of Chief Engineer (Generation) and Additional Chief Engineer (Distribution) and Training observed, in June 1988 that gas chromotography tests had been conducted in June 1985 and thereafter, in August 1987 i.e. after two years even when acetylene formation had been indicated in the test of June 1985, the Committee felt that gas chromotography of the oil should have been carried out after every quarter. Further, the oil testing had not been carried out in respect of this transformer after its installation and commissioning except for breakdown test.

The Committee observed that normal life of a power transformer is 35 years but the transformer, in question, failed in a period of a little over three years. Since construction details of the transformer, were not available with DESU, the Committee could not come to any definite conclusion about the possible design deficiency.

It is thus evident that preventive testing and maintenance had not been carried out regularly. As a result, the faults could not be detected at incipient stages which resulted in failure of the transformer costing Rs. 100.40 lakhs.

(iii) *Non-overhauling of transformers* :—As per Bureau of Indian Standards code of practice for selection, installation and maintenance of transformers, the periodicity for overhauling should be ten years for power transformers of over 3000 KVA capacity and seven years for 3000 KVA and less. There were about 208 power transformers in the system in DESU out of which 96 were purchased during 1983-84 to 1988-89. Thus, 112 power transformers were older than six to seven years. These had become overdue for overhauling. Only 18 power transformers were overhauled during 1983-84 to 1988-89.

The distribution transformers should be overhauled every five years. DESU had 4200 transformers below 1000 KVA capacity as on 31st March 1987. The Chief Engineer (D) was requested, in May 1989, to intimate/show the records relating to the overhauling of distribution transformers but not even a single case out of 4200 transformers was shown where overhauling was done. A detailed reply from the Chief Engineer (Distribution) had also not been received (December 1989).

12.8 *Delay in commissioning of power transformers* :—The following power transformers were Commissioned after their warranty period of 12/18 months had expired.

Serial number of power transformers and capacity	Date of issue from store	Year of commissioning	Cost (Rupees in lakhs)
2604/5 25 MVA	September 1984	1986	21.18
2604/3 25 MVA	September 1984	1986	21.18
2759/2 20 MVA	March 1986	1988	29.46
2759/3 20 MVA	March 1986	1988	29.46
2846/1 16/20 MVA	November 1986	1988	21.00
2846/2 16/20 MVA	November 1986	1988	21.00
		Total	143.28

12.9 *Premature failure of power transformers* :—Out of the transformers received in the Okhla workshop for repairs between 1984-85 and 1988-89, 13 transformers costing Rs. 199.77 lakhs were declared as scrapped. These had failed within 3 to 17 years which was much below the expected life of 35 years. The details and cost of the transformers are given below :

Number of transformers failed	Capacity	Life span	Cost (Rupees in lakhs)
3	20 MVA x 1 10 MVA x 2	3 to 5 years	37.49
5	10 MVA x 2 50 MVA x 3	5 to 10 years	99.03
5	5 MVA x 2 15 MVA x 2 10 MVA x 1	13 to 17 years	63.25
		Total	199.77

The files relating to investigation made for ascertaining the reasons for premature failure were called for by Audit, in May 1989 but were not made available.

12.10 *Overall failure rate* :—Out of 4200 distribution transformers which were in the system as on 31st March 1987, 296 failed during 1986-87, the rate of failure being 7.04 per cent. It was noticed that 310 transformers failed in 1985-86 and 280 in 1987-88. The failure percentage of transformers should normally not exceed three to four per cent with proper maintenance. Higher percentage of failure imposes a heavy financial burden on DESU.

12.11 *Transformers repair workshop* :—A Transformers repair workshop was established at Okhla Industrial Area by DESU in 1984-85 to repair and overhaul power transformers up to 50 MVA capacity.

During the period 1984-89, the workshop had repaired 22 power transformers and overhauled 18 transformers. Fifteen power transformers were awaiting repairs/overhauling as on 31st March 1989. Thus the workshop had on an average repaired 4.4 and overhauled 3.6 transformers in a year. Three transformers out of 22 repaired, failed again within a period ranging from 2 to 27 months from the date of their re-installation. Sixteen employees including one executive engineer and three assistant engineers were on the strength of the workshop.

