PREFACE

This Report on the audit of expenditure incurred by the Government of NCT of Delhi for the financial year ended March 2009 has been prepared for submission to the Lieutenant Governor under Article 151(2) of the Constitution of India. The report covers significant matters arising out of the compliance and performance audits of various departments including public sector undertakings and autonomous bodies. Audit observations on the Annual Accounts of the Government would form part of a Report on State Finances, which is being presented separately.

This Report starts with an introduction outlining the audit scope, mandate and the key audit findings, which emerged during the year-long audit exercise. Chapter 2 of the report covers performance audits while Chapter 3 discusses material findings emerging from compliance audits. Chapter 4 includes results of Integrated Audit of Transport Department. Chapter 5 includes findings arising from compliance audit and performance audit of public sector undertakings.

The cases mentioned in this Report are those which came to notice in the course of audit conducted during 2008-09 as well as those which had come to notice in earlier years but could not be dealt with in previous reports; matters relating to the period subsequent to 2008-09 have also been included wherever necessary.

Chapter 1

INTRODUCTION

1.1 About this Report

This report of the Comptroller and Auditor General of India relates to matters arising from compliance audit of the financial transactions of the Government of NCT of Delhi and its public sector undertakings.

Compliance audit refers to examination of the transactions relating to expenditure, receipts, assets and liabilities of the auditee units to ascertain whether the provisions of Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by the competent authorities are being complied with.

The primary purpose of the Report is to bring important results of audit to the notice of the Legislature. Auditing Standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The findings of audit are expected to enable the Executive to take corrective actions as also to frame policies and directives that will lead to improved financial management of the organizations, thus, contributing to better governance.

This chapter, in addition to explaining the planning and extent of audit, provides a synopsis of the significant audit observations followed by a brief analysis of the follow-up on audit reports. Chapter 2 of this report contains findings/observations arising out of the performance audit of Departments of the Government of Delhi and some of the major units/autonomous bodies under their control. Chapter 3 contains observations on audit of transactions in Government Departments and autonomous bodies. Chapter 4 presents an assessment of internal controls in the Transport Department of Delhi. Chapter 5 contains findings/observations arising out of the performance audit of Statutory Corporation and findings arising out of the transaction audit of Delhi State Public Sector Undertakings. Weaknesses in project management, financial management, internal controls etc, of various Departments of the Government of Delhi are highlighted in the report through paragraphs.

1.2 Auditee profile

There are 56 departments in the state at Secretariat level, headed by Pr. Secretary/Secretary who are assisted by Directors/Commissioners and subordinate officers including 50 autonomous bodies.

The comparative position of expenditure incurred by the Government of NCT of Delhi during 2008-09 and in the preceding two years are given below:

Table 1.1: Comparative position of expenditure trends by Activities

(Rupees in crore)

Distribution	2006-07			2007-08			2008-09		
	Plan	Non Plan	Total	Plan	Non Plan	Total	Plan	Non Plan	Total
Revenue expenditure									
General services	76.31	2734.07	2810.38	120.49	3128.77	3249.26	89.60	3344.96	3434.5
Social services	1701.05	2146.13	3847.18	2876.04	2346.06	5222.10	3419.98	3179.39	6599.3
Economic services	243.29	322.78	566.07	332.48	299.37	631.85	434.57	838.13	1272.7
Grant-in-aid and contribution	-	531.84	531.84	-	667.32	667.31	-	455.95	455.9
Total	**2020.65**	**5734.82**	**7755.47**	**3329.01**	**6441.52**	**9770.52**	**3944.15**	**7818.43**	**11762.5**
Capital expenditure	1931.09	-148.15	1782.94	3761.36	3.10	3764.46	3992.21	3.19	3995.4
Total	**3951.74**	**5586.67**	**9538.41**	**7090.37**	**6444.62**	**13534.98**	**7936.36**	**7821.62**	**15757.9**

1.3 Authority for Audit

The authority for audit is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. Audit of expenditure of Departments of the Government of NCT of Delhi is carried out under Section 13 of the CAG's (DPC) Act. The CAG is the sole auditor in respect of six autonomous bodies under the Departments of Government of NCT of Delhi which are audited under sections 19(3) and 20(1). CAG also conducts supplementary audit of 44 other substantially funded autonomous bodies under sections 14 of CAG's (DPC) Act. Principles and methodologies for compliance audit are prescribed in the Regulations on Audit and Accounts, 2007 issued by the CAG. The accounts of the Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors who are appointed by the CAG as per the provisions of Section 619 (2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provisions of Section 619 of the Companies Act, 1956. The audit arrangements of Statutory corporations are as shown below:

Table 1.2: Audit arrangements for Statutory corporations

Sl. No.	Name of the corporation	Authority for audit by the CAG	Audit arrangement
1.	Delhi Transport Corporation (DTC)	Section 33(2) of the Road Transport Corporations Act, 1950	sole audit by the CAG
2.	Delhi Financial Corporation (DFC)	Section 37(6) of the State Financial Corporations Act, 1951	audit by Chartered Accountants and supplementary audit by the CAG

The Government of NCT of Delhi has constituted the Delhi Electricity Regulatory Commission and its audit is conducted by the CAG under Section 104(2) of the Electricity Act, 2003.

1.4 Planning and conduct of Audit

The audit process starts with the assessment of risk of the Department/Organisation as a whole and each unit based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided. An annual audit plan is formulated to conduct audit on the basis of such risk assessment.

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the head of the unit. The units are requested to furnish replies to the audit findings within one month of receipt of the Inspection Report. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these Inspection Reports are processed for inclusion in the audit reports which are submitted to the Lieutenant Governor of NCT of Delhi under Article 151(2) of the Constitution of India.

During 2008-09, 3262 audit party-days were used to carry out compliance audit of 206 out of 2611 units of civil Departments/ Organizations and 1185 audit party days for conducting audit of 70 out of 90 units of DJB and performance audit of some schemes of MCD and DJB. Audit used 1422 audit party-days in carrying out compliance audit of 54 units of the companies and corporations under commercial audit. Our audit plan covered those units/ entities which were vulnerable to significant risk.

1.5 Organisational Structure of the office of the Accountant General of Audit, Delhi

Under the directions of the CAG, the Office of the Accountant General of Audit, Delhi conducts audit of expenditure of all departments/offices of the Government of NCT of Delhi as well as audit of various authorities and bodies receiving grants/loans. The Accountant General (Audit), Delhi is assisted by four Group Officers.

1.6 Significant audit observations

In the last few years, Audit has reported on several significant deficiencies in implementation of various programmes/activities through performance audits, as well as on the quality of internal controls in selected departments which impact the success of programmes and functioning of the departments. Similarly, the deficiencies noticed during compliance audit of the Government departments/organizations were also reported.

1.6.1 Performance audits of programmes/activities/departments

The present report contains three performance audits, one long paragraph and an integrated audit on the functioning of the Transport Department. The highlights of the performance audits are given in the following paragraphs:

1.6.1.1 Working of Delhi Fire Service

At present, DFS operates 50 fire stations against the target of 70 fire stations as approved in the tenth five year plan 2002-2007. It failed to honour the assurance given to Public Accounts Committee (PAC) in December 2004 to open fire stations in each of the 70 Assembly Constituencies by the end of March 2007. Out of 3950 cases test-checked, in 3032 cases (77 *per cent*) the response time taken was more than the prescribed limit of five minutes. There was a shortage of operational staff ranging between 36 and 62 *per cent*. There was shortage of different types of fire fighting vehicles ranging from 13 to 67 *per cent* against requirement. Out of 278 static water tanks available with DFS, 164 were non-functional. There were 846 schools both Government and private in Delhi which were functioning without adequate fire safety and preventive measures. Out of 2377 high rise buildings identified by DFS 812 buildings (34 *per cent*) were not equipped with fire safety and preventive measures.

1.6.1.2 Development works in regularised-unauthorised colonies undertaken by the DJB and MCD

DJB was unable to spend the allotted funds and there were savings upto 38 *per cent* in the water sector and 60 *per cent* in the sewerage sector. MCD diverted an amount of Rs. 24.40 crore as supervision and establishment charges, whereas DJB diverted funds to the tune of Rs. 2.40 crore meant for works in the R-U colonies to other colonies. DJB had dues outstanding from customers upto Rs. 4.38 crore in the form of development charges and dishonoured cheques. As DJB had not notified as of July 2009 sewer lines laid during 2007 to 2009, connections were not given to the residents and lines remained non-functional. Similarly MCD did not fix any timeframe for the award of works after opening of tenders, work orders were issued with significant delays ranging from 46 days to 340 days. MCD was also not carrying out quality checks of works to the desired extent as 70 *per cent* of works had not been inspected.

1.6.1.3 National Rural Health Mission

The SHS released only 16 *per cent* of the funds received by it from the Central Government and the districts could not utilize even this amount. The utilization by districts was only 66 *per cent* in 2008-09. During 2005-06 to 2008-09 there was a shortage of 123 Medical Officers (MOs) and 773 Auxiliary Nursing Midwives (ANMs), which worked out to 50 *per cent* and 55 *per cent* respectively against the NRHM requirement. No concrete action was taken to dovetail the scheme to the peculiarities of Delhi. *Rogi Kalyan Samitis* had not been established at any level**.** District Health Mission had not been established in any district. State Health System Resource Centre (SHSRC) had also not been established. Health schemes/societies were not brought under the umbrella of NRHM from the XI Plan as required.

1.6.1.4 Functioning of Delhi Transport Corporation

The Delhi Transport Corporation (DTC) provides public transport in the State through its 35 depots. The Corporation had a fleet of 3804 buses as on 31 March 2009 and carried an average of 22.61 lakh passengers per day. The performance audit of the Corporation for the period from 2004-05 to 2008-09 was conducted to assess the efficiency and economy of its operations, its ability to meet its financial commitments, the possibility of realigning its business model to tap non-conventional sources of revenue, the existence and adequacy of a fare policy and the effectiveness of the top management in monitoring the affairs of the Corporation.

The Corporation is incurring heavy losses due to its high cost of operations. The surplus staff is adding to the losses by way of unproductive wages and its down sizing is desirable. The Corporation's performance, can be improved by both fleet utilisation and vehicle productivity with timely preventive maintenance, downsizing the surplus staff, appointment of a regulator to regulate fare and services and tapping non-conventional sources of revenue by commercial exploitation of its real estate.

1.6.1.5 Functioning of Transport Department'

Budgeting process was unrealistic and lacked credibility as persistent savings were registered. Funds were re-appropriated from four sub heads and expenditure in excess of the grant was Rs. 4.51 crore. To avoid the lapse of allocated funds, Rs. 63 crore was withdrawn and kept in savings account of GM, ISBT. Expenditure was misreported to the extent of Rs. 23.69 crore as it was lying unspent with GM, ISBT. Rs. 38.77 lakh was diverted and utilised for an unapproved purpose of Delhi Government achievement campaign. GM, ISBT unauthorisedly kept departmental receipts of Rs. 101.76 crore out of government account and utilized Rs. 97.04 crore out of this without any approved mandate. An amount of Rs. 7.81 crore was spent on feasibility studies of the projects (Monorail and Light Rail Transport) without conducting preliminary deliberations with experts. Resultantly, selected corridors were found unviable rendering the expenditure unfruitful. A contractor, engaged for preparing registration certificates in smart cards, charged extra Rs. 39.40 crore due to a deficient agreement leading to undue burden on public. Machinery for enforcing provisions of the Motor Vehicles Act was not effective. Due to slackness of enforcement machinery, Rs. 159.23 crore could not be realised from defaulting vehicle owners.

1.6.2 Compliance Audit

Audit has also reported on several significant deficiencies in critical areas which impact the effective functioning of the government department/ organizations. These are broadly grouped as:

(a) Non-compliance with rules and regulations

(b) Audit against propriety and cases of expenditure without adequate justification

(c) Failure of oversight/governance

(d) Persistent and pervasive irregularities

1.6.2.1 Non-Compliance with rules and regulations

- *The Delhi Jal Board released an unwarranted payment of Rs. 17.19 lakh to the contractor on account of escalation charges in contravention of codal provisions.*

(Paragraph 3.1.1)

- *Failure of the Public Works department to observe the codal formalities in supply of drawings within $1/8^{th}$ time of stipulated period, led to avoidable expenditure of Rs. 28.23 lakh due to re-awarding of work, besides denying the public of the facility of a pedestrian sub-way for more than 16 months.*

(Paragraph 3.1.2)

- *Failure of the Public Works Department to arrive at correct rates for extra items and deviated items resulted in extra payment of Rs. 13.21 lakh.*

(Paragraph 3.1.3)

1.6.2.2 Audit against propriety/expenditure without justification

- *Failure of the Public Works Department to ensure availability of clear site for construction of road resulted in unfruitful expenditure of Rs. 1.91 crore on widening of a road.*

(Paragraph 3.2.1)

- *Public Works Department incurred unfruitful expenditure of Rs. 152.18 lakh during 2005-06 to 2008-09 on surplus work charged staff who were not engaged on routine watch and ward works on which an avoidable expenditure of Rs. 55.90 lakh was incurred.*

(Paragraph 3.2.2)

1.6.2.3 Failure of oversight/governance

- *Failure of departmental authorities (Central Jail, Tihar) to assess the sanctioned load in consonance with actual requirements resulted in avoidable payment of Rs. 35.93 lakh on fixed charges on non-domestic electricity supply.*

(Paragraph 3.3.1)

- *Failure of the Public Works Department authorities to ensure availability of land and to adhere to the manual provisions rendered expenditure of Rs. 52.50 crore unfruitful as the constructed part of road can neither be used nor can be aligned with any other road.*

(Paragraph 3.3.2)

- *Failure of the Public Works Department to appoint an arbitrator within the statutory period of 30 days coupled with non-submission of documents within four weeks from 8 April 2005 as stipulated by the arbitrator, resulted in loss due to avoidable payments of interest amounting to Rs. 12.67 lakh.*

(Paragraph 3.3.3)

- *Failure of the department to incorporate a clause regarding appropriate reduction/escalation in payment to consultant in case of changes in scope of work or alternatively to enter into lump-sum agreement in appropriate Form no.12 which contain the above clause resulted in extra avoidable expenditure of Rs. 72.70 lakh upto June 2009.*

(Paragraph 3.3.4)

- *Failure of the Women and Child Development Department to review its electricity bills and making payment of fixed charges at non-domestic rates instead of domestic rates resulted in excess payment of Rs. 18.66 lakh.*

(Paragraph 3.3.5)

- *Expenditure of Rs. 1.38 crore incurred on purchase of Holiday Homes at Allahabad and Shimla which remained blocked for four to seven years before the start of holiday homes. Further, expenditure of Rs. 68.79 lakh incurred on maintenance and upkeep of all the four holiday homes during 2004-09 was rendered unfruitful as the primary objective of providing accommodation to industrial workers had not been fulfilled.*

(Paragraph 3.3.6)

- *Due to poor cash management, the Delhi Power Company Limited suffered a loss of Rs. 87.01 lakh.*

(Paragraph 5.3.1)

- *Relaxation of norms for sanctioning the loans ignoring the financial interest of the Delhi Financial Corporation and lack of timely action for recovery resulted in non-recovery of Rs. 7.64 crore.*

(Paragraph 5.3.2)

- *Failure to realise the prime security of machinery after taking possession of it coupled with lack of adequate pre-sanction scrutiny to ensure unencumbered title of collateral security and poor follow-up and monitoring resulted in non-recovery of Rs. 1.13 crore by Delhi Financial Corporation.*

(Paragraph 5.3.3)

- *Inaction of the Delhi Financial Corporation to take possession of plant and machinery and property resulted in non-recovery of Rs. 102.23 lakh.*

(*Paragraph 5.3.4*)

1.6.3.4 Persistent and pervasive irregularities

- *Failure of Guru Nanak Dev Polytechnic to get completion certificate even after 9 years of occupation of building resulted in avoidable expenditure of Rs. 42.65 lakh on water charges paid at abnormally high rates.*

(*Paragraph 3.4.1*)

1.7 Response of the Departments to Draft Audit Paras

The Draft Paragraphs are forwarded to the Secretaries of the Departments concerned drawing their attention to the audit findings and requesting them to send their response within six weeks. It is brought to their personal attention that in view of likely inclusion of such Paragraphs in the Audit Reports of the Comptroller and Auditor General of India, which are placed before Legislature; it would be desirable to include their comments in the matter.

29 draft paras proposed for inclusion in this report were forwarded to the concerned Departments of GNCTD and Management of concerned Company/ Corporation between February 2009 and December 2009 through letters addressed to Secretaries/Managing Directors drawing their attention to the audit findings and requesting them to send their response within six weeks.

Concerned Departments/Management did not send replies to 21 out of 29 paragraphs. The response of the concerned Ministry/Management received in respect of 8 paragraphs has been suitably incorporated in the paragraphs.

1.8 Follow-up on Audit Reports

A review of outstanding ATNs on paragraphs included in the Reports of the Comptroller and Auditor General of India pertaining to Departments of Government of NCT of Delhi as of December 2009 (details in ***Appendix-1.1***) revealed that a total of 43 ATNs were pending from 16 Departments/ Autonomous Bodies as of December 2009.

Chapter 2

Department of Home

2.1 Working of Delhi Fire Service

2.1.1 Background

The Delhi Fire Service (DFS), was established in 1942. The administrative control was transferred from Municipal Corporation of Delhi (MCD) to Home Department of the Government of NCT of Delhi with effect from 10 November 1994 covering the area of 1484 square kms of NCT of Delhi. The Union Ministry of Home Affairs identified (June 2005) fire services as the first technical respondent in manmade and natural disasters. The Report of Comptroller and Auditor General of India for the year ended March 2001 highlighted various deficiencies in the functioning of DFS like inadequate number of fire stations, equipment and water resources which are still persisting.