The estimates for works carried out during 1984-85 to 1988-89 by Okhla workshop were not prepared. The job card system was not followed. In the absence of the details, cost of material and proportionate expenditure on manpower utilised in the repair and overhauling, etc. of the transformers, the overall cost or the cost of unit of the work done could not be ascertained.

Four transformers of various capacities costing Rs. 72.74 lakhs received in Okhla workshop during June 1984 to May 1988 were lying unrepaired (July 1989). All these transformers were reported lying unrepaired for want of spare windings. The reasons as to why the Chief Engineer (Distribution) under whom the workshop functioned, could not procure the windings for such long periods were not intimated to Audit.

Two power transformers received for overhauling in December 1987, two in March 1988 and one in November 1988 had remained unattended (July 1989). The Executive Engineer in charge of the workshop stated that the work would be taken when demand for transformers was received in the workshop. Had the overhauling been done soon after the receipt of the transformers, these could have been released and transformers due for overhauling sent to workshop.

Orders for purchase of one oven and one crane were placed for the workshop, in July and August 1987 respectively. These (valuing Rs. 4.81 lakhs) were received, in December 1987 and March 1988 respectively and were lying in open awaiting utilisation (June 1989). These could not be put to use before the civil and mechanical works of the workshop were completed. The purchase had been made much in advance of requirement. Thus funds to the extent of Rs. 4.81 lakhs had been blocked. Moreover, the condition of equipment is likely to deteriorate with the passage of time.

12.12 *Failure during guarantee period*.—New distribution transformers on purchase are received at Okhla Store Depot from where these are issued to various sub-stations for installation. If a transformer fails during the period of guarantee which is normally five years from the date of installation or 5-1/2 years from the date of receipt at the store depot, due to manufacturing defects, it is the responsibility of the Okhla Store Depot to get it repaired/replaced. After the guarantee period, it is the responsibility of the concerned sub-station to get it repaired or if it is irrepairable to send it to Rohtak Road/Rampura Scrap Store Depot.

As many as 4735 distribution transformers of various capacities (costing Rs. 5772.06 lakhs on the basis of current rate) were purchased during April 1980 to December 1988. Out of 4735 transformers, 1207 failed during the guarantee period. Overall failure percentage was 25.49 as detailed below:

Capacity	Number of transformers received	Number of those failed within the guarantee period	Cost	Percentage
			(Rupees in lakhs)	
100 KVA .	1365	659	177.27	48.28
315 KVA .	55	8	12.19	14.55
400 KVA .	1291	393	518.76	30.44
630 KVA .	1401	95	161.50	6.78
1000 KVA .	623	52	102.96	8.3
Total . .	4735	1207	972.68	25.49

The records of Okhla Store Depot showed that these transformers failed due to internal faults. The detailed survey reports indicating the cases of failure were not made available to Audit. As distribution transformer repair workshop had been closed in 1983, the transformers which failed were lying at site.

As many as 353 tansformers of various capacities supplied by four firms at a cost of Rs. 121.36 lakhs failed from 1984-85 to 1988-89 within the guarantee period and were lying in Okhla Store Depot unrepaired/unreplaced.

As per terms and conditions of the relevant purchase orders and indemnity bonds furished by the suppliers cocerned they were required to lift the failed transformers within 15 days of the receipt of intimation ot failure and were to return the same within 30 days duly repaired/replaced. It was noticed that the communications regarding failure of transformers were sent to the firms by ordinary post. Registered notices for repairs|replacement of failed transformers were sent only after two to three years.

It was stated by the executive engineer that legal action was being taken against the firms but records were not made available to Audit.

It was observed that 52 transformers out of which 29 costing Rs. 43.03 lakhs at current rates (current value of remaining 23 transformers not available as these are no longer being purchased) which failed within the guarantee period were lying in the Rohtak Road Store. These transformers failed during January 1977 to November 1983. There was nothing on record to show that suppliers concerned were contacted to repair/replace these failed transformers. The transformers were still lying (June 1989) in the depot unrepaired and no efforts had been made to get these repaired. Due to the passage of time, these transformers might have to be ultimately scrapped.