2.1.2 Audit objectives

In this report, we assess whether:

- the objectives of setting up of DFS were achieved;
- the prescribed financial principles for budgeting, release and utilization of funds were followed;
- a system of manpower management and deployment of equipment was in place;
- the training was conducted in an efficient manner and the monitoring mechanism was effective; and,
- the preparedness for disaster management was adequate.

Audit Findings

2.1.3 Financial Management

2.1.3.1 Budget and Expenditure

Details of budget allocation and actual expenditure incurred by the

Department during 2004-05 to 2008-09 are given below:

Table 2.1: Budget allocation and actual expenditure

(Rupees in lakh)

Year	Budget allocation		Expenditure	Savings	*Per cent* of Savings
2004-05	**Non-Plan**	2518	2501	017	0.68
	Plan	1495	1183	312	20.87
2005-06	**Non-Plan**	2840	2658	182	6.41
	Plan	1190	1143	047	3.95
2006-07	**Non-Plan**	3680	3652	028	0.76
	Plan	999	850	149	14.91
2007-08	**Non-Plan**	3255	3198	057	1.75
	Plan	511	476	035	6.85
2008-09	**Non-Plan**	4871	4568	303	6.22
	Plan	1400	1045	355	25.36
Total	**Non-Plan**	**17164**	**16577**	**587**	**3.42**
	Plan	**5595**	**4697**	**898**	**16.05**

From the above table, it can be seen that there were savings ranging from 3.95 to 25.36 *per cent* in Plan head in all the five years. The department stated that savings under Plan head were due to (i) non-opening of new fire stations, and, (ii) non-procurement of machinery and equipment as they were not found as per specifications.

2.1.4 Implementation

2.1.4.1 Inadequate fire stations

During the Tenth Five Year Plan 2002-2007, the proposal for establishing/operating 63 fire stations was revised to 70 fire stations in order to provide adequate fire safety cover in each assembly constituency. However, against the target of 70 fire stations, Delhi Fire Service has only 50 fire stations (including Okhla Phase-I working in Porta Cabin) as of June 2009. Thus, the objective of providing adequate fire safety cover to each assembly constituency remained unfulfilled which is one of the major reasons for delayed response to rescue calls.

2.1.4.2 Delays in construction of fire stations

Audit scrutiny of records relating to construction of fire stations revealed that DFS paid Rs. 0.82 lakh during July 2002 to March 2006 to DDA for allotment of land for construction of three fire stations at Vasant Kunj, Golden Park and Alipur. DDA had not allotted the land in Vasant Kunj and possession of land was not handed over in two other cases. In nine other cases, although land for construction of fire stations was handed over by DDA between September

1996 and October 2008, but the construction work of fire stations could not start as DFS failed to get clearance of building plans from local bodies like DDA, MCD etc.

The Department admitted (January 2010) the audit observation and stated that it was largely dependent on the efficiency of other agencies involved in granting various permissions and those involved in construction of buildings. The process of allotment and handover/possession of the plot by the local bodies such as DDA/MCD, followed by preparation of building plans by PWD and further approval by DDA/MCD/DUAC etc, before commencement of actual construction work was a time consuming process and beyond the control of the department.

2.1.5 Manpower management

The men-in-position *vis-a-vis* the sanctioned strength in respect of various categories of operational staff in DFS as on 31 March 2009 is as follows:

Table 2.2: Men-in-position *vis-à-vis* sanctioned strength (operational)

Sl. No	Category	Sanctioned strength	Men-in-position	Vacant post	*Percentage of vacant post*	*Persons posted in headquarters*	*Percentage shortage of operational staff in field*
1	Station Officer	67	43	24	36	05	43
2	Sub-Officer	172	82	90	52	nil	52
3	Leading Fire man	422	160	262	62	09	64
4	Fireman	2367	1298	1069	45	26	46
	Total	**3028**	**1583**	**1445**			

Against the total sanctioned strength (operational) of 3028, only 1583 men were in position as on 31 March 2009. Thus, there is a shortage of staff to the extent of 48 *per cent*. The shortage in operational staff, i.e., Station Officer (SO), Sub-officer, Leading Fireman (LF) and Fireman (FM) ranged from 36 to 62 *per cent*. Thus, the shortage of LF and FM who are the main operational staff indicated that DFS was not adequately equipped to meet challenges of fire emergencies/disasters.

Shortage of the staff had also been pointed out in the CAG's Audit Report (ending March 2001), and the Principal Secretary (Home), Government of NCT of Delhi had assured the PAC of Delhi Legislative Assembly (November 2004) that the process of recruitment of staff had been expedited. However, no serious action had been taken resulting in suboptimal levels of performance.

The Department stated (January 2010) that filling up of vacancies could not materialize in time. However, the matter had been taken up with Delhi Subordinate Services Selection Board.

2.1.6 Fire/rescue calls

The details **(Appendix-2.1(a))** of fire calls, rescue calls and other calls attended, loss of lives and property due to fire and property saved by DFS during the last five years revealed that the number of fire rescue calls received in DFS have increased from 14232 to 16452 (15.60 *per cent*) during the period 2004-05 to 2008-09. The number of lives lost has been increasing over these years with the exception of 2005-06. The loss of property has also increased from Rs. 46.81 crore to Rs. 59 crore (26 *per cent)* during 2004-09. But at the same time it was noted that the Department had saved properties amounting to Rs. 985 crore during the last five years.

The Department attributed the increased calls to incidents other than fire accidents such as building collapses, suicides, drowning, road/rail accidents, terrorist attacks etc, which though not fire accidents, are responded to by the Delhi Fire Service.

2.1.6.1 Poor response time

According to Standing Fire Advisory Council (SFAC) norms, the first fire engine should reach the place of incident within five minutes of a call in urban areas. In fact SFAC suggested that for all high rise hazards and closely built up areas response time of a maximum of 3 minutes should be aimed at and for all other areas the response time should not exceed five minutes. Test-check of records revealed that no data for response time was maintained by the DFS till May 2008. Test-check of three months (June, October 2008 and March 2009) revealed that out of 3950 rescue calls received only in 918 (23 *per cent*) cases did the fire tenders reach the spot within five minutes. In 2472 cases, the fire tenders reached the spot with a delay of one to 15 minutes and in 560 (14 *per cent*) cases with a delay of more than 15 minutes. Thus DFS had not been able to meet the SFAC norms in respect of 77 *per cent* calls, which resulted in aggravated damages to public property and life and even caused public outrage. The reasons for delay in reaching the affected place attributed by the Department were: (i) uneven distribution of fire stations which varies the distance between the place of incidence and the fire stations, and, (ii) time of incidence and terrain of the place like in day time when the traffic is at its peak. Department further stated (January 2010) that the proposal for increasing the number of fire stations was taken up with the master plan committee for Delhi. Delhi Master Plan 2021 has incorporated the provision of one-hectare land for construction of fire station within every 3 to 4 kms of new developments, which if implemented will certainly improve the response time.

The reply is not acceptable because neither had a proper study or survey or planning been carried out nor any risk hazard analysis conducted by the Department in order to ensure rational distribution of fire stations throughout the area of its jurisdiction.

2.1.7 Equipment

An important requirement for efficient fire fighting is the availability of adequate number of standardized fire fighting equipment.

There were 50 fire stations in the NCT of Delhi as on 31 March 2009. The requirement of fire fighting equipment assessed by the Department and the number of appliances available with DFS as on 31 March 2009 were as under:

Table 2.3: Requirement vis-à-vis availability of fire fighting appliances

Sl. No.	Name of the appliance/equipment	Basis of assessment of requirements	Requirement as per assessment (Nos.)	Actual appliances available (Nos.)	Shortage	*Percentage* Shortage
1	Water Tender	2 per fire station + 20% reserve	120	105	15	13
2	Heavy water tender (Water Bowser)	1 per fire station + 20% reserve	60	37	23	38
3	Rescue Tender	1 per Division + 20% reserve	06	03	03	50
4	Foam Tender	1 per Division + 20% reserve	06	02	04	67
5	Hose Tender	1 per Division + 20% reserve	06	02	04	67
6	Control Van	1 per Division + 20% reserve	06	04	02	33
7	Hydraulic platform	1 per Division + 20% reserve	06	05	01	17
8	Dry Chemical Powder Tender (DCP tender)	1 per Division + 20% reserve	06	05	01	17

As may be seen from the above table, there was shortage of appliances ranging from 13 to 67 *per cent*, which clearly indicates that the Department was not well equipped with fire fighting appliances to ensure fire safety and combat fire hazards.

A test-check of records revealed that out of 105, the number of water tenders that remained out of order during June, October 2008 and March 2009 were 34, 47, 52 water tenders respectively. Also, out of 37 water bowsers, 9 remained out of order during these three months. The Department stated (January 2010) that sometimes there was delay in repairing of vehicles as the spares required were not available in the market and the same were procured from the manufacturer of the chassis.

The reply is not acceptable as the relevant records revealed that the situation (vehicles remaining out of order) was prevailing throughout the year. Further, DFS was getting the vehicles repaired from authorised service centers/ Government approved workshops namely Tata, Leyland, Qualis, Ambassador, Hero Honda, Volvo where the possibility of non-availability of spare parts was remote.

It was observed that in addition to shortage of water tenders (13 *per cent*) and water bowsers (38 *per cent*), 11 out of 105 water tenders were out of order for periods ranging between seven and 37 months (**Appendix-2.2**) due to lack of prompt action for repair of vehicles by the workshop in time. Thus, DFS was not appropriately equipped to meet the challenges of fire hazards and also could not meet the standard response time.

The Department stated (January 2010) that vehicles remained out of order as these had outlived the normal life and were being proposed for condemnation and hence no repairs were taken up.

2.1.8 Workshop

As per SFAC norms, every State Fire Service must have its own Central Workshop for prompt maintenance of all fire appliances and equipment. DFS has its own workshop at Moti Nagar, Delhi for repair and maintenance of its vehicles.

Against the sanctioned strength of 63, the men-in-position ranged from 39 to 41 during the period 2005-09. While the number of fire stations and fire fighting vehicles has increased from 41 to 50 and 219 to 247 respectively during 2004-09, the men-in-position in the workshop had only decreased. Moreover, the post of Executive Engineer-Auto (Head of Workshop) was lying vacant since 1993. An analysis of repair and maintenance records of workshop revealed that most of the major repair and maintenance works of vehicles like engine servicing, overhauling, power take off unit (PTO), fire pump etc, were being done from private agencies due to lack of manpower and non-availability of facilities/infrastructure in the workshop, and only minor repairs and replacement of parts were undertaken at the workshop. Further, no technical training was being imparted to the existing staff to acquaint them with the new EURO standards. Thus, the workshop was not well-equipped and well-manned as per SFAC norms. This has resulted in expenditure of Rs. 3.79 crore on the repairs and maintenance of vehicles from private agencies during 2004-09.

Department stated (January 2010) that as per the policy of the department, vehicles were sent to the authorized service centers/ Government approved workshops where the work was done satisfactorily and with minimum loss of operating hours. It was further stated that the matter of filling up of vacancies has been taken up on priority basis.

2.1.9 Water sources of DFS

Adequate supply and maintaining a reserve of water is a must for fire fighting. DFS is responsible for adequate supply of water and in particular, provision of reserve water of one gallon per head of the population as per SFAC norms. For this purpose, it would be necessary to provide static storage tanks at various locations in the city.

2.1.9.1 Static water tanks

The Board of Officers of DFS had recommended a total number of 700 underground static water tanks in January 1976. Audit scrutiny revealed that there were only 278 underground water tanks available as of June 2009 with DFS, which were just not sufficient since they can be used only within a limited area. According to the inspection conducted in November 2008, it was further noticed that 164 (59 *per cent*) out of 278 water tanks were reported as non-functional as they were found without water or were leaking/ damaged/ buried.

Audit observed that the department had made no efforts to increase the number of static water tanks to ensure fire safety as well as capability to fight fire. The non-functional static water tanks were also not made functional. In fact, the department was not even aware of the date from which these static water tanks had become non-functional.

The department stated (January 2010) that each high rise building in Delhi had captive water storage of 50,000 to 2,00,000 litres and this was available round the clock with suitable pumping arrangements. Therefore, the dependency on the static tank made on public land was confined to the areas, which did not have any high rise building. Moreover, DFS had more than eight lakh litres of water on wheels and the required quantity could be mobilized on one wireless message. Further, the repair of tank would not be cost effective.

The reply is not convincing as non-functional static water tanks available at the fire stations should have been got repaired at the earliest because an additional water storage is an advantage in terms of ready availability of water at the fire station itself in emergencies.

2.1.9.2 Provision of tube-wells at all the fire stations

In view of the perennial water shortage faced by the fire stations, DFS decided in May 1999 to install tube-wells at all its fire stations. DFS in March 2009 informed that there were 45 tube-wells in the existing 50 fire stations, out of which 12 tube-wells were non-functional, whereas in response to an audit observation, the DFS stated in July 2009 that all the tube-wells were working, but the basic records were not made available to Audit. However, physical verification of tube-wells conducted by Audit in September 2009 revealed that as against 45 tube-wells reported by DFS there were only 42 tube-wells out of which seven* were non-functional for periods ranging from one year to five years and one tube-well was abandoned. Non-functioning of tube-wells for such long periods indicates lack of commitment of DFS in keeping its water resources ready to combat any fire emergency.

Department admitted the facts and stated (January 2010) that necessary action was being taken to keep the tube wells operational.

2.1.10 Training and Awareness programme

2.1.10.1 Training

As per SFAC recommendations, each State should establish a Training Bureau and conduct training programme for Firemen, Assistant Station Officers, Drivers, Leading Firemen and new recruits on general fire fighting, usage of breathing apparatus (BA), fire prevention and radio telephony courses.

DFS established a training centre known as Fire Safety Management Academy (FSMA), which is primarily devoted to impart training in the most scientific and up-to-date methods of fire prevention and extinction, fire engineering rescue techniques and handling of the most modern fire fighting implements to new recruits and existing members of the capital fire brigade.

DFS conducts training on need basis. Test check of records revealed that:

- No training was imparted by FSMA to lower ranked fire fighting staff during the last five years.
- No training on Fire Service Communication at Station Officer/Sub-Officer level was ever conducted.
- The infrastructure of FSMA was not sufficient to meet the requirements of fire fighting personnel. It was seen that there was no breathing apparatus gallery, fire chamber, drill tower, smoke chamber, lab, simulators, arson lab, etc, which were essential during practical sessions in training to provide simulation environment to trainees.

Department admitted (January 2010) that training of personnel did not keep pace with the requirement and attributed this to the fact that the number of fire stations had increased from 30 to 50 without any additional manpower, loss of

* Includes one tube-well at Okhla Phase-I (Para No. 2.1.9.2)

man hours due to change in duty system from 3+1 to 1+1, that made it even difficult to send the complete crew on fire appliances let alone sparing people for training. The training schedule would be maintained when fairly sufficient staff strength was available.

Department also stated that infrastructure of FSMA was inadequate and efforts were being made to acquire 25 acres of land from the Gram Sabha for establishment of full fledged facilities and efforts were on to establish a Fire Training Center in a joint venture with Airport Authority of India at Nangloi, New Delhi.

2.1.10.2 Fire safety awareness campaign

Fire service week is observed by DFS from 14 to 20 April every year. In order to create awareness on fire safety, evacuation drill in high rise buildings and other buildings such as schools, hospitals, cinema halls, etc are organized in different parts of Delhi. The DFS stated that fire safety lectures/demonstrations were organized during the years 2005 to 2008. Twelve hundred and seventy five schools, 55500 people from general public, 15200 Government Undertaking officials and 3070 Resident Welfare Associations (RWA) persons were educated about fire prevention and safety measures as given below:

Table 2.4: Fire safety lectures/demonstrations organized during 2005 to 2008

Sl. No.	Year	Name of the programme	Number of participating schools/Government Undertaking officials, general public etc
1	2005	Fire safety lecture/demo	256 schools
2	2006	Fire safety lecture/demo	461schools
3	2007	Fire safety lecture/demo	220 schools 4200 government undertaking officials 6000 general public in Bhagidari 4500 general public in Gandhi Jayanti Exhibition 5000 general public of Disaster Management campaign/training 3000 RWA persons
4	2008	Fire safety lecture/demo	338 schools 11000 government undertaking officials 8000 general public in Bhagidari 7000 general public in Gandhi Jayanti Exhibition 25000 general public of Disaster Management campaign/ training 70 RWA persons

Fire Safety awareness programmes

The department should continue with the good work done in spreading awareness on fire safety and preparedness.

2.1.11 Deficiency in preparedness for disaster management

After the January 2001 Bhuj earthquake, the GNCTD proposed establishment of three disaster management centers (DMC) at Rohini, Laxmi Nagar and Nehru Place fire stations with the objective to strengthen search and rescue capabilities during any kind of disaster. For this purpose, three *hazmat* vans and three rescue responder vans with all rescue tools were procured in 2002. Due to shortage of manpower with DFS, the Government decided to provide manpower from Delhi Police with the responsibility of onsite supervision. Disaster management teams from DMC at Rohini, Nehru Place and Laxmi Nagar were called for in 1028, 919 and 518 cases of fire incidents respectively during the last five calendar years upto June 2009 for supporting fire fighting teams.

2.1.12 Fire Prevention

2.1.12.1 Schools running without obtaining NOC from DFS

As per January 2005 circular of Directorate of Education, all schools should have fire fighting equipments as per the specifications. In addition to this, schools must enclose a clearance certificate from DFS at the time of applying for fresh recognition/ upgradation.

Scrutiny of NOC register of the schools revealed that during the years 2004-09, 2224 schools applied for NOC. Against this, in 846 cases (Government-263, Private-410, others-173), school buildings were not provided with fire safety and preventive measures and hence required NOC was not issued. Thus the lives of the children and staff of the schools were at risk in case of a fire emergency.