No time limit appears to have been fixed for return of transformers failed during guarantee period to the depot for repair/replacement. It was noticed that the sub-stations had delayed return of 148 transformers to depot which ranged from 3 to more than 30 months as per details given below:—

Time taken to return failed transformers to depot	Number
Three to six months	61
Six months to one year	50
One year to two years	25
More than two years	12
Total	148

The transformers which failed during the guarantee period were required to be sent to Okhla Store Depot for getting them repaired from the suppliers concerned. Such delays in sending the transformers to the depot would lead to further delays in contacting the suppliers for repairs thus losing valuable guarantee period.

As per terms and conditions of agreement, transformers failing during guarantee period are required to be repaired/replaced within 30 days from the date of lifting. A test check of such transformers returned by suppliers after repair during April 1985 to March 1989 revealed that there was a time lag of three months to one year from the date of lifting for repair to date of return after repair, as detailed below :—

Period after which returned	Number
Within 3 to 6 months	36
Within 6 to 9 months	2
Within 9 to 12 months	1
Total	39

There is no provision in the standard agreement for enforcemet of any penalty if the supplier failed to return duly repaired transformer within the permissible period of 30 days. Besides, no precautions were taken to ensure that such delays on the part of the suppliers in repairing the transformers extended the guaratee period automatically.

12.13 *Dehyderation of distribution transformers.*—All possible preventive steps need be taken to guard against moisture penetration inside the transformer as it affects its life.

In a meeting of 17 technical officers held in January 1984 including Additional General Manager (Technical), it was decided that all new distribution transformers would be dehydrated before issue from Okhla Store. It was observed that 199 and 175 transformers of various capacities issued during 1984-85 and 1985-86 respectively were dehydrated whereas no dehydration was done to 2648 transformers issued during 1986-87 to 1988-89; thereby affecting their life.

12.14 *Repair of distribution transformers.*—A small workshop at Rohtak Road functioned for the repair and overhauling of distribution transformers (upto 1000 KVA capacity) till December 1983. Due to premature failure of the transformers repaired at this workshop, it was considered uneconomical to continue the work of repair and the workshop was closed down towards the end of 1983-84.

It was seen that no arrangements had been made for repairs/overhauling of the distribution transformers from the time of closure of this workshop. A team of engineers of DESU made a survey and reported, in September 1986, that 2215 distribution transformers were lying dumped at various stores/sites.

The transformers are of the ratings 15 KVA to 1000 KVA. No arrangements had been made to get the transformers repaired (June 1989). It was also noticed that a proposal to set up a workshop for repair of distribution transformers was approved by the General Manager, in September 1985. As per the proposal, a shed was to be constructed and the requisite material and staff were to be provided on priority basis. However, no target date was fixed to start the workshop. Only preliminary work regarding the construction of the shed was in progress (June 1989).

12.15 *Scrap Store Depot.*—The distribution transformers are expected to have a life span of 25 years. There were 985 transformers at Rohtak Road/Rampura Store Depot which were lying for disposals (July 1989). An analysis of actual life of these scrapped transformers indicated that 721 viz. about 73.20 per cent of these scrapped transformers had failed within 12 years from the date of commissioning i.e. before completing even half of their expected life; 36.35 per cent of the transformers had failed before completing one fifth of the prescribed life. The position was as follows :—

Transformers failed within	Number
5 years from the date of commissioning . .	358
5 to 8 years from the date of commessioning .	226
8 to 12 years from the date of commissioning .	137
12 to 15 years from the date of commissioning .	75
15 to 20 years from the date of commissioning .	49
20 years and above from the date of commissioning	140
Total . . .	985

Information regarding the rest of the transformers at various sites/store depots was not furnished to Audit.

The information regarding 985 transformers lying in the Rohtak Road/Rampura Store indicated that these had been lying there for periods up to 13 years as per details given below :—

Period	Number of transformers
1976-77 to 1982-83 . . .	107
1983-84	106
1984-85	118
1985-86	311
1986-87	207
1987-88	134
1988-89	1
1989-90	1
Total	985

Besides occupying valuable space, the condition of the transformers continued to deteriorate due to exposure to vagaries of nature, thus reducing the expected scrap value.

Some of the recent auctions showed that such transformers could fetch Rs. 0.10 lakh to Rs. 0.70 lakh per transformer depending upon its capacity. On the assumption of a minimum average receipt of Rs. 0.25 lakh per transformer, a sum of nearly Rs. 246.25 lakhs had been blocked due to delay in disposal of transformers.

During the test check of records relating to Rohtak Road and Rampura scrap stores of DESU, it was observed that surplus used transformer oil was returned to these stores by various sub-stations. The position of receipt and closing stock of transformer oil for the last four years up to 1988-89 was as under :—

Year	Opening Balance	Receipt	Closing Balance
1985-86 . . .	600	2362	2962
1986-87 . . .	2962	86615	89577
1987-88 . . .	89577	29650	119227
1988-89 . . .	119227	5040	124267

It was further observed that Power Transformers Repair Workshop at Okhla has full facility/equipment for filtration of such type of transformer oil. No reasons were found on record as to why this oil was not sent to that workshop or some other agency for filtration and further use. It was noticed that had this oil been sent for filtration about 80 per cent thereof, i.e., 0.99 lakh litres useable oil could have been recovered and DESU could have saved an amount of Rs. 13.62 lakhs at the rate of Rs. 13.70 per litre by avoiding purchase of fresh oil.

The second alternative was to dispose of this oil in the existing state. This was also not done. Since 1985-86, no physical verification of this oil had been carried out and the above figures are as per the book balances. In these circumstances, the possibility of loss of oil due to pilferage or otherwise could not be ruled out.

The matter was referred to the Ministry of Home Affairs/Ministry of Energy, Delhi Administration, Municipal Corporation of Delhi in August 1989; replies have not been received (December 1989).

13. Electricity charges from industrial and commercial consumers

13.1 Introduction

On the establishment of the Municipal Corporation of Delhi in April 1958, the Delhi Electric Supply Undertaking (DESU) was constituted and entrusted with task of generation, transmission and distribution of electric supply in the Union Territory of Delhi.

As on 31st March 1989, DESU had 15.41 lakh consumers amongst domestic, commercial, industrial and agricultural categories (excluding those located in the area of the New Delhi Municipal Committee and the Delhi Cantonment). The number of consumers increases yearly by about seventy thousand. The consumers are served through an extensive organisational network of 24 districts and 68 zones. DESU had acquired/installed, in June 1987 its own super-mini computer to handle billing from December 1987. The work relating to billing/collection in respect of consumers, who are sanctioned loads above 100 kws under any category of supply and are considered as high tension consumers (HT consumers) is centralised in Bulk Supply Department located in the premises of Rajghat Power House.

13.2 Scope of Audit

A test check of the records maintained at the Bulk Supply Department in respect of industrial and commercial consumers was conducted by Audit during April-August 1989. The review covers the period from 1985-86 to 1988-89.

13.3 Organisational set up

As per the Delhi Municipal Corporation Act, the Delhi Electric Supply Committee (DESC) is responsible for the conduct and management of DESU and exercise such powers and performs such functions as are conferred and imposed by or under the Act. The Committee (DESC) consists of seven members of whom four are elected by the councillors and aldermen from amongst themselves at the first meeting of the Corporation after each general election and three members are nominated by the Central Government.

The General Manager exercises executive powers for the purpose of carrying out the provisions of the Act. He is assisted by two additional General Managers and a Financial Adviser and Chief Accounts Officer.

The Financial Adviser and Chief Accounts Officer is in overall charge of the finance wing including billing and collection of revenue. An Executive Engineer designated as Commercial Officer (Bulk Supply) is incharge of the Bulk Supply Department.

13.4 Highlights

— **The unrealised dues from high tension consumers towards electricity charges which were at Rs. 140.16 crores at the end of**

1985-86 rose to Rs. 235.33 crores at the end of 1988-89, which represented 57 per cent of the yearly revenue of Rs. 413.10 crores for the year 1988-89.