The department stated (January 2010) that Delhi Fire Service did not have powers to enter the school premises unless asked to do so. Accordingly, DFS is carrying out inspection of schools in cases received in this department and issued NOC on satisfactory provision of fire safety arrangements as per circular No. 262-362 of January 2005 of Director of Education. It was also mentioned that due to lacuna in Delhi Fire Prevention and Safety Act 1986 and Delhi Fire Prevention and Fire Safety Rules 1987, DFS was not empowered to take action against the owners of school buildings (which are less than 15 metres in height) which had not taken the prescribed fire safety and preventive measures.

2.1.12.2 Inspections of cinema halls

A joint quarterly inspection of cinema halls in Government of NCT of Delhi by Fire, Electrical, Building and Health Department was initiated on the directions of Lieutenant Governor of Delhi with effect from the year 2004 onwards to check the compliance of provisions of Delhi Cinematograph Rules, 1953, 1981 and 2002.

- Test-check of records of DFS in respect of 'cinema halls inspection' of 15 out of 50 cinema halls for the period 2004-09 revealed that out of required 20 quarterly inspections for each cinema hall, in 13 cinema halls inspections ranging between 3 and 10 **(Appendix-2.3)** were not conducted by DFS.
- In one cinema hall, no inspection was conducted during 2008-09.

The department stated that licences for running of cinema halls are issued by the Delhi Police. Accordingly, the inspection of cinema halls is arranged by Delhi Police under the provisions of Rule 17 of Delhi Cinematograph Rules-2008 and the directions issued by Lieutenant Governor of Delhi from time to time. Delhi Fire Service nominates its members for the joint inspection of the cinema halls to ensure the compliance of provisions relating to fire safety.

The reply of the department is not convincing as the orders of the Lieutenant Governor of Delhi have not been complied with.

2.1.12.3 Non-observance of fire safety measures in hospitals

Test-check of records relating to fire safety measures adopted by 15 hospitals revealed the following discrepancies:

- Guru Teg Bahadur Hospital, Delhi was inspected by DFS in compliance with High Court decision about high rise buildings in the month of June 2003. It was noticed that nine out of 12 minimum fire prevention and safety measures as prescribed in the Fire Safety Rules 1987 were not adhered to.
- Similarly, general and special ward block at Lok Nayak Jai Prakash Hospital, New Delhi, also did not adhere to five out of 12 minimum fire prevention and safety measures according to the inspection note issued by DFS in November 2006.

In both cases, neither was any remedial action taken by the hospitals nor any action initiated by CFO under Section 10 of the Delhi Fire Prevention and Safety Act 1986 to enforce fire safety and preventive measures in the hospitals.

The department stated (January 2010) that orders for disconnection of essential supplies to GTB hospital and LNJP hospital have been issued and hospital authorities were being repeatedly requested to provide fire safety measures. Reply is not convincing as the CFO has not taken action against the hospitals authorities under Section 10 of the Delhi Fire prevention and Safety Act 1986 to enforce fire safety and preventive measures in the hospitals.

Interesting observations

Non-observance of fire safety measures in annual India International Trade Fair at Pragati Maidan

India Trade Promotion Organization (ITPO) organizes the annual event India International Trade Fair (IITF) from 14 to 27 November each year at Pragati Maidan, New Delhi. For casual performance license (for exhibition purpose), NOC is required to be obtained from DFS. SFAC also recommends that NOC be obtained from Fire Services for each place of public assembly. However, scrutiny of records revealed that:

- Neither ITPO nor any state pavilion had obtained the requisite NOC since 1992 although the exhibitions are being organized every year.
- Even basic requirements of fire safety measures were not fulfilled by ITPO or state pavilions despite several shortcomings pointed out by DFS, viz., non-working of fire hydrants, improper/blocked fire exit ways, and extensive usage of wooden/combustible materials.

- In November 2007, although the Deputy Commissioner of Police (IITF) New Delhi ordered that no establishment should be allowed to operate until all the stall owners, restaurants and State Pavilions obtained the NOC from the Fire Department, the exhibition started without any NOC from DFS and an incident of fire occurred on 17 November 2007 in hall number 18 in the exhibition premises. Despite this, no NOC from Fire Department was still obtained for the exhibition by ITPO or state pavilions in the year 2008. This clearly shows that DFS has not exercised its powers effectively for the enforcement of fire safety and preventive measures.

Lack of fire safety measures in Palika Bazar, Delhi

The underground air-conditioned shopping centre known as Palika Bazar with more than 350 shops was constructed in 1976 in an area of one hectare in Connaught Circus, Delhi, by NDMC and is functioning since then. As per records, more than 15,000 people are present in the shopping centre at any given time. It was observed that NOC from DFS has not yet been issued inspite of several inspections and visits by DFS over the years because complete fire safety measures were not installed by NDMC in the premises, although inspection reports admitted that highly inflammable goods were kept inside and the shops had been decorated by using wood, synthetic material etc, which constitute a fire hazard. Due to lack of action by DFS, the market is fully functional putting the lives and property of the people at risk in this fire prone area.

After this was pointed out, the department stated (January 2010) that Palika Bazar is a low rise building and not covered under the clause 6.2.4.1 of Delhi Building Bye Laws 1983 and Delhi Fire Prevention and Fire Safety Act 1986. However, on the request of NDMC, the fire safety measures were inspected and shortcomings observed during the inspection were communicated to the NDMC authorities.

2.1.12.4 High rise buildings

Delhi Building Bye-Laws, 1983 requires every multi-storied building of 15 metres and above and for special buildings like assembly, institutional, industrial, storage and hazards occupancies to have a clearance (NOC) from DFS, Delhi after ensuring conformity with the fire safety measures for the building. Section 3 of the Delhi

Demonstration of Rescue Operations at High Rise Building

Fire Prevention & Safety Act 1986 further stipulates that the nominated authority may, after giving three hours notice to the occupier of building having height more than 15 metres, enter and inspect the said building or premises for ascertaining the adequacy or contravention of fire prevention and fire safety measures.

2.1.12.5 Non-adherence to fire safety norms by high rise buildings

Delhi High Court vide its order dated 23 August 2004 directed DFS to conduct a survey and identify the high rise buildings in Delhi that did not have fire prevention and fire safety measures required under law. In the process, DFS identified 2377 buildings in Delhi and issued public notice to provide 12 minimum safety standards as prescribed under Delhi Fire Prevention Act, 1986 within 90 days. On completion of the said period, the buildings were re-inspected and it was observed that owners/occupiers did not provide the required fire safety measures and accordingly show-cause notices were issued to them asking them to why electricity and water supply connections to the buildings should not be disconnected as a penalty.

Table 2.5: The position of the identified 2377 cases as on 31 March 2009

Order issued by DFS for disconnection of supply of water & electricity	Height verification pending with MCD, DDA and NDMC			NOC issued after safety measures	Buildings found to be low rise	Show cause notice issued	Cases pending before the court	Building sealed by DFS/ MCD	Building demolished by MCD	Total number of buildings identified
	MCD	DDA	NDMC							
812	82	08	01	501	696	266	08	02	01	2377

Scrutiny of records revealed the following:

- The orders for disconnection of water supply and electricity were issued to the 812 owners of buildings who did not provide 12 minimum fire safety norms but the confirmation of disconnection of water supply and electricity was not on record. 812 buildings for which disconnection orders were issued included some important Government and private buildings viz., (i) Nurses and Doctors' Hostel-AIIMS, (ii) MCD Office-Civil Line, (iii) World Health Organization (WHO)-I.P. Estate, (iv) Institute of Town Planners-I.P. Estate, (v) Rajindra Bhawan-Deen Dayal Upadhyay Marg, Delhi, etc.
- In 91 cases, the height verification of the buildings was still pending.
- In 266 cases, the show cause notice for disconnection of water and electricity supply was issued but a final decision was yet to be taken.

- Regular inspection of high rise buildings as prescribed under the Act was not conducted by DFS which resulted in non-observance of fire safety measures by a number of buildings as evident from the above table. DFS failed to take any effective action against the defaulters, as per provisions of the Act ibid by imposing fine.

In response to CAG's Audit Report for the year ended March 2001, the Department assured (December 2004) PAC in the "Action Taken Note" that action was being contemplated against those unauthorized buildings, which had not taken adequate fire fighting precautions. However, no evidence was produced to Audit in which penalty, as prescribed in the Act, was imposed by the DFS. Moreover, DFS has no mechanism to check the compliance with orders issued for disconnection of water and electricity supply.

Department stated (January 2010) that the Delhi Fire Prevention and Fire Safety Act 1986, did not empower DFS to put on hold any unauthorized construction, as only the building sanctioning authorities, i.e., MCD/DDA/NDMC could do so. The reply of DFS is escapist and thus lacks conviction as it should have established a mechanism to check compliance with orders regarding disconnection of water and electricity.

2.1.13 Monitoring

The DFS does not have any worthwhile monitoring mechanism in place. The construction of new fire stations is being delayed due to lack of monitoring and coordination with the concerned agencies like DDA, MCD and PWD. Inadequate infrastructure in terms of number of fire stations has affected the performance of the department in its fire fighting operations. The Department did not have any system to carry out the regular inspection of high rise buildings, schools, cinema halls, hospitals, places of public assembly, etc, to check the adequacy of fire safety and preventive measures. In the absence of systematic monitoring in planning, funding and management of fire fighting services including regular inspections of high rise buildings, the fire fighting apparatus in Delhi remained only partially operational.

Conclusion

The fire safety and prevention measures were not adequately enforced in schools, cinema halls, hospitals, places of public assembly and high rise buildings, etc, thereby exposing a large section of population to fire hazards. Penalty as envisaged by the Act was not imposed on defaulters. A large number of water tenders remained out of order due to lack of prompt action for their repair and maintenance. Monitoring by the Department was minimal with serious implications as regards performance of the Department at various levels.

Recommendations

- Proper steps should be taken urgently for opening of required number of fire stations and deployment of adequate equipment.
- Steps should be taken to fill up the vacant posts particularly in respect of operational staff and skills of fire service personnel should be upgraded through regular drills, training, etc.
- Regular inspections should be carried out on high rise buildings, schools, hospitals, cinema halls and places of public assembly to ensure proper functioning of fire control systems and safety measures.

Department of Urban Development

2.2 Development works in Regularised-Unauthorised (R-U) colonies undertaken by the DJB and MCD

2.2.1 Background

High population growth has created tremendous pressure on existing civic and infrastructure facilities in urban areas of Delhi and resulted in growth of unauthorized colonies. Out of 607 such colonies under the jurisdiction of the Municipal Corporation of Delhi (MCD), 567 colonies have been regularized so far. Efforts are on to regularize the remaining 40 colonies.

For providing civic facilities like drinking water, sewerage facilities, roads, drains, pavements, street lighting, parks and dustbins, the Delhi Jal Board (DJB) and MCD carry out developmental works from the loans received from the Government of NCT of Delhi. As of March 2008 waterlines had been laid in 557 colonies and sewer facilities had been extended to 517 colonies. The aim of the scheme is to develop these colonies to bring them at par with the adjoining developed areas.

2.2.2 Audit Objective

In this report it was assessed whether:

- the funds allocated for the scheme were utilised by the DJB and MCD economically and efficiently.
- planning for the scheme was adequate and took into account the requirements of the colonies.
- the works undertaken were effectively and efficiently executed

- the works undertaken were effectively utilized.
- Quality control mechanism was effective.

Audit Findings

2.2.3 Funding Pattern and Financial Management

2.2.3.1 The Government of Delhi releases funds in the shape of loans to MCD and DJB. The year-wise details of funds released and expenditure incurred are as under:

Table 2.6: Details of funds released and expenditure incurred

(Rupees in lakh)

Year	Funds Released	Expenditure Incurred	Excess / (Savings)	Percentage of Excess/ (Savings)
MCD				
2004-05	4107	4105	(2)	(0.05)
2005-06	5000	4802	(198)	(3.96)
2006-07	5198	5176	(22)	(0.42)
2007-08	5222	5145	(77)	(1.47)
2008-09	5277	5167	(110)	(2.08)
DJB				
2004-05	5156	5807	651	12.63
2005-06	7442	6223	(1219)	(16.38)
2006-07	8591	7567	(1024)	(11.91)
2007-08	8283	6818	(1465)	(17.68)
2008-09	9891	7529 (Tentative)	(2362)	(23.88)

Both MCD and DJB were dependent on interest bearing loans from the Government for implementing their schemes. Audit observed that these funds were not utilized efficiently as detailed in the paragraphs below.

2.2.3.2 Funds lying unutilized in DJB

From the above table, it is seen that there were savings ranging from 12 to 24 *per cent* in DJB during 2005-06 to 2008-09. The budget allocations and expenditure were analysed in the selected 12 divisions. It was found that the divisions could not utilize the funds allocated during the period from 2004-05 to 2008-09. There were savings ranging from 9.18 *per cent* to 37.74 *per cent* in the water sector and 17.08 *per cent* to 60.25 *per cent* in sewer sector (**Appendix-2.5**). Savings were stated to be because of late release of funds by the DJB headquarters, delay in getting permission for road cutting from MCD and works carried over to the following year as they were awarded at the close of the year in February and March.

2.2.3.3 Diversion of funds by MCD

The General Financial Rules (GFRs) prohibit the re-appropriation of funds from plan head to non-plan head without the prior approval of the Finance Department. The sanctions issued by the Government of NCT of Delhi while releasing funds for the scheme specifically stipulate that the funds released would be utilized on the sanctioned plan scheme and not re-appropriated/ diverted to any other scheme under any circumstances.

It was seen in Audit that in total disregard of the financial rules and terms of sanctions, MCD transferred Rs. 2440 lakh from plan head to non-plan head in the form of supervision and establishment charges during the period 2004-05 to 2008-09. Approval of the Finance Department was not obtained for such diversion. The fact was also not depicted in the utilization certificates subsequently submitted by the MCD to the Urban Development department of Government of Delhi. While admitting the fact of diversion, the MCD officials stated in the exit conference (February 2010) that the finance department of MCD automatically deducted the salary cost at the rate of 10 *per cent* at the time of release of funds to the departments.

2.2.3.4 Diversion of funds by DJB

Scrutiny of records of four maintenance divisions revealed that 147 works involving an expenditure of Rs. 7.83 crore were executed, out of which funds of Rs. 2.39 crore (i.e. 30.52 *per cent*) were utilized for execution of 40 works in colonies other than regularized-unauthorized (R-U) colonies. Particulars of works undertaken in other unauthorized colonies/areas, which were not regularized, from the funds meant for R-U colonies are shown in the **Appendix-2.6**. Moreover, the Board had not devised any criteria for identifying colonies for taking up works. Thus, there was no clear-cut justification for taking up the works in the colonies.

2.2.3.5 Loss of revenue to DJB due to defective/ non-functional meters.

Instructions were issued to all Zonal Revenue Officers (ZROs) by the Director Revenue that water charges were to be recovered @ 20 Kilo Litres (Kls) per connection per month from the residents having premises with built up area upto 200 sq. metres and @ 30 Kls per month per connection for those having premises with built up area above 200 sq. metres in respect of meters which were defective or out of order. The ZROs were instructed to check randomly at least 10 premises per month of private domestic consumers in order to ascertain whether the consumers had their private defective meters replaced.

Test-check however revealed that the ZROs had not conducted the required random checks of at least 10 premises per month of private domestic consumers and other connections viz. commercial connections and bulk connections in order to ensure that the defective metres were replaced by the consumers. Thus instructions issued to secure the financial interests of the DJB and to minimize the loss of revenue were not being followed.

2.2.3.6 Development charges relating to sewerage to the tune of Rs. 358 lakh, outstanding from residents

Development charges are collected by DJB from the residents of R-U colonies. Scrutiny of information on the recovery of these charges from the residents revealed that an amount of Rs. 358 lakh was outstanding from the residents since 2004-05 in respect of ZROs of five out of eight divisions test-checked. The position is shown in **Appendix-2.7**.

2.2.3.7 Non-recovery of Road Restoration charges from MCD by DJB

The DJB had undertaken three works costing Rs. 197 lakh relating to laying of sewer lines in three R-U colonies during the period 2005-06 to 2007-08. An amount of Rs. 170 lakh was also paid by DJB to MCD as road restoration (RR) charges for the execution of these works. Subsequently these three works were abandoned after having been partially executed, though the amount of Rs. 129 lakh which had been paid to MCD for the portion of the road, which was not cut, was not recovered or adjusted from future payments to be made to MCD till May 2009.

Table 2.7: Works for which RR charges are to be recovered

Year	Name of Division	Particulars of work	Cost of work	Amount paid as RR charges	Amount of RR charges recoverable
2005-06	Dr.-XI	P/L of S/line on Bhagat Singh Road in New Govind Pura	3,61,529	3,51,907	1,99,504
2006-07	Dr.-XIV	P/L of internal S/line in Sadh Nagar-Part-II in Najafgarh Zone	1,66,51,730	1,52,32,773	1,18,83,.827
2007-08	-do-	P/L of internal S/line in Sadh Nagar, Part-I	26,66,655	14,12,197	8,45,083
		Total	**1,96,79,906**	**1,69,96,877**	**1,29,28,414**

The Construction Division Drainage-XIV had initiated action at the instance of Audit and requested MCD to adjust this amount in future payments to be made in the shape of RR charges.

2.2.4 Planning

2.2.4.1 Planning in MCD for undertaking works in R-U colonies

It is essential for MCD to conduct periodic surveys to identify the areas that require immediate attention in order to prioritize works in a cost effective manner and to draw up maintenance strategies. For this purpose annual action plans are prepared at the division level in consultation with local area representatives after assessing the needs of the colonies and sent to MCD headquarters. MCD headquarters consolidates these plans and prepares a consolidated Annual Action Plan (AAP) which is then sent to the Urban Development Department of the Government for allocation of funds. After allocation of funds, the divisions are required to execute the works strictly according to the approved plan.