- **Reconciliation of outstanding dues as per ledger accounts of individual consumers with the balances as per accounts of individual consumers was not done.**
- **Due to the non-receipt of completion reports from executing agencies in respect of 13682 deposit works, DESU could not work out the net amount recoverable from or payable to the consumers.**
- **DESU failed to instal at the premises of private big industrial consumers electronic foolproof meters purchased at a cost of Rs. 15.75 lakhs**
- **Ad-hoc billing in respect of street lighting for the period from 1986-87 to 1988-89 resulted in a loss of revenue to the extent of Rs. 8 lakhs.**
- **Bank drafts/cheques worth Rs. 252.10 lakhs collected by Commercial Officer for providing sub-stations to the consumers were sent late for deposit into DESU's account which led to borrowing of money by DESU to that extent.**
- **Inspection and testing of consumers installations were stopped owing to incurring of excess expenditure over the installation fees realised from the consumers.**
- **There was undercharging of Rs. 2 lakhs due to billing for lesser consumption and non-levy of load violation charges by a consumer.**
- **Cash deposits in respect of autonomous/semi-autonomous bodies aggregating Rs. 3.73 lakhs were not obtained incontravention of the existing orders.**
- **In three cases surcharge, aggregating Rs. 1341.35 lakhs was either not levied or having been levied was irregularly withdrawn.**

13.5 *Magnitude of billing.*—DESU's monthly/annual accounts are compiled in accordance with Maintenance of Accounts Regulations 1959. Accounts are maintained on accrual basis.

The sale of energy which was Rs. 176.42 crores in 1984-85 rose to Rs. 413.10 crores in the year 1988-89. The sale of energy to industrial and commercial consumers had been from 46.89 to 53.12 per cent of the total sale of energy during 1984-85 to 1988-89. The percentage except for 1984-85 has been worked out on the basis of the provisional/estimated figures supplied by DESU.

13.6 *Realisation of electricity dues.*—The demand raised and collection of energy charges in respect of high tension consumers for the four years upto 1988-89 are given below :—

(In crores of rupees)

	1985-86	1986-87	1987-88	1988-89
Revenue pending collection at the beginning	121.42	140.16	163.20	189.61
Revenue assessed	133.75	150.84	162.54	221.47
Total demand	255.17	291.00	325.74	411.08
Revenue realised	115.01	127.80	136.13	175.75
Revenue outstanding	140.16	163.20	189.61	235.33
Percentage of realisation to total demand	45.07	43.92	41.79	42.75

It will be seen that the percentage of realisation to total demand for the year had reduced from 45.07 in 1985-86 to 42.75 in 1988-89.

Consumers including Government departments (except New Delhi Municipal Committee, Military Engineering Services and Railways who are allowed 30 days) are required to make payment within 15 days of the issue of the bills, whereafter disconnection notices etc. are, required to be issued giving clear seven day time. After the expiry of notice period, the supply is required to be disconnected. Thus, the sum billed in a month is recoverable in the subsequent month. If the system works properly, the outstanding demand should not exceed two months billed amount. The outstanding demand, however, was from 13 to 14 months billed amount. The unrealised dues at the end of 1985-86 which amounted to Rs. 140.16 crores had increased to Rs. 235.33 crores at the end of 1988-89.

As per consumers cash books, Rs. 101.68 crores were due from New Delhi Municipal Committee and Rs. 3.46 crores from Government agencies as on 31st March, 1989.

13.7 *Non-reconciliation of ledger balance with accounts figures.*—The balances at the end of year in the individual ledger accounts which would be the demand carried forward, the demands for the current year minus collections during the year should be worked out. Such balances should agree with the balances in the accounts figures of total of demands outstanding for the previous year plus billed amounts during the year minus realisation as per the amounts received by the head cashier. No such reconciliation/agreement of figures was being done. In the absence thereof, the accuracy of postings in individual ledger accounts and the balances as shown in the accounts could not be vouchsafed.

13.8 *Deposit works.*—When a new connection to the high tension consumer is provided, the sub-stations/enclosures are constructed at the cost of the consumer who is required to deposit the estimated cost for the construction/installation of the sub-stations/enclosures before the work is started. The excess of expenditure above the estimated cost is recovered after the work is completed.

It was observed that in 13,682 cases, although the works had been completed and supply of energy had commenced, the actual expenditure on the works had not been worked out by the executing agencies. The analysis of the cases as on April 1989 in which completion reports were not prepared is given below :—

Period	Number of cases
More than six months	7,031
Between six months and one year . .	644
More than one year	738
More than three years	5,269
Total	13,682

Some of the cases are over a decade old but a year-wise analysis of 5,269 cases which were more than three years old had not been made available.