2.2.4.2 Deviations from approved plans

In respect of the four test-checked zones comprising 18 divisions during the period 2004-05 to 2008-09, 3577 works valuing Rs. 21489 lakh were planned for execution, but only 2610 works (73 *per cent*) valuing Rs. 14780 lakh, as detailed in **Appendix-2.8,** were actually executed. Further, though 73 *per cent* of the targets were shown as achieved in the zones, most of the works executed were outside the approved annual plans. The deviations from the AAP ranged from 22 to 58 *per cent* in the Civil Lines zone, 55 to 79 *per cent* in the Najafgarh zone, 26 to 64 *per cent* in the Shahdara (N) zone and 14 to 94 *per cent* in the West zone, reducing the entire planning exercise to a farce.

2.2.4.3 Planning in DJB for laying of water lines and sewers in R-U colonies

These colonies had sprung up in different areas of Delhi in an unplanned manner without any relation to the water and drainage grid of the city and accordingly planning for providing water and sewer facilities starts at the colony level itself. Water sources in the form of Under Ground Reservoirs (UGRs), tube wells and Deep Boring Hand Pumps (DBHPs) need to be identified or constructed to meet the water needs of these colonies. From the information furnished by six test-checked divisions, it was seen that there was a requirement of 144.20 Million Gallon per Day (MGD) of drinking water for the population of 38.56 lakh covered by the divisions, which included the population of the R-U colonies also. The availability of water was however only 95.26 MGD, leaving a shortage of 48.94 MGD **(Appendix-2.9)**. It was noticed that the divisions were not maintaining statistics for R-U colonies separately. Thus the DJB authorities had not assessed the actual water needs of these colonies so as to plan for providing potable water.

Supply of water and existence of outfall to Sewage Treatment Plants (STPs) should be the pre-requisite for laying sewer lines. Scrutiny of records in respect of 249 colonies covered by the zones test-checked revealed that sewer lines were not laid in 26 colonies as the connection to the STPs was yet to be established.

Table 2.8: Position of connection to STPs in 26 colonies

No. of colonies	Status
2	STPs under construction
3	Sewage Pumping Station not constructed for want of availability of land.
5	Trunk sewer under construction
2	Sewer lines not laid as water lines had not been laid.
14	Construction of sewer lines found not feasible.

It was noticed that in five colonies, sewer lines had been only partially laid. The reason provided in respect of two colonies was that MCD was demanding heavy RR charges for the cutting of roads. In three colonies, as the MCD had already laid storm water drains in the middle of the lanes, there was no place left to lay the sewers and the residents had unauthorisedly connected their sewers to these drains. Thus, an amount of Rs. 201 lakh, which had been paid to the contractor for laying of sewer lines in these colonies, was blocked as the portion of sewer lines already laid could not be linked with STPs.

In 24 colonies sewer lines had been laid but were not commissioned causing sewage from the colonies to flow untreated into the storm water drains. It was observed that in 15 colonies out of these 24 colonies, the lines were constructed before establishing the link to the STPs as required. As a result, an amount of Rs. 555 lakh spent on these works remained blocked from two to eight years. In the remaining nine colonies, though link with STPs had been established, the sewer lines could not be commissioned as notifications were not issued by the DJB (details in para 2.2.5.9), thus causing avoidable outfall into the storm water drains. Thus planning was shortsighted leading to wasteful expenditure on works that could not be used.

2.2.4.4 Shortfalls in achievement of annual targets

As per existing practice in DJB, the divisional authorities and their respective zones are required to fix annual targets for laying of sewer lines in the R-U colonies where waterlines already existed or where facility of water was already available to the residents.

Out of four construction divisions test-checked, two divisions Dr. (C) X and XIV, had fixed targets for laying sewer lines in the colonies but the targets could not be achieved and there were delays in laying of sewer lines ranging from one month to 40 months.

In the test-checked eight maintenance divisions, the targets for providing drinking water to each resident were fixed by only two divisional authorities @ 30 to 35 gpcd. These divisions had however not achieved the targets. The divisional authorities replied that the targets could not be achieved due to scarcity of water. Three divisions intimated that no targets had been fixed for providing water to the R-U colonies under their jurisdiction. Three divisions[*] did not furnish any reply.

Out of eight maintenance divisions of DJB, four maintenance divisions comprising 143 colonies were to lay 60.70 kms of sewer lines and 39.57 kms of water lines during 2004-05 to 2008-09, but only 45.09 kms of sewer lines and 29.75 kms of water lines could be laid. Thus, there were shortfalls of 25.71 *per cent* and 24.8 *per cent* respectively.

Division-wise position of targets and achievements in the test-checked divisions is given in **Appendix-2.10**.

In the exit conference it was clarified that targets in the water sector had the objective of fulfilling designing requirements for creation of infrastructure. As for the shortfalls in laying of sewer lines it was stated that reasons would be investigated and furnished.

2.2.4.5 Planning for maintenance of water and sewer lines

General instructions issued by DJB stipulate that wherever sewer lines have become inadequate for carrying sewage or are of the size of 150 mm diameter, they should be replaced by the required minimum size of 250 mm diameter as per prevailing norms. De-silting of sewer lines was to be done on an annual basis. It was, however, informed by the test-checked divisions that there was no prescribed schedule approved by DJB for watching the maintenance aspect of old water mains and sewerlines. It was intimated by the divisions dealing with water sector that the divisional authorities undertook the replacement/repair works only after receipt of complaints from the public and intimation by the leakage detection cell as pre-maintenance schedules are not drawn up for waterlines because they have long life spans of over 30 to 40 years.

In North East-II Division, out of the 95 DBHPs installed, only 70 were in working condition and 25 remained out of order. While there were already shortages compared to the requirement as per population, even the existing sources were not functional making the situation even worse. In the exit conference the DJB officials stated that at least 10 *per cent* of DBHPs run dry every year due to depleting ground water table.

[*] West-III, North East-I and South West-II.

2.2.5 Contract management and execution of works

2.2.5.1 Delay in award of works in MCD

CPWD Manual stipulates that works are to be awarded within 45 days of the receipt of tenders. However, MCD did not fix any time frame for the award of works after opening of tenders. It was observed that there were inordinate delays in award of works even after identifying the lowest tenderer. An analysis of 283 contracts revealed that only 51 work orders were issued within the period of 45 days and the remaining 232 work orders (82 *per cent*) were issued with significant delays of 46 to 340 days as tabulated below:

Table 2.9: Delay in issue of work orders

No. of works	Delay ranging from
119	46-90 days
37	91-120 days
39	121-150 days
14	151-180 days
23	181-340 days

Scrutiny of work files did not reveal any reasons for delay in issuing the work orders to the tenderer. Thus the works got unduly delayed depriving the beneficiaries of the facilities intended to be provided. Reasons for delay in award of works were called for but reply was not received as of February 2009.

2.2.5.2 Non-execution of contract agreements with contractors on award of works in MCD

Rule 204 (vi) of GFRs stipulates that contract documents should be executed within 21 days of the issue of letter of acceptance without which sufficient ground is created for annulment of the award and forfeiture of earnest money deposited by the contractor.

Test-check of 16 cases involving works valuing Rs. 58.48 lakh in two divisions revealed that contract agreements were executed after nine to 235 days from the stipulated date of completion of works. Thus, the department was not following the GFR provisions. It was further noticed that at the time of making the full and final payment to the contractor for the work done, department did not forfeit the earnest money amounting to Rs. 1.06 lakh which resulted in loss to the department to that extent. While admitting the fact, the MCD officials stated in the exit conference that contract agreements were made at the time of final payment in case of small works. Now with the introduction of e-tendering from February 2009, it would be ensured that no work order will be given to a contractor beyond his financial limit.

The fact, however, remains that the risk of loss to Government existed in the intervening period.

2.2.5.3 Non-commencement of works by contractor in MCD

CPWD works manual stipulates that if a contractor fails to commence a work by the 15th day from the date of letter issued to him or such time period as mentioned in the work order, the Engineer-in-charge shall be at liberty to forfeit the whole of the earnest money absolutely. Further, the enlisting authority shall have the right to remove the contractor from the approved list of contractors in case the contractor fails to execute the work satisfactorily, on time and with good quality.

The EE- M-III, Shadhara (N) Zone awarded 24 works of "Strengthening of road by providing mastic asphalt and bitumen" with a contractual value of Rs.116 lakh to M/s Sona Consultants & Contractor during the period from July 2008 to September 2008.Scrutiny of records revealed that the contractor M/s Sona Consultants & Contractor had completed only three works (awarded in the month of July 2008) valuing Rs. 12.93 lakh with a delay of two to three months for which the department had granted extension of time. The 21 works had not been started (May 2009) by the contractor even after a lapse of five to seven months from the date of award of work. Reasons for non-execution of these works had not been found on record. The division had, however, not taken any action against the contractor or forfeited the earnest money of Rs. 2.37 lakh. Further, despite the contractor not executing the earlier awarded works, the division had awarded five more works valuing Rs.32.67 lakh to him in the months of August 2008 and September 2008.

2.2.5.4 Undue benefit to contractors by giving extension of time without levying compensation for delay in completing works in MCD and DJB

CPWD works manual stipulates that, if due to any hindrance at site, the contractor fails to complete the work within the stipulated period, the contractor is required to apply for extension of time (EOT) within 14 days from the date the hindrance arises, in writing to the Engineer-in-Charge. Further clause 2 of contract stipulates that if the contractor fails to complete the work on or before the contract or extended date of completion, he is liable to pay compensation for delay up to 10 *per cent* of tendered value of work.

Audit scrutiny of 150 test-checked cases for the period 2004-05 to 2008-09 in nine divisions having tendered value of Rs. 531 lakh revealed that the competent authority had granted EOT to the contractors for periods ranging from six days to 472 days from the stipulated date of completion, after the completion of work. The post-facto extensions of time were granted on the ground that the works could not be taken up/completed by the contractors due to resistance from the public in removing encroachments from the sites. The division had thus granted undue benefit to the contractors by not levying the compensation for delay amounting to Rs. 53.10 lakh. The reason recorded for grant of EOT was not acceptable because as per the provisions of the manual, the difficulties likely to be encountered in completion of the work should have been foreseen at the time of preparation of estimates itself.

Similarly during test-check of the records of DJB it was noticed that in 12 cases in three out of 12 divisions, the contractors had not applied for extension of time and the works were not completed by the scheduled dates. In all such cases, the divisions had not recovered liquidated damages at 10 *per cent* of the contractual amount to the tune of Rs.26.81 lakh from the contractors which resulted in undue benefit to the contractors.

2.2.5.6 Incomplete works in MCD

Time allowed for execution of works or the extended time in accordance with the conditions should be the essence of the contract. As already stated, 10 *per cent* of tendered value is leviable as compensation for delay in execution of works where the fault lies with the contractor. Further, final payment for works costing more than Rs. 5.00 lakh should be made to the contractor within six months and for other works within three months from the actual date of completion of work.

It was observed that 53 works having contractual value of Rs. 541 lakh which were to be executed during the period 2004-05 to 2008-09 have not been completed so far (July 2009) and have already been delayed for periods ranging from 10 to 52 months as tabulated below:

Table 2.10: Delay in completion of works

(Rupees in lakh)

Zone	No of works	Tendered Value	Contractual value	Amount paid to the contractor	Percentage of payment made to contractor	Period of delay (in months)	Penalty to be levied
Shahadra (N) Zone	13	37.03	42.25	35.34	83.64	12-52	3.70
West Zone	8	42.17	56.70	49.86	87.94	11-38	4.22
Najafgarh Zone	15	234.40	270.72	268.79	99.29	10-47	23.44
Civil line Zone	17	147.26	171.31	145.34	84.84	10-33	14.73
Total	**53**	**460.86**	**540.98**	**499.33**	**92.30**	**10-52**	**46.09**

The contractors had not submitted completion certificates or final bills in respect of these works. However, the department had already released an amount of Rs. 499 lakh to the contractors, i.e., 92.30 *per cent* of the contractual value of the works of Rs. 541 lakh. Penalty of Rs. 46.09 lakh to be levied on the contractors for failure to complete the works in time was not levied. In the absence of hindrance registers, the reasons for the delays in completion of works could not be ascertained.

In respect of 24 works where 92 to 100 *per cent* of contractual value had been paid, final payments had not been made and works had not been certified as being complete even though four to 31 months had lapsed since their stipulated date of payment. As final payment meant certifying the works as complete in all respects in terms of actual quantities executed against the quantities required to be executed according to the work orders, the prescribed specifications and the quality of works executed, the authorities by not certifying the works as complete had absolved themselves from this responsibility though the department had already made the payment to the contractors. The Engineer-in-Chief stated in the exit conference that the concerned firms/agencies would be blacklisted.

2.2.5.7 Delay in execution of works resulted in escalation in cost of works in DJB

During the course of test-check of records of 12 divisions, it was noticed that in 54 out of 137 test-checked works, there was cost escalation to the tune of Rs. 82.65 lakh. Of these works, 16 works valuing Rs. 38.23 lakh were not completed in time. 38 works valuing Rs. 44.42 lakh though stated to have been completed in time were completed at a higher cost without any recorded justification for the increased cost in terms of change in scope of work, increased quantities, etc. DJB had incurred an extra expenditure of Rs. 82.65 lakh due to the cost escalation besides the delay in provision of facilities to the residents of these colonies. The position is given in **Appendix-2.11.**

2.2.5.8 Non-obtaining of clearance certificate from Labour Officer by MCD and DJB

Clause 45 of contract stipulates that amount of security deposit shall not be refunded till the contractor produces a clearance certificate from the Labour Officer. After completion of work the contractor shall apply for the clearance certificate to the Labour Officer under intimation to the Engineer-in-Charge.

It was noticed that the division had not intimated the Labour Officer about completion of work in any of the cases test-checked and released security deposits of the contractors after completion of maintenance period of 12 months from the date of completion. Scrutiny further revealed that security deposits amounting to Rs. 434 lakh in respect of 1191 works in four zones had been released to the contractors during the period 2004-05 to 2008-09 without observing the codal provisions. This had defeated the very purpose of protecting workers interest for which the condition was incorporated in the contract.

In the 12 test-checked divisions of DJB, security deposits amounting to Rs. 3.01 lakh in respect of five works were released to the contractors by the Engineers-in-Chief without obtaining clearance certificates from the Labour Officer, overlooking workers' interest. Both MCD and DJB agreed in the exit conference to issue directions reiterating the contract conditions.

2.2.5.9 Delay in making the sewer line functional due to non-issuance of notification

The main function of the construction division of DJB is to lay sewer lines in colonies under its jurisdiction. After the sewer lines are laid, the divisional authorities, to enable residents to get sewer connections, issue notifications. After notification is issued, the lines are handed over to the maintenance division for their maintenance.

The main function of maintenance division is to lay water lines in colonies and to undertake maintenance work, repair and replacement of waterlines as well as of sewer lines. In addition to this, the division is also responsible for collection of revenue from the residents.

Test check revealed that in nine R-U colonies, involving two construction divisions namely Drainage (C) X and Drainage (C) XIV, sewer lines which had been laid at a cost of Rs. 735 lakh during 2007 to 2009 had remained non-functional for want of issue of notification as shown in the **Appendix-2.12.** The divisions intimated that the matter of issue of notification was under approval (July 2009)**.**

In two R U colonies under the jurisdiction of Drainage (C) XIV, sewer lines had already been laid, made functional and notified but were not handed over to the maintenance division as of May, 2009. As a consequence, the residents were deprived of the intended benefits of the scheme.

2.2.6 Quality Assurance

2.2.6.1 Quality control mechanism in MCD

The quality control circle (QCC) and concerned SE and CE of the zone acting as third party are responsible to ensure the quality of works costing Rs. 2 to Rs. 25 lakh by picking random samples of material used at site for execution of works. The inspection should be conducted in three stages in case of drain works and Ready Mix Concrete (RMC) pavement to ensure the quality of work done by the contractors as detailed below. No payment should be made to the contractor until satisfactory report had been received from the third party.

Table 2.11: Stages of quality check of works

Type of work	1st stage	2nd stage	3rd stage
Drain work	At the time of fixing of levels	During construction stage	Final stage
RMC pavement	At the time of preparation of base	During laying of RMC/level/camber[#]	Final stage

During test-check of work orders issued and executed by the divisions during the period from January 2007 to 2008-09, 203 works valuing Rs. 2130 lakh were required to be tested by the third party. However, only 60 works (30 *per cent*) valuing Rs. 501 lakh were tested in the four zones as shown below:

Table 2.12: Actual number of works tested vis-à-vis requirement

(Rupees in lakh)

Name of Zone	Total No. of works required to be tested by				Works actually tested				Short fall/(Percentage)					
	QCC/CE		SE		QCC/CE		SE		QCC/CE			SE		
	No of works	C[∃]. value	No of works	C. value	No of works	C. value	No of works	C. value	No of works	C. value	Amt. paid to cont[≅].	No of works	C. value	Amt. paid to cont.
Shahadra (N) Zone	44	313.98	13	47.34	9	65.13	6	23.53	35	248.85	242.76 (97.55)	7	23.81	23.78 (99.87)
West Zone	35	324.65	16	55.91	14	136.84	3	12.96	21	187.81	182.77 (97.32)	13	42.95	42.03 (97.85)
Najafgarh Zone	44	945.10	16	69.7	21	177.45	NIL	NIL	23	767.65	767.24 (99.95)	16	69.7	68.72 (98.59)
Civil line Zone	24	240.68	11	42.84	6	80.01	1	4.71	18	160.67	126.00 (78.42)	10	38.13	37.97 (99.47)
Total	**147**	**1824.41**	**56**	**215.79**	**50**	**459.43**	**10**	**41.2**	**97 (65.98)**	**1364.98**	**1318.78 (96.55)**	**46 (82.14)**	**174.59**	**172.46 (98.77)**

[#] mildly curved surface
[∃] contractual
[≅] contractor

As seen from the above table, overall 70 *per cent* works were not inspected by the quality control circle/ CE and concerned SE. It was further noticed that in all the cases where inspection had not been conducted, payments ranging from 78 to 99.95 *per cent* of the contractual value of the work had been made to the contractors in disregard of the above provision.