The registers of estimates for 1986-87 and 1987-88 only were made available to Audit. A listing out of cases showed that during these two years there were 188 such cases and the estimates in the cases ranged from Rs. 1 lakh to Rs. 595 lakhs. The total estimate expenditure on the works sanctioned in these two years was Rs. 68.41 crores. The estimated cost of 13,682 deposit works for which completion reports were wanting was not available. The actal expenditure in all these works had not been worked out. It was, therefore, not possible to find out the net amount recoverable from or payable to the consumers.

13.9 *Introduction of foolproof electronic meters.*—With a view to ensuring foolproof recording of consumption of energy. DESC decided, in January 1987, that DESU may instal electronic meters for HT consumers. It was also decided that these meters be provided on electric furnaces, rolling mills, cold storages, etc. Orders for the purchase of 142 electronic meters were placed between August 1987 and June 1988 with Electronic Corporation of India Limited, Hyderabad. Only 105 meters costing Rs. 15.75 lakhs were received, and 64 were installed. The Commercial Officer (Bulk Supply) reported, in October 1988, that out of the 64 meters which were installed, 41 continued to be defective in spite of repeted replacements. Most of these pilfer-proof meters were installed in the premises of non-Government consumers.

The reports of the technical staff regarding the reasons for failure of such a large percentage of meters were not available.

A proposal had been mooted, in January 1989, to instal these pilfer-proof meters in Government buildings.

13.10 *Delayed replacement of defective meters.*—According to the procedure prescribed for replacement of defective meters, area inspector after he has completed all the required formalities is responsible to replace the defective meter immediately but not later than three days of the receipt of intimation.

A review of the records of the Bulk Supply Department revealed that a large number of installed meters were defective and required repair/replacement. Out of meters installed at the premises of total 833 HT consumers as on 31st March, 1989, 90 meters were declared defective and 260 were suspected to be defective.

In a sample of 80 cases in which delay in replacement of defective meters was examined by Audit, it was found that the meters were replaced after a period ranging up to 39 months. It was stated, in October 1989, by DESU that technique involved in replacement of HT meters was quite time consuming and called for participation of different departmental agencies. As the time taken for replacement of meters was apparently on higher side, it showed that there was no proper co-ordination between various departmental agencies involved in replacement of such meters. Average of consumption of past three months or last year's consumption for a similar period which ever was considered suitable was taken for purpos of billing till the meters were replaced.

13.11 *Ad hoc billing for street lighting.*—The electricity bills in respect of street lighting consumers including Municipal Corporation of Delhi (MCD), Delhi Development Authority (DDA) and co-operative societies, etc. are required to be raised based upon meter reading of power supplied, the types of points energised, etc. It was observed that either the meters were not installed or not in working order. The energy consumption, therefore, had to be worked out on the basis of number of points and type of luminaries installed. A test check of the records relating to DDA revealed that monthly charges for street lighting were based taking into account 30 days a month instead of actual number of days in each month. By adopting the said pattern of billing, DESU claimed for street lighting for 360 days in a year instead of 365 days which resulted in a loss of revenue to the extent of Rs. 8 lakhs. DESU stated, in August 1989, that ad hoc billing of street lighting had to be resorted to, for want of actual data. However, it was also stated by DESU, in August 1989, that from September 1989 onwards, billing would be done on the basis of actual number of days in a month.

13.12 *Non-billing.*—A test-check of the meter reading book (LIP-4) revealed that against low consumption as recorded in the said meter reading book, no adequate oction for raising the additional demand was taken, instead a report of the meter being suspect/defective was issued to the meter testing department. While sending the said report, the consumer was also required, vide clause 13 of the agreement, to be charged on the basis of the average consumption. As the meter was not replaced within three days of the report, the action of DESU awaiting the results of meter testing department beyond the stipulated time was irregular. This, therefore, led to the non-raising of the bills for additional amount during March and December 1987 to the tune of Rs. 0.80 lakh in the case of two consumers.

It was observed from the meter reading book in the case of a consumer that no consumption of electricity charges was recorded in the relevant meter reading book for the month of April 1987. The remarks column of the meter reading book also did not show that the meter was out of use during the said period or the other meter was used during that period as two meters are generally installed in the units pertaining to Water Supply and Sewage Disposal Undertaking. This resulted in non-levy of electricity charges to the extent of Rs. 1.29 lakhs based on average consumption from January to March 1987.