Test-check of inspection notes of QCC for the period from January 2007 to March 2009 revealed that the inspections were not carried out as per prescribed stages, i.e., at three different stages. Inspections were conducted only at the first and third stages. Inspections at first stage were carried out by the QCC at the time of starting of work by lifting the samples of material used in the work for testing in the designated lab and the third and final inspections were carried out after completion of work whereas middle stage inspections were not conducted at all. As a result the quality of the hidden items such as laying of brick aggregate, demolition cement concrete, earth work in excavation, providing and laying in position Reinforced Cement Concrete (RCC), etc, was not known. Moreover, the inspecting officers mentioned nothing in the first inspection report about the fixing of levels and quality of preparation of base, which was a lapse on their part.

Test-check of 50 works' inspection reports issued by QCC revealed that rectification/compliance of the observations/findings pointed out by the QCC at the time of first inspection was not furnished by the divisions to the QCC during subsequent inspections. Deficiencies detected by QCC during final inspection of the works which were pointed out in its inspection reports and communicated to the divisions for rectification included observations such as the variation in thickness in laying of Ready Mix Concrete (RMC), local undulation, no expansion of joints provided in RMC, footprints/wheel tyre prints on the RMC etc. In the absence of any documentary evidence in the records of the divisions, Audit could not verify whether or not the deficiencies were rectified. Thus the overall quality of these works is doubtful.

Quality check of works awarded at abnormally low rate (ALR) not conducted by MCD

As per departmental instructions if the rate quoted by the lowest tenderer is found abnormally below justified rates, the payment to the contractor for the work shall be made after inspection of the work by the QCC at different stages.

Table 2.13: Works awarded at abnormally low rates

(Rupees in lakh)

Zone	No of ALR cases	Contractual value	Amount paid to the contractor	Percentage of payment
Shahadra (N) Zone	13	42.70	41.50	97.19
West Zone	11	33.85	33.60	99.26
Najafgarh Zone	2	2.19	2.19	100
Civil line Zone	-	-	-	-
Total	**26**	**78.74**	**77.29**	

It was observed that in 26 cases of abnormally lower tender rates the works were not inspected by QCC whereas payments had been made to the contractors ranging from 97 to 100 *per cent.*

2.2.6.2 Quality control mechanism in DJB

As per provisions contained in para 5.2.1 of CPWD Manual, it is incumbent upon various officers concerned with the work viz. Sr. Architect/Architect/ SEs/EEs(Civil)/AE and JEs to inspect the work frequently to ensure that the works are being executed in accordance with design and specifications laid down for the purpose. Primarily an officer who records and test-checks the measurement book for an item of work is responsible for the quality and quantity and dimensional accuracy of the work he has measured/test-checked.

In the case of 12 test-checked divisions (Construction and Maintenance), in respect of the works executed by the divisions, separate certificates in support of inspections conducted by the concerned competent authority were not found recorded in the relevant records. Thus, quality of works through inspections was not being ensured.

2.2.6.3 Quality check of works by an independent consultant

To ensure qualitative execution of works carried out by MCD, Audit conducted physical inspection of works by engaging an independent consultant. Out of 57 works, executed by various divisions under the jurisdictions of four selected zones, 15 works (Roads and Drainage) were selected for this purpose. These works were executed between April 2008 to March 2009 (Roads) and January 2009 to March 2009 (Drainage). The physical inspection reports submitted by the consultant revealed the following:

Level surfaces were not ensured for the pedestrians. Proper ramps at the entrances of lanes from main road were not constructed in a few cases for smooth flow of traffic. The manholes were raised above the road surface in almost all works inspected. The top levels of new drains ended abruptly and were not provided with CC ramps for smooth matching of the surface of new drain with the existing outfall drain. Slabs of drains were found missing at many places. It was stated that these had been stolen. While this could have been the case in places where the slabs were missing in the middle of the path, it was seen that slabs had not been placed at the end points at the intersections of the drains with the roads leaving large gaps. These pre-cast slabs were also not mostly evenly placed. Also the level of road and drain covering was not smoothly matched.

There were design flaws in the road works for the cement road panels, the design did not provide for making kota stone strip partitions for panels and along the central line of roads. Resultantly, there was a possibility of the roads cracking up due to shrinkage. In one instance the shrinkage cracks had already appeared on the road surface, which would get widened with the passage of traffic and breakage of edges. Gully gratings were not provided to prevent puddling/stagnation of water. Sufficient camber was not provided for road surface to allow proper draining of water into the gutters. Where roadside drains cannot be provided, sufficient slope could have been provided for small length lanes to drain off the water to a gutter provided at the end of the road.

As a holistic view was not taken, smooth transition with existing works was not ensured. Therefore there were cases where levels of roads near crossings were not tapered or ramps were not provided; colony drains were not properly continued into the outfall drains; drainage for runoff from road on a much higher level than a back lane constructed in a very low lying area was not provided for, and drains in many places were choked with garbage or construction rubble.

In the exit conference, the Engineer-in-Chief appreciated the audit concerns.

2.2.6.4 Quality check of potable water supplied by Delhi Jal Board

In the presence of DJB officials Audit lifted 31 water samples from six underground reservoirs (UGRs), six public taps, six residential taps and two DBHPs located in 10 randomly selected R-U colonies. These samples were put to essential physico-chemical and bacteriological tests in recognized laboratories to ascertain the fitness of water for drinking purposes.

It is noteworthy that all water samples (29) collected from the UGRs and connected taps in public areas and residences passed the quality tests and were found fit for drinking purposes.

However the following two water samples collected from the two Deep Boring Hand Pump (DBHPs) failed the water quality tests and were found unfit for drinking purposes:

Table 2.14: Results of water quality tests conducted for DBHPs

Sl. No.	Name of site from where water sample lifted	Name of test	Permissible limit	Result of test
1.	DBHP, LIG Flats Loni Road,	1. Colour –Pt-Co scale 2.Total Hardness (as $CaCO_3$) (Mg/ lt) 3. Residual free chlorine (mg/lt) 4. Caliform org MPN/100 ml	5 Max. 200 Max 0.2 min ≤10	10 230 Nil 24
2.	DBHP Ashok Nagar	1. Colour –Pt-Co scale 2. Turbidity NTU 3. Iron (as Fe) (Mg/lt) 4. Caliform org MPN/100 ml	5 Max. 2.5 Max 0.1 Max ≤10	20 40 0.2 56

Generally DBHPs are installed by the DJB on the basis of population of area/division, requests received from the residents welfare associations (RWAs) and requests received from the area MLA. Accordingly, it is incumbent upon the DJB to test the quality of the water from the DBHPs before opening them to the public.

In the exit conference, the Member (Water & Drainage) stated that such DBHPs would be painted red to warn users.

Conclusion

The MCD and DJB were unable to efficiently utilize the loans provided by the Government of Delhi. There was diversion of funds meant for the R-U colonies for other purposes. Collection of development charges was not proper. Annual plans in MCD existed only on paper, as they were not followed in the divisions. DJB did not have colony level statistics. A good part of the reported expenditure was a waste, as sewers could not be used. Contract management of MCD suffered from several weaknesses. Works were not awarded to contractors in time after opening of tenders. Timely completion of works was not being ensured and *postfacto* extensions of time were granted without levying penalties. The quality control system was not effective in MCD as the required percentages of works were not subject to quality check. There was no follow up on inspection reports to see if the rectifications had been carried out. DJB had no documentary proof of quality check of works having being conducted.

Recommendations

On management of funds

- DJB should streamline release of funds in the beginning of the year itself to the divisions.
- The DJB divisions should obtain necessary permissions from MCD authorities in a timely manner to ensure timely completion of works so that funds can be utilized efficiently.

On planning

- The approved annual action plan of MCD should be made available on the MCD website to facilitate department-public interface.
- DJB should document the criteria for selecting colonies for taking up works so that a uniform approach can be adopted.
- DJB should endeavour to create colony level statistics through engagement of an external agency to provide the necessary inputs for the planning process.
- DJB should complete the unfinished sewer lines by coordinating with the MCD to decide the most economical time to cut the road for laying the lines.
- DJB should formulate a policy for maintenance of the infrastructure created.

On execution of works

- MCD should follow the good practices of contract management to ensure that works are executed efficiently.
- DJB should promptly issue notifications in respect of sewer lines, which have been laid and can be put to use, so as to enable the public to use the facilities.

On quality assurance

- Quality checks should be streamlined and strictly conducted as per prescribed norms and no payment should be made without receiving the satisfactory inspection report of the third party/competent authority.
- Works monitoring should be computerized and quality monitoring be made an integral part of this.
- DJB should introduce third party inspection of works by reputed technical organizations.

- Smooth and safe surfaces should be ensured for pedestrians.
- Kota stone partitions/groove cutting should be provided for all the Ready Mix Concrete (RMC) roads to ensure their longevity.
- The water from the DBHPs should be checked for quality and where found contaminated a board should be displayed stating that the water should not be used for drinking purpose.

Delhi State Health Mission

2.3 *National Rural Health Mission*

2.3.1 Introduction

The National Rural Health Mission (NRHM) was launched on 12 April 2005 to provide health to all in an equitable manner. In National Capital Territory (NCT) of Delhi, the Mission was launched on 2 October 2006. The funds are provided to the State Health Society on the basis of approval of State Programme Implementation Plans (PIPs) by the Government of India. Funds received by State Health Society and the actual expenditure incurred thereagainst was as follows:

Table 2.15: Funds received by State Health Society and the actual expenditure

(Rs. in lakh)

Year	Received by SHS	Released to districts	Actual expenditure	Available funds	Percentage of 3 to 2	Percentage of 4 to 5
1	2	3	4	5	6	7
2006-07	1620.20	24.68	12.59	24.68	1.52	51.01
2007-08	3284.88	1615.34	132.56	1627.43	49.17	8.15
2008-09	6550.75	207.25	1128.64	1702.12	3.16	66.31
Total	11455.83	1847.27	1273.79	-	16.00	-

As shown in the above table the SHS released to districts only 16 *per cent* of the funds received by it from the Central Government and the districts could not utilize even this amount. The utilization by districts was only 66 *per cent* in 2008-09. The overall utilisation of funds was to the extent of only 11 *per cent* of funds made available to them.

2.3.2 Baseline survey

Household survey helps assess the healthcare requirements and identifies the underserved and unserved areas. The facility survey was not conducted upto

2007-08. However, in 2008-09, Accredited Social Health Activists (ASHAs) conducted the household survey. The Department of Health stated (May 2009) that the information was available with the districts and no consolidated report was available at the state level. In the absence of the report at the state level, the actual need/demand for services could not be taken into account for planning the future course of interventions at the state level.

2.3.3 Unserved/underserved areas

As of 30 January 2009, 39 unserved and underserved areas had been identified in the NCT of Delhi. The State Health Society (SHS) mentioned in the PIP for the year 2008-09 that Delhi being a predominantly urban state, the model of NRHM had to be dovetailed to this urban setting suitably. However, no action was taken to dovetail the scheme to the peculiarities of Delhi. The Department stated (April, 2009) that six mother NGOs had been engaged to provide Reproductive and Child Health (RCH) services in unserved/underserved areas allotted to them.

2.3.4 Non-merger of health societies

All the existing health schemes/societies, functioning independently were to come under the umbrella of National Rural Health Mission from XI five year plan. Scrutiny revealed that only three societies, i.e., Standing Committee on Voluntary Actions (SCOVA), National Leprosy Eradication Programme (NLEP) and National Programme for Control of Blindness (NPCB) have been brought under the umbrella of Delhi State Health Mission (DSHM) during the year 2007-08, but the funds of NLEP and SCOVA were transferred at the close of the year 2007-08 and funds of NPCB were transferred during the year 2008-09. Other four societies namely Revised National Tuberculosis Control Programme (RNTCP), National Vector Born Disease Control Programme (NVBDCP), Integrated Disease Surveillance Programme (IDSP), and National Iodine Deficiency Disorder Control Programme (NIDDCP) have still (31 March 2009) not been brought under the umbrella of DSHM. The delayed/non merger of societies and delayed transfer of funds hampered the smooth implementation of the activities of NRHM in the NCT of Delhi in a unified manner.

2.3.5 Non-formation of Rogi Kalyan Samitis (RKSs)

Scrutiny also revealed that even after a period of two and a half years of the start of the scheme in the NCT of Delhi, RKSs have not been established at any level**.** The SHS informed that RKSs are being planned for all Primary Urban Health Centres (PUHCs) and hospitals. The draft Memorandum of Association along with rules and regulations is in the final stages (March,

2009) and after vetting by concerned departments and necessary approvals, would be implemented during 2009-10.

2.3.6 Non-establishment of State Health System Resource Centre (SHSRC)

Although a provision of Rs. 50 lakh was made in the PIP for the year 2008-09, no SHSRC has been established in the NCT of Delhi. The SHS stated (March, 2009) that the venue for the SHSRC had been identified and layout plan finalised and approved.

2.3.7 Creation and strengthening of infrastructure

No fresh infrastructure was added under NRHM during the period 2005-06 to 2008-09. The SHS stated (March, 2009) that it did not incur any expenditure on new infrastructure because State Government was responsible for development and construction of new infrastructure. In the years 2006-07 and 2007-08 many new dispensaries were opened and also new hospital projects were planned and initiated under various state plan schemes. It further stated that these 39 unserved/underserved areas are covered by Mobile Health Services under Directorate of Health Services.

2.3.8 Shortage of staff

As per the information provided by the Department it was observed that during the period 2005-06 to 2008-09 there was a shortage of 123 Medical Officers (MOs) and 773 Auxiliary Nursing Midwives (ANMs), which worked out to 50 *per cent* and 55 *per cent* respectively against the NRHM requirement. Shortage of MOs and other para medical staff shows that proper attention was not being given to the medical care of patients. The Department stated (March, 2009) that recruitment of approximately 100 MOs and 300 ANMs was proposed to be done shortly.

2.3.9 Maternal Health

It was observed that 24.74 lakh pregnant women were registered for Anti Natal Checkups (ANC) in Delhi during the period 2005-06 to 2008-09. Out of 24.74 lakh pregnant women there were only 7,92,140 institutional deliveries (institutional deliveries – Govt. - 6,33,715 + private - 53,231 + 1,05,194 home deliveries with the assistance of doctor, nurses, trained dai etc). This shows that 68 *per cent* deliveries were taking place in homes or small private dispensaries having no basic infrastructure for which the department had no information. It was also noticed that only 55 *per cent* pregnant women were given 100 iron folic acid (IFA) tablets. Of these, 37,074 pregnant women, registered for ANC were under the age of 19 years.

The Department stated (March 2009) that as per annual report on registration of births and deaths, the maternal mortality rate in Delhi is 26 per lakh live births which is very low in comparison to the national figure of 301 per lakh live births, as well as below the target as envisaged under NRHM i.e. below 100 per lakh live births.

2.3.10 Involvement and regulation of Non-Government Organisations (NGOs) in Mission

NGOs were to be involved in capacity building at all levels for effective implementation of NRHM. Audit examination revealed that an amount of Rs. 94 lakh was released to NGOs during the period 2005-06 to 2008-09 but only Rs. 51 lakh were utilized by the NGOs, and Rs. 43 lakh were lying with NGOs as of 31 March 2009, for which the UCs were awaited. Audit examination further revealed that a provision of Rs. 145 lakh was made in the PIP for the year 2008-09 but not even a single rupee was released to any NGO during the year 2008-09. This shows that while provision was made in the PIP in order to get funds from the GOI utilisation certificates of previous years were not available with the SHS, indicating that effective implementation was not being ensured.

Conclusion

The NRHM in NCT did not have clear assessment of health care as evident from the utilization of the funds released by Government of India. There were significant shortages in medical and para-medical staff *vis-à-vis* requirement as per NRHM norms. Community involvement in the implementation of the scheme was lacking. IEC activities were not implemented uniformly as a few districts were completely ignored while releasing funds for IEC activities. NGOs have also not been actively involved, as no funds were released to them during the year 2008-09.

Recommendations

- The SHS should endeavour to utilise funds available under NRHM both for recurring and non-recurring nature of expenses.
- Community participation may be ensured to have transparency in the implementation of the scheme.
- Sanctioned posts may be filled on a priority basis.
- NGOs should be involved in providing medical facilities in unserved/ underserved areas.

CHAPTER 3

Audit of Transactions

Audit of transactions of Government Departments, their field formations as well as that of autonomous bodies brought out several instances of lapses in management of resources and failures in the observance of the norms of regularity, propriety and economy. These have been presented in the succeeding paragraphs under broad objective heads.

3.1 Non-compliance with rules

For sound financial administration and financial control, it is essential that expenditure conforms to financial rules, regulations and orders issued by the competent authority. This not only prevents irregularities, misappropriations and frauds, but helps in maintaining good financial discipline. Some of the audit findings on non-compliance with rules and regulations are hereunder:

Delhi Jal Board

3.1.1 Irregular payment of escalation charges

Violation of CPWD Manual provisions led to extra payment of Rs. 17.19 lakh to a contractor on account of escalation charges

Director General (Works) amended the general condition of contract whereby no cost escalation under clause 10CC was payable for a work for which the stipulated period of completion was 18 months or less. The amendment was applicable to all Notice Inviting Tenders issued on or after 1 June 2000.

Scrutiny of records of the office of the Executive Engineer, Project (W)V revealed that two balance works of "providing /laying and jointing of 900-350 mm dia DI/MS water supply main in the command area of reservoir CT2 phase I and phase II of Dwarka" were awarded to a contractor in December 2004. The contractor claimed an amount of Rs. 17.19 lakh in respect of both the works (Rs. 5.46 lakh and Rs. 11.73 lakh) as escalation under clause 10CC which was paid by the Department in November and December 2006. The payment of escalation charges to the contractor was irregular as the periods of completion of the works were only 9 and 12 months respectively and therefore, no escalation was permissible.