Similarly, low consumption was recorded in June 1987. These facts were substantiated by the remarks in the relevant meter reading book. Again the consumer was chargeable on the basis of average consumption of the last three months which computed to 1.94 lakh units. Thus, against the average of units which works out to 1.94 lakh units the consumer was billed for 2796 units only which resulted in short billing to the extent of Rs. 1.63 lakhs.

13.13 *Delay in remittance of bank draft/cheques.*—Bank drafts/cheques representing the cost of share to be borne by the new HT consumers for installation of equipment by DESU are received by the Chief Engineer (Commercial). A test check of individual consumers files revealed that demand drafts/cheques received were remitted late for credit into DESU's account at State Bank of India, Chandni Chowk Branch. During test check, 36 cases of belated remittance of demand drafts/cheques amounting to Rs. 252.10 lakhs came to the notice where delay ranged from 4 to 49 days. Since DESU was resorting to borrowing from the Government, had the demand drafts/cheques worth Rs. 252.10 lakhs deposited in time, DESU would have avoided borrowing to that extent.

13.14 *Recovery proceedings not initiated.*—A test check of the register of the private street lighting connctions revealed that the connecions for supply of energy were disconnected in four cases and the arreas of demands to the tune of Rs. 1.59 lakhs were outstanding as on the date of disconnection between May 1985 and May 1986. There was nothing on record to show whether action to recover the outstanding demand by initiating recovery proceedings was ever taken.

13.15 *Periodical inspection and testing of consumer's installation.*—As per conditions of supply of electricity/power by DESU where an installation is already connected to the supply system of DESU every such installation shall be periodically inspected and tested at intervals not exceeding five years on payment of inspection fee in advance by the consumers as laid down in an order issued in February 1981, which came into force from 1st March 1981.

Every high tension consumer is liable to be charged at the rate of Rs. 150 in advance after an interval of five years.

The Chief Engineer (Distribution) stated, in June 1989, that the periodical inspection and testing of consumers' installation was discontinued long back owing to the incurring of excess expenditure over the installation fees realised from the consumers and the inspection unit was converted into an enforcement branch. The Chief Engineer had further referred the matter to the Chief Engineer (Commercial) for taking decision on the revival of the scheme and for fixation of appropriate inspection fee. Reply from the Chief Engineer (Commercial) had not been received (December 1989).

13.16 *Under-Charging.*—In accordance with the existing provisions contained in the tariff for the year 1987-88, the billing demand assessable was to be fixed on the highest of the following four factors.

Demand	Case und r scrutiny
1. The maximum demand during the month	1680 KVA
2. 75 per cent of 3060 KVA the highest maximum during the preceding 11 months	2295 KVA
3. 75 per cent of the contract demand .	1504 KVA
4. 60 per cent of the connected load .	1204 KVA

Accordingly, demand charges for the month of October 1987 in the case of a consumer had to be fixed on 2295 KVA being the highest of the four above.

Since the recorded demand i.e. 1680 KVA had exceeded the contract demand, the consumer was also to be charged for load violation. Against demand on 2295 KVA, the consumer was charged on 1680 KVA and no load violation charges were levied on the basis of the consumer's representation. The meter of the consumer should have been got tested before giving cognizance on the consumer's representation. Thus, this led to the underbilling to the extent of Rs. 2 lakhs.

In reply, Bulk Supply Department stated, in July 1989, that due to malfunctioning of the meter, the load registered was considered high. The reply of the department was not tenable as DESU failed to get the meter tested and the action in revising the bill on a representation of the party was not justified.

13.17 *Non-recovery of security deposit.*—As per instructions issued, in June 1976 and further clarified, in September 1977, security deposit in cash is required to be made in cases of autonomous and semi-autonomous bodies but a test check of the records of high tension consumers revealed that in the case of four departments/units of Delhi University, guarantee letters for Rs. 3.73 lakhs from respective authorities were accepted instead of security deposits in cash which was in contravention of the existing orders.

Two of the four departments|units were defaulters in payment of energy charges amounting to Rs. 0.67 lakh from August 1988 and Rs. 0.50 lakh from March 1989 respectively (July 1989).