Delhi Jal Board stated (December 2009) that the original works were rescinded in the year 2003 and the clause 10CC was stipulated in the original agreement of M/s Lanco as per condition of completion period of more than six months prevailing at that time. The reply is not acceptable as the amendment incorporated in the CPWD Manual was applicable to these two cases as NITs were issued in September 2000.

Thus, insertion of clause 10CC in the contract in the original form instead of the amended clause, in violation of Manual provisions resulted in avoidable payment of Rs. 17.19 lakh to the contractor on account of escalation charges.

The matter was referred to the Government in March 2008, the reply was awaited (February 2010).

Public Works Department

3.1.2 Avoidable extra expenditure due to delay in supply of drawings in time

Department's failure to observe the codal formalities in supply of drawings within the stipulated period, led to re-award of work and consequent avoidable expenditure of Rs. 28.23 lakh. Besides the public was denied the facility of a pedestrian subway for more than 16 months.

CPWD rules[1] stipulate that departmental authorities have to ensure timely preparation and supply of drawings and designs of a work to the contractor.

The work relating to construction of Pedestrian Subway across Road No. 40, near Shastri Nagar with estimated cost of Rs. 1.31 crore was awarded to M/s R.K. Construction in February 2006 at the tendered cost of Rs. 1.62 crore (28.28 *per cent* above estimated cost). The construction work was to commence from 19 March, 2006 and was to be completed within 12 months, i.e., 18 March 2007.

It was revealed that due to non-supply of drawings for the subway, contractor closed the contract on 8 May 2006 under clause 3A of the agreement which provides that in case the work cannot be started due to reasons not within the control of the contractor within 1/8th of the stipulated period for completion, either party may close the contract. Subsequently, the Department rescinded the contract under clause 3(a) and (b) of the agreement on 21 July 2006. Tenders for the work were invited in October 2006 and the work was awarded to M/s Mathura Das Ahuja & Sons at a cost of Rs. 1.97 crore, which was Rs. 28.23 lakh more than the previous tendered cost though the estimated cost was same. The stipulated dates of start and completion of work were 31 January 2007 and 31 January 2008 respectively. The work was completed on 2 July 2008 at a total cost of Rs. 2.01 crore.

[1] Section 15.2.1.1 and 15.2.1.3 of CPWD Works Manual, 2003.

Audit scrutiny revealed that Department had furnished some drawings to M/s R.K. Construction on 22 May 2006 and some execution drawings were in process of approval as on 31 May 2006, whereas the date of start of work was 19 March 2006. Had the Department prepared and furnished the execution drawings in time the work could have been completed by the contractor. Thus failure of the Department to observe the codal formalities for supply of drawings at the time of start or within the stipulated period, led to avoidable expenditure of Rs. 28.23 lakh due to re-award of the work at higher rates. Besides the public at large was also denied the intended facility of pedestrian sub-way for more than 16 months.

The matter was referred to the Department in June 2009, the reply was awaited (February 2010).

Public Works Department

3.1.3 Payment at higher rate on extra items and deviated items.

Failure of the department to arrive at correct rates for extra items and deviated items resulted in extra payment of Rs. 13.21 lakh.

CPWD Works Manual[2] stipulates that the rates of extra items and deviated items beyond permissible limit will be worked out at market rates prevailing at the time of commencement of execution of these items. For substituted items, the agreement rate of the original item will be adjusted for the difference in market rates of the original and substituted items.

A test-check of records of Public Works Department Divisions-M-211 (erstwhile Division-23) revealed that the Executive Engineer awarded (January 2007) a work "Providing mastic layer on ROB-19 at Madhu Vihar" to the contractor at a tendered cost of Rs. 32.40 lakh which was 3.33 *per cent* above the estimated cost (EC) of Rs. 31.36 lakh. During execution of work the contractor executed an item "Providing and laying 40 mm thick bitumen mastic wearing course" at the rate of Rs. 731.50 per sq. m. for 3500 sq. m. area as an extra item. It was noticed in audit that an item "providing and laying 25 mm thick bitumen mastic wearing course" had already been provided in the agreement/ schedule of quantities at Rs. 284.26 per sq. m, which was same in all respects as the extra item except for thickness. Instead of fixing its rate on the basis of rate of similar item provided in the agreement, the Department fixed and paid the above item on market rate treating it as an extra item.

[2] Para 23.2.1 and 23.3

Hence, failure of the Department to consider it as substituted item instead of extra item resulted in avoidable payment of Rs. 9.92[♣] lakh being the difference in the rates of extra item and substituted item (Rs. 731.50-Rs. 448.16).

In another case, the Executive Engineer, Division M-212 (erstwhile Division-30) awarded (March 2006) a work "Construction of chhat ghaat on the bank of river Yamuna near ITO Delhi" to a contractor at a tendered cost of Rs. 81.01 lakh which was 28 *per cent* above the estimated cost (EC) of Rs. 63.29 lakh. As per agreement, the deviations in sub-structure upto 30 *per cent* and 100 *per cent* for foundation work were payable at the rates agreed upon, i.e., scheduled rates, while deviations beyond permissible limit were payable at market rates.

A test-check in audit revealed that as per the 5th running bill of the contractor, he was paid for all the deviations at market rates instead of paying at tendered rate being within permissible limit of deviated items. Thus, the Division has paid an extra amount of Rs 3.29 lakh upto December 2009. The amount would go up as the final bill was yet to be paid.

Thus, failure of the Department to arrive at correct rates for extra items and deviated items resulted in excess payment of Rs 13.21 lakh.

The matter was referred to the Department in March 2009, the reply was awaited (February 2010).

3.2 Audit against propriety/expenditure without justification

Authorisation of expenditure from public funds has to be guided by the principles of propriety and efficiency of public expenditure. Authorities empowered to incur expenditure are expected to enforce the same vigilance as a person of ordinary prudence would exercise in respect of his own money and should enforce financial order and strict economy at every step. Audit has detected instances of impropriety and extra expenditure, some of which are hereunder.

♣ Quantity executed = 3500 Sq.m. Hence excess payment = 3500 x (Rs. 731.50 – Rs. 448.16)

3.2.1 Unfruitful expenditure on road works left incomplete due to encroachments

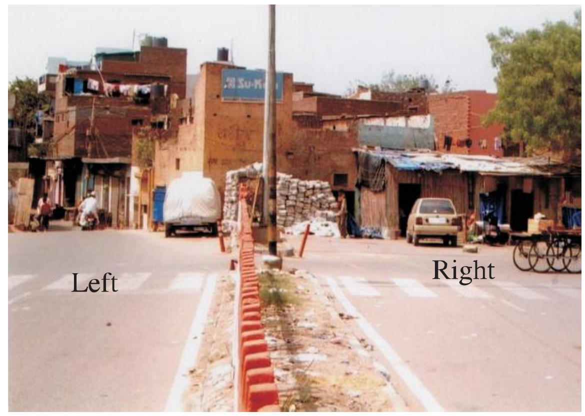
Failure of the Public Works Department to ensure availability of clear site for construction of road resulted in unfruitful expenditure of Rs. 1.91 crore incurred on widening of a road.

PWD constructed a three lane master plan road (No.65) of approximately 1.2 km length to provide a link between G.T. Road (Shyam Lal College) and road No. 66 (New Zafrabad). The desired link by way of construction of road No.65 could not be completed as a stretch of 200 metres land was occupied by a private colony consisting of about 131 properties.

Test-check of records of PWD, Civil Road Maintenance Division (CRMD)-M213 revealed that PWD moved a proposal (2005) to widen the road No.65 from three lanes to six lanes including construction of road over the missing link of 200 meters (Subhash Park). The proposal was also approved by Technical Committee of DDA. Administrative approval and expenditure sanction for this work for Rs. 5.68 crore was issued by Government of National Capital Territory of Delhi (GNCTD). A sum of Rs. 2.50 crore was deposited by PWD with Land and Buildings Department in March 2006 for acquisition of land occupied by the said 131 private properties.

In January 2008, PWD awarded the footpath construction and drain work of missing link portion of road No.65 and its widening upto road No.66 and construction of storm water drain and footpath at a tendered cost of Rs. 1.18 crore with stipulated date of commencement and completion as 4 February 2008 and 3 June 2008 respectively. The work was finally recorded 'satisfactorily completed' by Superintending Engineer on 18 August 2008 without constructing road on the stretch of 200 metres occupied by private properties and final payment of Rs. 1.91 crore was made to the contractor.

Thus due to existence of the said private properties at the site as of April 2009, the work of construction of road No.65 could not be completed. Accordingly, the road constructed on both sides of the stretch of land of 200 metres occupied by private properties remained dormant. As a result expenditure of Rs. 1.91 crore incurred on the road work was rendered unfruitful.



Subhash Park (April 2009) **Subhash Park (April 2009)**

Department stated (June 2009) that it was necessary in the public interest to widen the road as several other colonies were linked with the portion of widened stretch of road. The reply of the Department was not convincing as both the sides of the road could not be interlinked properly and the road was not usable for the stated purpose due to existence of the 131 properties in the whole width of the road.

The matter was referred to the Government in April 2009, the reply was awaited (January 2010).

3.2.2 Unfruitful expenditure on surplus work-charged staff

Department incurred unfruitful expenditure of Rs. 152.18 lakh during 2005-06 to 2008-09 on surplus work-charged staff who were not even engaged on other routine watch and ward works on which another avoidable expenditure of Rs. 55.90 lakh was incurred.

The maintenance work of the entire Ring Road was distributed to various divisions of the PWD and the comprehensive maintenance of the Ring Road from Punjabi Bagh to Safdarjung having length of 17 Km. was being maintained by the maintenance division M-111. This was entrusted to a contractor in August 2005. As a result, a large number of work-charged labour of the said division who were earlier engaged in the maintenance of the Ring Road, became surplus.

Scrutiny revealed that Rs. 134.44 lakh had been incurred by the division on the salary and allowances of 36 Beldars/Coolies and one mason who have been rendered surplus during September 2005 to March 2009.

Further, various contracts on account of "watch and ward"valued at Rs. 55.90 lakh were awarded by the Division during the period September 2005 to March 2009. The contractors deployed on an average 39 persons per month on watch and ward duty against these contracts. Had the departmental authorities deployed surplus work-charged staff on this work/duty instead of outsourcing, the Division would have saved this money.

In another case, Sub-division-IV of the PWD Division M-222 intimated Executive Engineer (July 2007) and Superintendent Engineer (August 2008) that six Beldars and one carpenter were surplus as there was no work due to transfer of repair and maintenance works to Delhi State Industrial And Infrastructure Development Corporation and requested to utilize their services in other places. However, their services were not utilized in other places for the last two years. Thus, the Division incurred an expenditure of Rs. 17.73 lakh on pay and allowances of the surplus staff during the period from May 2007 to January 2009.

The Division stated (February 2009) that surplus staff could not be transferred to other sub-divisions due to non-availability of sufficient maintenance works in the other sub-divisions. The reply was not tenable as services of surplus staff could be utilized in other divisions in any other similar capacity by taking up the matter at a higher level.

Thus, the Department incurred unfruitful expenditure of Rs. 1.52 crore during 2005-06 to 2008-09 on work-charged staff whose services remained unutilised.

The matters were referred to the Department in April 2009 and replies were awaited (February 2010).

3.3 Failure of Oversight/Governance

The Government has an obligation to improve the quality of life of the people for which it works towards fulfillment of certain goals in the area of health, education, development and upgradation of infrastructure and public service. However, Audit noticed instances where the funds released by Government for creating public assets for the benefit of the community remained unutilized/blocked and/or proved unfruitful/unproductive due to indecisiveness, lack of administrative oversight and concerted action at various levels. A few such cases have been discussed as follows.

Department of Home

3.3.1 Avoidable expenditure due to injudicions assessment of sanctioned load of electricity supply

Failure of departmental authorities (Central Jail, Tihar) to assess the sanctioned load in consonance with actual requirement resulted in avoidable payment of Rs. 35.93 lakh on fixed charges on non-domestic electricity supply.

The Central Jail, Tihar (CJT) had two non-domestic electric connections (bearing numbers Y20191002246 and Y20191002144) of sanctioned load 513 KW (604 KVA) and 557 KW (656 KVA) respectively. Audit scrutiny of electricity bills revealed that maximum consumption in respect of 513 KW connection at any time during February 2004 to December 2008 was 375 KVA only and maximum consumption in respect of 557 KW connection at any time during January 2006 to December 2008 was 300 KVA. As per electricity tariff schedule demand charges at minimum of Rs. 150 per KVA per month are payable as electricity charges based on sanctioned load even when the consumption is less.

Had the Jail authorities assessed the requirement of electricity supply based on actual consumption and got the sanctioned load for non-domestic connections reduced to 400 KVA and 325 KVA respectively it could have saved a sum of Rs. 35.93 lakh[3] during the said period. Thus, failure of the departmental authorities to assess the sanctioned load in consonance with actual requirement resulted in avoidable payment of Rs. 35.93 lakh of demand charges.

The matter was referred to the Department in March 2009. The Department while admitting the facts stated (June 2009) that the contract demand will be reduced as suggested by Audit.

[3]Rs. 150*59*(604-400) + Rs. 150*36*(656-325) = Rs. 35.93 lakh

Public Works Department

3.3.2 Unfruitful expenditure on construction of Kalindi Bypass

Failure of the PWD authorities to ensure availability of land and to adhere to the manual provisions rendered expenditure of Rs. 52.50 crore unfruitful as the constructed part of road can neither be used nor can be aligned with any other road.

As per Manual provisions[4], availability of site and approval of local bodies should be ensured before approval of NIT. The Executive Engineer (Building Project Division B 112) awarded (March 2003) the construction work of 6.5 km long Kalindi Bypass from Kalindi Colony Ring Road to Kalindi Kunj Road No.13-A to M/s Rani Constructions Pvt Ltd at tendered cost of Rs. 63.41crore with start and completion dates as 15 May 2003 and 14 May 2005 respectively. The scope of work included RCC[5] flyover, clover leaf and two bridges on Agra Canal. The said work also consisted of river training and cross drainage works, street lighting, necessary surveys, geo-technical investigations and designs. The bypass was to pass along the west bank of river Yamuna. As per terms and conditions of the agreement, 70 *per cent* of the land was to be made available at the time of commencement of work while rest of the land was to be made available within a period of six to nine months.

DND Flyover side(May 2009)

Ashram side (May 2009)

The progress of work was very slow and could not gain momentum ever since start of the work in May 2003 as only 35 *per cent* (2.29 kms out of a total of 6.5 kms) of land was made available to the contractor at the time of start of work. The remaining land was not available due to various reasons such as

[4] Section 15.2.1.3 of the CPWD Works Manual 2003

[5] Reinforced Cement Concrete

existence of a housing society, DJB pipe lines, Yamunotri Parisar-an establishment of the Government of Uttar Pradesh (UP), bird sanctuary, and sailing club of Defence Ministry apart from existence of a huge sand mound on which a court stay was pending.

Further, while the work was in progress, orders were issued by the Delhi High Court on 1 June 2006 prohibiting the road construction within 300 metres from the edge of the river Yamuna water. On 10 August 2006 the High Court modified the order to the extent that alignment of road should be 120 metres away from the river water edge throughout its length based on a Civil Petition. However, the matter could not be resolved with the Government of UP as regards the use of Yamunotri Parisar, bird sanctuary and sand mound as well as some other land belonging to the state of UP till March 2007 and the PWD decided to foreclose the work of constructing the said bypass with effect from May 2007 on which Rs. 52.50 crore had been spent up to May 2007.

Non-adherence to manual provisions and failure to ensure land availability before award of work rendered the expenditure of Rs. 52.50 crore wasteful as the constructed part road can neither be used nor can be aligned with any other road.

The matter was referred to the Department in April 2009 and reply was awaited (February 2010).

3.3.3 Avoidable payment of interest due to delay in appointment of arbitrator and non-submission of documents in time

Failure of the Public Works Department to appoint an arbitrator within the statutory period of 30 days coupled with non-submission of documents within the period stipulated by the arbitrator, resulted in avoidable payment of interest amounting to Rs. 12.67 lakh.

The construction work of super structure of Department of Mechanical & Production Engineering, in Delhi College of Engineering was awarded in December 1995 to *M/s Pandit Constructions* at the tendered amount of Rs. 7.53 crore. The work was actually completed on 14 June 2001 against the stipulated date of 30 December 1997. The Contractor requested the Chief Engineer for appointment of an arbitrator on 20 March 2002 as some payments were withheld or short paid. However, the same was ultimately appointed by High Court on 15 January 2003. The arbitrator awarded (20 February 2007) Rs. 64.76 lakh plus 8 *per cent* interest per annum (w.e.f. 20 March 2002 the date of invocation of arbitration till the date of payment) in favour of the contractor.

Scrutiny of records revealed that hearings were concluded on 8 April 2005 while the Arbitration award was published on 20 February 2007, i.e., approximately after a delay of two years. The award was challenged by the department based on the long period taken by the arbitrator in publishing the award in the High Court of Delhi in July 2007.

The hearings before the arbitrator concluded on 8 April 2005 and the claimant filed his written submission on 19 May 2005. However, the Department filed its written submission on 29 June 2005 and then again on 23 August 2005 after a lapse of over four and half months. The arbitrator asked for certain documents and clarifications on 12 December 2005 and allowed further time to file the same on 8 May 2006, 19 May 2006 and 26 June 2006, but no documents whatsoever were filed by the Department despite these repeated opportunities. The High Court while upholding the award with corrections/errors gave its decision on 25 July 2007 to make the payment of award within three weeks from the date of order with interest from 20 March 2002 as the Department had failed to submit documents to the arbitrator within time in support of its submissions. The Department had to pay (14 August 2007) Rs. 89.75 lakh (including interest of Rs. 26.76 lakh for the period from 20 March 2002 to 25 July 2007).