13.18 *Non-levy/irregular withdrawal of surcharge.*—In terms of the tariff under Large Industrial Power (LIP) category if monthly bill is not paid in full within the time specified on the energy bill, a surcharge of 3 per cent of the bill not paid, shall be levied for each 30 days' successive period or part thereof until the amount is paid in full. This is without prejudice to the right of DESU to disconnect supply after the above date in the event of non-payment in accordance with the provisions of Indian Electricity Act, 1910. In the following cases, it was observed that these provisions of the Act were not followed and surcharge was either not levied or having been levied was irregularly withdrawn.

(i) On test check of records pertaining to a private party it was noticed that the party was sanctioned a load of 200 HP (industrial power) plus 10 KW (lighting) with the same as contract demand. The party was released load of 179 HP plus 10 KW. The load was energised on 26th July 1979 on low tension system of supply. The enforcement branch checked the supply on 24th July 1981 when a load of 19.7 KW was found connected against lighting and accordingly 25 per cent surcharge from the billing month of July 1981 was levied on the advice of that branch.

The enforcement branch again inspected the said premises on 27th January 1983 when loads of 146.94 KW (IP) and 29.14 KW(LTG) were found connected and accordingly, the enforcement branch advised the levy of 25 per cent surcharge. The same was correctly charged from the consumer from the billing month of January 1983 on power load as the load of 146.96 KW (196.74 HP) found connected exceeded 179 HP, the test report was submitted and the connection energised. The party represented against the levy of surcharge at the rate of 25 per cent. The case was reopened, in January 1987, and it was decided that the connected load equal to the contractual load be regularised retrospectively from the date of energisation i.e. 26th July, 1979.

The regularisation of load retrospectively was not covered by any rule or order on the subject. The waiving off of surcharge amounting to Rs. 2.51 lakhs was irregular.

(ii) A test check of bills for 1987-88 relating to Delhi Water Supply and Sewage Disposal Undertaking, revealed that a huge amount of Rs. 2077 lakhs towards electricity charges was not paid during 1987-88 by the Undertaking. Thus as per tariff, surcharge to the tune of Rs. 1333 lakhs had become due on the unpaid amount. There was nothing on record to show whether DESU took adequate follow up action to recover the outstanding amount alongwith the surcharge due thereon. There was also no entry recorded in the consumer's cash book regarding surcharge recoverable which obviously indicated that DESU failed to raise the demand towards surcharge to the extent of Rs. 1333 lakhs.

(iii) As per guiding principles in the event of non-payment of monthly bill issued by DESU in full within the specified period of the bill or the extended period, a surcharge of 0.5 per cent of the amount of the bill not paid is leviable for each 30 days' successive period or part thereof until amount is paid in full.

During test check of the NDMC case file for the year 1988, it was noticed that NDMC had made the part payment of the bills during April, May and August 1988 after the specified due dates.

A surcharge amounting to Rs. 5.84 lakhs was recoverable from NDMC which had not been billed. Financial Adviser and Chief Accounts Officer (DESU) stated, in August 1989, that the bill amounting to Rs. 5.84 lakhs on account of levy of surcharge due to non-payment of bills within the stipulated period of April, May, August 1988 had now been raised and preferred to the NDMC for payment.

The matter was referred to the Ministry of Home Affairs, Delhi Administration, Corporation and to the DESU in August 1989; replies from the Ministry and Delhi Administration have not been received (December 1989).

14. Manual of Stores and Purchase Procedure

The Manual of Stores and Purchase Procedure containing instructions regarding the procedure to be followed for purchase of stores and maintenance of stores account for Delhi Electric Supply Undertaking was last issued in 1966 and no correction slips thereto were issued subsequently. The Additional Chief Engineer (Stores) stated that instructions were not in a compiled form and were under preparation in O & M Section. The instructions issued from time to time after 1966 were not made available to Audit.

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

A. S. Mohindra

New Delhi
The 13 MAR 1990

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

Countersigned

T. N. Chaturvedi

New Delhi
The 13 MAR 1990

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

ERRATA

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6	II	41	cicumstances	circumstances
7	II	27-28	insation advance could be sanctioned to the contractors	intensive works subject to a maximum of 10 per cent
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10	I	9	complied	Compiled
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