Thus, failure of the Department to appoint an arbitrator within the statutory period of 30 days coupled with non-submission of documents within four weeks from 8 April 2005 as stipulated by the arbitrator, resulted in loss due to avoidable payment of interest amounting to Rs. 12.67[6] lakh, i.e., from 20 April 2002 to 15 January 2003 (271 days) after providing a margin of one month period for appointment and from 8 May 2005 to 20 February 2007 (654 days) after providing a margin for the period from date of award to actual date of payment.

The matter was referred to the Department in June 2008, the reply was awaited (February 2010).

3.3.4 Extra avoidable expenditure on consultancy fee

Failure of the Department to incorporate a clause regarding appropriate reduction/escalation in payment to consultant in case of changes in scope of work or alternatively to enter into lump-sum agreement in appropriate Form No.12 resulted in extra avoidable expenditure of Rs. 72.70 lakh upto June 2009.

Section 13.2.8 of CPWD Manual stipulates that Form No. 12 is used for work in which contractors are required to quote a lump-sum figure for completing the works in accordance with the given design, drawing, specification and

[6] Interest paid for 1954 days. Interest avoidable for 271+654=925 days @ 8 *per cent*
Interest avoidable = Rs. 26.76 lakh x 925 days/1954days = Rs. 12.67 lakh @ 8 *per cent*

functional requirements as the case may be. In this form a condition is stipulated that in case any modification for any reason is ordered in the course of execution, suitable adjustment for extra payment or recovery shall be effected.

The Executive Engineer, PWD F-112 awarded 'Corridor improvement work on outer ring road from IIT Gate of NH-8 intersection' to M/s Afcons Infrastructure at a tendered cost of Rs 234 crore in May 2007 which included construction of three flyovers, nine subways and four underpasses. The Executive Engineer also awarded two consultancy works namely, third party quality assurance and proof checking of corridor improvement relating to this project to EIL and CCP respectively and entered into two agreements in Form No. 11A, which is meant for small works.

Audit scrutiny revealed that the Department reduced the scope of work by excluding '4 underpasses and 9 subways' from the scope of the main work in February 2008 and as such the cost of main work was reduced from Rs.234 crore to Rs.153.20 crore. It was also revealed that three consultancy agreements were entered into by the Department for this work. A clause regarding appropriate reduction/escalation in payment to consultant in case of changes was incorporated in one work relating to structural consultancy work but was not incorporated in the above two consultancy works. Due to non-incorporation of a clause regarding appropriate reduction/escalation in payment to consultant in case of changes of work the Department was paying the full consultancy charges as fixed for the original project cost, i.e., for Rs. 234 crore instead of the reduced cost of Rs. 153.20 crore to the consultants EIL and CCP. The Department had paid Rs. 176.09 lakh and Rs. 34.45 lakh to EIL and CCP consultants as of June 2009. Had the Department incorporated the clause in these agreements it would have had to pay only Rs. 115.29 lakh and Rs. 22.55 lakh respectively to the consultants.

Thus failure of the Department to incorporate a clause regarding appropriate reduction/escalation in payment to consultant led to extra avoidable expenditure of Rs. 72.70 lakh (Rs. 210.54 lakh – Rs. 137.84 lakh) as consultancy charges upto June 2009, which will further increase by Rs. 10.27 lakh at the time of payment of balance consultancy charges.

The matter was referred to the department in February 2009. The department stated (June 2009) that the payment to the agencies has to be made as per the agreement and stated that any unilateral change in the agreement conditions would have invited legal complications. The fact however remains that the department failed to incorporate the appropriate clause in the agreements to safeguard the interest of Government which led to avoidable payment of Rs. 82.97 lakh and it is, therefore, imperative that responsibility is fixed in the matter.

Department of Women and Child Development

3.3.5 Excess payment of fixed charges of electricity

Failure of the Department to review its electricity bills and making payment of fixed charges at non-domestic rates instead of domestic rates resulted in excess payment of Rs. 18.66 lakh.

Rule 5 of order on Annual Revenue Requirement for Financial Year 2005-06 and Determination of Retail Supply Tariffs for BSES Yamuna Power Limited by the DERC of July 2002 *inter-alia* states that the dispensaries/hospitals/ working women's hostels/orphanages/charitable homes run by the MCD and Government of NCT of Delhi shall be billed at domestic rates, if the premises are used exclusively for the purposes specified.

During the course of audit of the Children's Home for Girls-II (CHG-II) consisting of 11 observation homes and a medical care unit, located in the Nirmal Chhaya Parisar at Jail Road it was noticed that these 12 units were drawing electricity from a common connection (K no. Y 20191002019/BS08/ 2/JANAKPURI) with a sanctioned power load of 177 KVA (150 KW). The (CHG-II) paid an amount of Rs. 19.91 lakh as fixed charges at Rs. 150 per KVA during the period from November 2002 to January 2009 against the total payable amount of Rs. 1.25 lakh only as per applicable rates. The rates of fixed charges on domestic electricity connection were Rs. 10 per KW upto August 2005 and Rs. 12 thereafter.

Had the departmental authorities reviewed their electricity bills and got the commercial rates of fixed charges converted to domestic rates, they could have saved an amount of Rs. 18.66 lakh.

The matter was referred to the Department in May 2009, the reply was awaited (February 2010).

Department of Labour

3.3.6 Unfruitful expenditure on running of Holiday Homes

Expenditure of Rs. 1.38 crore incurred on purchase of Holiday Homes at Allahabad and Shimla which remained blocked for four to seven years before the start of holiday homes. Further, expenditure of Rs. 68.79 lakh incurred on maintenance and upkeep of all the four holiday homes during 2004-09 was rendered unfruitful as the primary objective of providing accommodation to industrial workers had not been fulfilled.

The Labour Department established four holiday homes located at Allahabad, Haridwar, Mussoorie and Shimla for the welfare of industrial workers. Holiday Homes at Allahabad and Shimla are owned by the Department whereas the other two at Haridwar and Mussoorie are being run in rented accommodation. The holiday home at Allahabad was purchased in April 2000 at a cost of Rs. 21 lakh, whereas the holiday home at Shimla was purchased in March 1998 at a cost of Rs. 79.38 lakh the holiday homes were made operational with effect from 2005. Thus, investment of Rs. 100.38 lakh was blocked for four to seven years.

It was seen that the occupancy rate of these holiday homes was extremely low, which ranged from 0.41 *per cent* in Shimla during 2005-06 to 9.32 *per cent* in Haridwar during 2007-08. Moreover, 90 *per cent* of the occupants were non-industrial workers. Further, the Department incurred an expenditure of Rs 71.45 lakh on running and maintenance of the holiday homes and could recover only Rs. 2.66 lakh and as such had incurred unfruitful expenditure of Rs. 68.79 lakh during the last five years. It shows that running of these homes was neither a viable project for the Government of NCT of Delhi nor did it serve the basic aim of providing holiday accommodation to the industrial worker.

The matter was referred to the Department in June 2009. The Department stated that running of Holiday Homes is a statutory obligation of the Delhi Labour Welfare Board under provisions of the Bombay Labour Welfare Fund Act, 1953. The reply is not acceptable in view of the extremely poor occupancy status of the holiday homes. During 2004-05 to 2008-09, in Haridwar and Mussoorie, only eight and seven persons were industrial workers out of the total occupants i.e., 230 and 325 respectively, whereas in Shimla and Allahabad, all the occupants were non industrial workers.

Thus, the capital expenditure of Rs.100.38 lakh on purchase of accommodation at Allahabad and Shimla remained blocked for four (Rs. 21 lakh) to seven (Rs. 79.38 lakh) years before the start of holiday homes and the expenditure of Rs. 68.79 lakh on maintenance and upkeep of all the four holiday homes during last five years was unfruitful because the primary objective of providing accommodation to industrial worker could not be fulfilled.

3.4 Persistent and pervasive irregularities

An irregularity is considered persistent if it occurs year after year. It becomes pervasive when it is prevailing in the entire system. Recurrence of irregularities, despite being pointed out in earlier audits, is not only indicative of non-seriousness on the part of the executive but is also an indication of lack of effective monitoring. This in turn encourages willful deviations from observance of rules/ regulations and results in weakening of the administrative structure. Some of the cases reported in audit about persistent irregularities have been discussed below:

Department of Training and Technical Education

3.4.1 Avoidable payment of water charges at abnormally high rates

Failure of Guru Nanak Dev Polytechnic to get completion certificate even after nine years of occupation of building resulted in avoidable expenditure of Rs. 42.65 lakh on water charges paid at abnormally high rates.

Delhi State Industrial Development Corporation (DSIDC) constructed the building of 'Guru Nanak Dev Polytechnic' (GNDP) at Rohini in 1997-98 as a deposit work of Directorate of Training and Technical Education, Delhi. The building was occupied by the GNDP in 1998 and is functional ever since. However, the completion certificate in respect of the building has not been obtained as of March 2009.

On the request (August 1999) of Principal, GNDP, DDA provided (August 1999) a temporary water connection. The GNDP had to pay water charges at three times the normal rate as GNDP had not been able to get completion certificate (D-Form) in order to get a regular water connection though a period of eight years has elapsed since the date of installation of temporary water connection. This was pointed out by Audit in its Inspection Report for the year 2004 but the Directorate of Training & Technical Education has not been able to get it regularised due to non-availability of completion certificate of the GNCTD building. GNDP paid water charges amounting to Rs. 63.98 lakh during March 2002 to February 2009 at three times of the normal rate which resulted in extra payment of Rs. 42.65 lakh. Records relating to the period from August 1999 to February 2002 were not made available.

Thus failure of GNDP to get completion certificate even after nine years of occupation of building resulted in extra expenditure of Rs. 42.65 lakh.

The matter was referred to the department in March 2009, the reply was awaited (February 2010).

Chapter 4

Department of Transport

4.1 Functioning of Transport Department

4.1.1 Background

Transport Department of the Government of NCT of Delhi is responsible for implementing, coordinating and monitoring policies and programmes on road transport. Its mission is to provide an efficient and safe public road transport system to the residents of Delhi. During the period 2004-05 to 2008-09, the Department spent a total of Rs. 9329 crore for discharging its various functions. The expenditure has substantially increased during the last two years due to Delhi Government's share in Delhi Metro Rail Corporation (DMRC) and investment in Delhi Transport Corporation (DTC). With a view to assessing the extent of improvement in public road transport system vis-à-vis the public money invested, an integrated audit of the functioning of the Transport Department was undertaken for the period 2004-05 to 2008-09.

4.1.2 Audit objectives

The broad objectives of audit were to assess the performance of Transport Department on the following parameters:

- Financial management – budgetary and expenditure controls
- Collection of revenue and its accounting
- Planning and operational management
- Enforcement of provisions of the Motor Vehicles Act, 1988
- Human resource management
- Internal controls

4.1.3 Organisational set-up

The department functions under the overall supervision of the Secretary-cum-Commissioner, Transport assisted by an Additional Commissioner, three Joint Commissioners, 11 Deputy Commissioners and one Assistant Director. The total sanctioned staff strength of the department is 1445. The registration of vehicles and issue of driving licenses is done by 13 zonal offices situated in various parts of Delhi (**Appendix 4.1**).

Audit findings

4.1.4 Financial management

The budgetary allocations for the Transport Department were made under Grant No. 8–Social Welfare and ranged from Rs. 1331 crore to Rs. 3079 crore per year during last five years as shown in the following table:

Table 4.1:Budget provision and expenditure

(Rupees in crore)

Year	Budget provision			Expenditure	Excess (+)/ Saving (-)	Percentage
	Original	Suppl.	Total			
2004-05	1331.20	0.06	1331.26	1063.97	-267.29	20.08
2005-06	1406.43	271.92	1678.35	1548.65	-129.70	7.73
2006-07	1620.16	17.90	1638.06	1411.68	-226.38	13.82
2007-08	2115.14	282.50	2397.64	2375.83	-21.81	0.91
2008-09	3078.97	2.28	3081.25	2928.96	-152.29	4.94
Total	**9551.90**	**574.66**	**10126.56**	**9329.09**	**-797.47**	

Source: - Appropriation Accounts

Test check by Audit revealed several deficiencies in financial management including expenditure control as discussed below:

4.1.4.1 Injudicious supplementary grant and re-appropriation

During 2004-09, the department sought supplementary provisions of Rs. 1.58 crore in anticipation of higher expenditure in nine cases. However, the savings under these heads were more than the supplementary grants obtained. Similarly, re-appropriation of funds of Rs.5.62 crore to 15 sub-heads during 2004-09 was injudicious as final savings under these heads were more than the amount re-appropriated.

4.1.4.2 Excess expenditure

Scrutiny of Appropriation Accounts for 2004-09 revealed that funds were re-appropriated from one sub- heads to other sub-heads in four cases. However, the final expenditure under these heads exceeded the balance funds after re-appropriation. The excess expenditure ranged between Rs. 2.07 lakh and Rs. 286.26 lakh.

4.1.4.3 Non-adjustment of advances drawn on AC bills

Rule 118 of Receipts and Payments Rules stipulates that money drawn on abstract contingent (AC) bills for payment of advances to supplier of stores should be adjusted within a period of one month from the date of drawal by submission of detailed bill. A scrutiny of Contingent Advance Register revealed that 26 advances amounting to Rs. 2.08 crore pertaining to the period 2004-09 were pending adjustment as of May 2009.

Due to failure of the Department to settle the advances for such long periods, possibility of misappropriation or fraud cannot be ruled out.

The Department stated (November 2009) that five bills amounting to Rs. 13.85 lakh, out of 26 outstanding bills had been adjusted and remaining bills would be adjusted very soon.

4.1.4.4 Unauthorised diversion of budget grant

Rule 56(2) of the General Financial Rules states that the savings that cannot be profitably utilized should be surrendered to government immediately without waiting till the end of the year.

Transport Department in March 2009 released Rs. 63 crore to General Manager, Inter State Bus Terminus(GM, ISBT) Kashmere Gate, for two schemes[1] which were to be implemented by M/s DIMTS. The amount was booked as expenditure whereas these funds were lying in the saving account of GM, ISBT upto June 2009. This shows that the funds were withdrawn from the government account to avoid lapse of funds in violation of the Rules ibid.

The Department stated (November 2009) that the amount was drawn and kept with GM, ISBT for the amounts that had become due to contractor of the BRT corridor by March 2009. The contention of the Department is not justifiable as drawal of money in anticipation of expenditure is not permitted under the Rules.

4.1.4.5 Misreporting of expenditure

Transport Construction Division (TCD) under the charge of the GM, ISBT carries out the repair and maintenance work (civil as well electrical) of headquarters and zonal offices of the Transport Department. The year-wise details of funds released to GM, ISBT and expenditure incurred thereagainst

[1] Introduction of electric trolley bus - alternative mode of transport and studies/consultancy services

on various works during 2004-09 were as under:

Table 4.2:Funds released and expenditure incurred

(Rupees in lakh)

Year	Funds released by the department	Expenditure incurred by the division	Unspent balance
2004-05	548.44	231.36	317.08
2005-06	492.35	474.01	18.34
2006-07	473.13	512.83	-39.70
2007-08	851.22	483.82	367.40
2008-09	2449.27	743.84	1705.43
Total	**4814.41**	**2445.86**	**2368.55**

The total amount of Rs.48.14 crore released upto March 2009 had been booked as expenditure by Transport Department, whereas unspent balance of Rs. 23.69 crore pertaining to 2004-09 was lying in saving account of GM, ISBT as on 31 March 2009.

The Department stated (November 2009) that unspent balance was liability of TCD, which was to be paid to the agencies in due course. The reply is not acceptable as the amount had been reported as expenditure, whereas it was actually lying in the saving account of GM, ISBT.

4.1.4.6 Loss on telecast of TV spot due to non-availing of concession

The Department placed an order with M/s Sahara Samay–Delhi NCR (SS-NCR) to telecast four films w.e.f. 1 February 2008 for 16 days at Directorate of Advertising and Visual Publicity (DAVP) rates without ensuring whether the firm was on the panel of DAVP or not. As the firm was not empanelled with DAVP, the Department had to pay Rs. 25.89 lakh for a total airtime of 15,360 seconds at commercial rate of Rs. 1500 per ten seconds. The films were repeatedly telecast for 15 days in April 2008 also. This time SS-NCR was on the panel of DAVP and as such Rs. 24.27 lakh were released at DAVP rates for a total time of 61,950 seconds. However, 15 *per cent* concession as envisaged under DAVP rates was not insisted upon and obtained from SS-NCR, though the Department had been getting this concession from other channels viz. Zee TV and CNBC. The casual approach with which the proposal of the firm was approved resulted in loss of Rs. 16.39 lakh on telecast of film for the first stint and Rs. 3.64 lakh on second occasion on account of non-availing of 15 *per cent* concession.

Similarly, the department got other TV spots also telecast on DAVP rates through other channels – Total TV, IBN7 and CNN-IBN-Awaz and paid Rs. 1.26 crore without availing of 15 *per cent* concession resulting in avoidable extra expenditure of Rs. 18.96 lakh.

Thus, there was a total loss of Rs. 38.99 lakh on placing the orders for telecast of TV films on commercial rates (Rs. 16.39 lakh) and non-availing of 15 *per cent* concession (Rs. 22.60 lakh).

The Department stated (November 2009) that as the campaign was conceptualized, created and executed by the TV channel itself, the channel was not liable to pay 15 *per cent* commission. The contention of the Department is not acceptable as it has been availing of 15 *per cent* concession from other channels

4.1.5 Collection of revenue and its accounting

4.1.5.1 Targets and achievement

The revenue targets fixed for the Transport Department and achievement thereagainst for last five years were as under:

Table 4.3:Revenue targets and achievements

(Rupees in crore)

Year	Targets	Achievement
2004-05	180.00	195.98
2005-06	260.00	298.72
2006-07	350.00	362.84
2007-08	425.00	410.20
2008-09	450.00	419.12

As seen from the above table the performance of the department in achieving revenue targets had been noteworthy. Revenue collection increased from Rs. 195.98 crore in 2004-05 to Rs. 419.12 crore in 2008-09. A little gap in actual revenue realised and the targets for the last two years could be attributed to decline in expected sale of vehicles due to global economic slowdown.

4.1.5.2 Irregular utilisation of departmental receipts

Rule 6 of the Receipts and Payments Rules stipulates that all moneys received by or tendered to government officers on account of revenue or receipts or dues of the government should not be utilized to meet departmental expenditure except as authorised.

In May 1993 ISBT, Kashmere Gate was transferred from DDA to Delhi Government alongwith all the assets and work charged staff. During the last five years, the department incurred an expenditure of Rs. 41.24 crore (capital - Rs. 38.93 crore and revenue - Rs. 2.31 crore) on ISBTs. However, major revenue expenditure on salaries, wages, security, water, electricity, sanitation, repair and maintenance, etc, was met by utilizing departmental receipts of ISBTs. During the last five years, receipts of ISBTs were Rs. 101.76 crore out of which Rs. 97.04 crore was utilized by GM, ISBT in violation of laid down rules. As a consequence, government receipts and expenditure were understated by Rs. 101.76 and Rs. 97.04 crore during 2004-09 respectively.

The Department stated (November 2009) that the legal status of ISBTs had not been decided and that the same arrangement as practiced by DDA was being continued. It further stated that there was a proposal to set up a Delhi Urban Metropolitan Transport Authority (DUMTA) and status of ISBT would be decided after the DUMTA is formalized. The contention, however, did not justify the utilisation of departmental receipts of ISBTs.

4.1.5.3 Short levy of road tax on registration of three seater rickshaws (TSR – auto)

As per Part A (II) of schedule II of the Delhi Motor Vehicles Taxation Act 1962, road tax chargeable for the three seater rickshaws plying for hire and used for the transport of passengers is as under:

Table 4.4: Rates of tax for TSR

Sl. No.	Particulars	Rate per year (in Rs.)
1	Licensed to carry not more than two (excluding driver)	305
2	Licensed to carry in all more than two but not more than four passengers (excluding driver and conductor)	605

During the scrutiny of the registration records it was noticed that 17030 TSRs were registered during April 2004 to March 2009 and charged one time road tax of Rs. 3050 (Rs. 305 × 10) per vehicle which was in violation of provisions of the Act ibid as the TSRs were three seater vehicles. As such, these should have been charged at Rs. 6050 (Rs. 605 × 10). Thus, Transport Department short levied road tax to the tune of Rs. 5.11 crore (17030 × Rs. 300 × 10 = Rs.510.90 lakh), resulting in loss to the Department.

The department accepted (November 2009) the fact and stated that it had been levying road tax on TSRs at the rate of Rs. 305 instead of Rs. 605 as applicable since September 1997.

4.1.5.4 Embezzlement of government receipts

(a) A test-check of data (hard copy) relating to receipt of various kinds of fees for the month of March, 2008 revealed that the Accounts Branch issued 1307 cash receipts for composition fee (late registration fee) and chassis fee (fee for extension of temporary registration of vehicles chassis). Out of 1307, 51 receipts for Rs. 52140 were shown as cancelled whereas record of cancelled receipts was not maintained by Accounts

Branch. However, a cross examination of cancelled receipts with the records in the relevant vehicle registration file in the office of MLO (Headquarters) revealed that seven receipts (five of composition fee and two of chassis fee), for a total amount of Rs. 8800 were available in concerned registration files. This shows that the registering authority had accepted these receipts and registered the vehicles, whereas the dealing assistant after issue of receipts to the depositor, cancelled these receipts in computer system thereby pocketing the amount received thereagainst which amounts to embezzlement.

(b) The Transport Department issues final tax clearance report (TCR) on demand by the vehicle owners. For issue of TCR, a dealing hand receives Rs. 40 at a counter in Accounts Branch from the vehicle owner and issues a draft TCR. The owner submits this draft TCR to a dealing hand at another counter, who enters the draft TCR in his diary. Based on the vehicle number entered in the diary, final TCRs are issued after two-three days by third dealing assistant.

Analysis of data for the month of March 2008, revealed that 6131 receipts for TCR were issued, out of which 1044 were cancelled. However, scrutiny of test checked cancelled receipts and the diary register for two days (1 March 2008 and 3 March 2008) revealed that 26 out of 62 receipts shown as cancelled were found entered in the diary register. Thus, it was clear that Rs. 1040 (26X40) were charged from vehicle owners and draft TCRs were also issued to them, who submitted them at second counter where these were diarized. The dealing assistant, who collected the money, had later on cancelled these receipts and did not deposit the money to the cashier.

The Department while admitting the facts, stated (November 2009) that an FIR had been lodged with Delhi Police on a similar case earlier and that some steps were being taken to prevent its recurrence by getting the software rectified from NIC. A mechanism for cancellation of receipts had been put in place and was being monitored on daily basis. The department should fix responsibility to prevent repeated occurrence of such cases.

4.1.6 Planning and operational management

4.1.6.1 Implementation of Monorail and Light Rail Transport (LRT) projects

The Cabinet (April 2006) gave in principle approval to the recommendations of M/s RITES Ltd on Integrated Multi Modal Public Transport Network subject to the conditions that modes should be selected carefully restricting them to three or four only out of proposed modes of Metro, Monorail, Light Rail Transport, High Capacity Bus System (HCBS) and Integrated Rail Bus Transport (IRBT).

The Department entrusted (January 2007) the work of Techno Economic Feasibility Study (TEFS) of Monorail project to M/s RITES Ltd and work of LRT project to M/s SEMALY S.E. The reports submitted in February 2008, projected the estimated cost of Monorail and LRT Projects at Rs. 5571 crore and Rs. 5738 crore respectively. The total expenditure on these studies was Rs. 7.81 crore (Monorail Rs. 3.42 crore and LRT Rs. 4.39 crore), including Rs. 1.17 crore as fee of M/s Delhi Integrated Multi-Modal Transit System (DIMTS) who were associated with the studies on the recommendations of EFC.

M/s DIMTS further suggested that the projects should be implemented under a public-private partnership (PPP) framework and proposed next phase of studies. The estimated costs of these additional studies for two projects were projected at Rs. 10.01 crore and Rs. 11.10 crore respectively. Accordingly, Transport Department moved the EFC memoranda on which Planning Department as well as Finance Department raised (April 2008) serious concerns as under:

(i) Cabinet decision of restricting the modes of transport to three or four would get defeated as Monorail and LRT would be the fourth and fifth mode of transport.

(ii) Monorail network was existing only in 15 cities in the world and it would be a new system in India requiring its know-how to be imported.

(iii) Cost of construction of Monorail project was very high i.e. approximately Rs. 170 crore per Km. as compared to Rs. 133 crore per Km. for LRT project.

(iv) The proposed additional studies would take around 18 months making it impossible to complete the projects in time for the Commonwealth Games 2010.

(v) There was a need to recheck the passenger availability capacity for Monorail in view of the Metro linkage at Inderlok station.

The Managing Director, DMRC also opposed (January 2008) monorail system which had only tourist value. He expressed his reservations about the LRT project too as the M/s DIMTS had no expertise or the experience to plan and implement the project. He further opined that a tramway line needed right of way alongwith the roads and Delhi roads had far too many intersections and not wide enough to accommodate both.

The Planning Department thus suggested keeping the monorail project on hold till completion of LRT system and to rethink and relocate the LRT corridors. Thus, the Department rushed into the techno economic feasibility studies of these projects without doing any preliminary deliberations on their viability. The selection of modes was casual as experts in the field were not involved. M/s DIMTS having no expertise or previous experience on such projects, was associated with these projects making the studies further costly. The issues of their high costs and means of funding were not thought of at the planning stage itself. Thus, the ill-conceived planning and casual approach with which the TEFS were assigned for unviable modes of transport resulted in unfruitful expenditure of Rs. 7.81 crore.

The Department agreed (November 2009) with the fact that projects had been put on hold for two to three years due to various constraints which were noticed after the receipt of project report and due to constraints of funds. However, the fact remains that these project reports will have little relevance after a period of two-three years in the fast changing scenario of Delhi.

4.1.6.2 Irrational rate of fees for works assigned to M/s DIMTS

Transport Department had been awarding various works to M/s DIMTS, a private company, who charges consultancy fee for implementing projects and conducting studies. However, there were no fixed norms for deciding the rates of fee charged by M/s DIMTS as it varied from project to project. It had been noticed that in the absence of any standard norms approved by the competent authority, the fee for consultancy work was being approved as claimed by M/s DIMTS although it is a private company. In 10 test checked cases, the department had paid Rs. 174.13 crore as cost of projects/studies to M/s DIMTS, which included Rs. 4.88 crore as its fee on rates varying from one *per cent* to 49.35 *per cent.* However, the justification for the rate of fee was not on record in any of the cases.

The department stated (November 2009) that in case of BRT corridor, fee was paid to M/s DIMTS at the rate of one *per cent* as decided by the cabinet. For other projects management consultancy (PMC) charges are paid at the rate of 5 *per cent* where no feasibility study is involved and 7 *per cent* of project cost where detailed feasibility study was required. It further stated that for other works relating to conducting of studies, fee is paid on the basis of mandays. The contention of the department lacked conviction as it accepted the claims of M/s DIMTS without evaluating the requirement of mandays and the cost per manday of various categories.

4.1.6.3 Overcharging of fee for smart optical card

The Central Motor Vehicles Rules, 1989 permit the government to charge maximum fee of Rs. 200 per card for supplying registration certificate in smart optical card in Form-23A. However, under Rule 44 B of the Delhi Motor Vehicles Rules, 1993, fee for registration certificate in smart optical card has been fixed at Rs. 370 which includes additional fee of Rs. 170 for inserting additional information[2] in the card. The additional information was to be collected from various bodies viz. police, excise and other states zonal offices. As per the information provided by the department, it could not start a system to collect additional information for incorporating in smart optical card. However, M/s Shonkh Technologies International Ltd (STIL) to whom the work of preparation of smart card was assigned in June 2003, had been charging Rs. 370 per card and had issued 23,17,547 cards to owners upto May 2009 on new registrations.

Thus, the contractor pocketed Rs. 39.40 crore without providing the services for which Rs. 170 per smart card had been charged from the smart card seekers. The amount overcharged by the contractor was neither deposited with the government nor refunded to the smart card holders. This was facilitated due to deficient agreement entered into by the Transport Department with M/s STIL, as neither Transport Department could start the system to collect additional information nor could amend the agreement to restrain the contractor from overcharging. It may also be added that the notification issued by the department regarding collection of registration fees at the rate of Rs. 370 was in contravention of the Central Motor Vehicles Act, 1988 as the power to make rules regarding fee to be charged vests with the Central Government under Section 64 of the Act.

The department stated (November 2009) that Rs. 370 was being charged as per the Delhi Government Gazette notification of February 2004 and the agreement between government and the contractor. The software for inserting additional information was under process with NIC. The reply is an acceptance of the audit observation that the contractor had been overcharging Rs. 170 per card without providing any additional services.

[2] The additional information included: the previous details of tax record of card holder; past history of accident by the card holder; biometrics (thumb impression, photographs, etc.; complete database of pending prosecution cases received from other zonal offices and other states; particulars of wanted notes received from other government departments i.e. Police, Excise, etc.; any other relevant information ordered to be included from time to time.

4.1.6.4 Loss of revenue due to non-renewal of certificate of fitness of transport vehicles

Section 56 of the Motor Vehicles Act, 1988 stipulates that a transport vehicle shall not be deemed to be validly registered unless it carries a certificate of fitness. A certificate of fitness in respect of a transport vehicle is valid for two years for new vehicle and is required to be renewed yearly thereafter.

Test-check of records revealed that a large number of transport vehicles do not turn-up for renewal of their fitness certificates and as a consequence ply without a valid registration certificate. There were 188276 transport vehicles registered as on 31 March 2007, out of which, 4760 vehicles were more than 15 years old, whose registration or fitness certificate cannot be renewed in Delhi. Thus, out of 172617 transport vehicles due for renewal of fitness certificates during 2008-09, 29852 vehicles did not approach Transport Department for renewal of fitness certificates resulting in non-receipt of Rs. 6.95 crore (**Appendix-4.2**) in the shape of renewal fee besides vehicles running on road without valid fitness certificate carry a grave threat/risk to public life.

The department accepted (November 2009) the fact that vehicles might be plying without valid fitness certificate and added that the matter had been taken up with NIC for making necessary changes in the software so that details of vehicles with due date of fitness could be ascertained monthly and necessary action could be initiated against them.

4.1.6.5 Construction of Inter State Bus Terminals (ISBTs)

A large number of inter state buses from other states enter and leave Delhi. To facilitate smooth operation of these buses, three ISBTs have been set-up at Kashmiri Gate, Anand Vihar and Sarai Kale Khan. The department had taken up the schemes of face lifting of ISBT, Kashmiri Gate and construction of building of ISBT at Sarai Kale Khan. Besides, proposals of two new ISBTs at Dwarka and Narela were under consideration. Audit scrutiny of these on-going projects revealed the following:-

(i) ISBT, Sarai Kale Khan - Unfruitful expenditure of Rs. 3.46 crore due to change of executing agency

Expenditure Finance Committee approved (May 2004) an estimate of Rs. 81.30 crore for the construction of a multi-storey ISBT at Sarai Kale Khan (SKK). The work was entrusted (December 2004) to PWD, to be completed within 48 months. The department released first installment of Rs. 12.60 crore including Rs. 25 lakh for consultancy work. M/s A.G.

Krishna Menon, consultant for the project, prepared and submitted (March 2007) detailed drawings for approval of Municipal Corporation Department, Delhi Development Authority (DDA) and other agencies. Consequent upon the revision of norms for ISBTs by DDA, the PWD revised the estimate to Rs. 212.32 crore with 25 *per cent* ground coverage and 100 *per cent* Floor Area Ratio (FAR) alongwith the provision of a hotel for the passengers. The EFC felt (July 2007) that preliminary estimates were on higher side and that the proposal might be considered on PPP basis through M/s DIMTS. Consequently, the work on which Rs. 11.49 crore had already been spent was transferred to M/s DIMTS in February 2008. Details of expenditure incurred by PWD prior to transfer of the project to M/s DIMTS were as under:

Table 4.6:Details of the expenditure on the construction of ISBT at SKK

(Rupees in crore)

Sl. No.	Particulars	Expenditure incurred
1	Consultancy work	0.75
2	C/o Main work	2.71
3	Cutting and filling of earth	7.05
4	C/o temporary ISBT	0.98
Total		**11.49**

It was further observed that M/s DIMTS entrusted (March 2009) the work of providing planning and design of ISBT to another consultant at the rate of 2.85 *per cent* of the estimated cost or executed value of the work, whichever was minimum. Rs. 1.00 crore was paid to M/s DIMTS for development activities in March 2008.

As per timelines fixed by government in February 2008, the ISBT was to become fully operational by 31 July 2010 considering six months time for preparing design, issue of NIT etc and two years for construction and making the terminals operational. However, the consultant had been appointed in March 2009 only after a delay of 13 months and the work had not been awarded as of July 2009.

The project was, thus, at a high risk of not being completed in the remaining period of 12 months. Moreover, the expenditure of Rs. 3.46 crore (Rs. 0.75 crore plus Rs. 2.71 crore) incurred by PWD on consultancy charges and on construction was rendered unfruitful as the work was entrusted midway to M/s DIMTS.

The department while accepting the facts stated (November 2009) that Rs. 2.71 crore was spent for construction of parking portion being used at existing ISBT and Rs. 0.75 crore on consultancy by PWD. The reply is, however, inconsistent with the reply of the Executive Engineer, Building Project B-113, PWD (June 2009), who had stated that Rs. 2.71 crore was spent on main work and Rs. 0.98 crore was spent on construction of temporary ISBT i.e. existing ISBT.

(ii) ISBT, Dwarka–delay in completion

DDA allotted (March 1997) a piece of land measuring 16.11 hectare costing Rs. 8.17 crore for construction of ISBT at Dwarka. The possession of land measuring 11 hectare was handed over by DDA in May 2000 and remaining land measuring 5.11 hectare was yet to be handed over as of June 2009. M/s RITES Ltd was appointed as project development consultant for the ISBT in July 2003 and was paid Rs. 1.67 lakh in December 2003. Though the work of preparation of detailed feasibility report, inviting pre-qualification/ technical/financial bids was processed by the consultant, the work could not be awarded due to change in the development control norms of ISBTs in the MPD-2021 notified in February 2007. Government decided in September 2008 that the ISBT, Dwarka would be constructed by M/s DIMTS for which it would charge its fee and that after completion, the entire revenue from ISBT would go to the Government. The payment of Rs. 50 lakh was made to M/s DIMTS in April 2008 for the development of construction activities.

Thus, after incurring an expenditure of Rs. 8.69 crore and a lapse of over 12 years, ISBT could not come up at Dwarka due to the slow pace of work depriving Delhi citizens of the intended benefits.

The department while accepting the fact, attributed (November 2009) the reasons for delay in construction of ISBT to revision of development control norms for ISBTs by DDA, withdrawal of project development consultant (PDC) and non-availability of any agency for the project on BOT basis. The department had 10 years of time to complete the project before the norms were revised but failed to do so due to its leisurely way of functioning.

(iii) ISBT, Narela – delay in taking over of land

DDA allotted (October 2003 and May 2005) a piece of land measuring 8.0 hectares costing Rs. 10.30 crore to the department for construction of ISBT at Narela. A sum of Rs. 26.80 lakh was also released (July 2007) to GM, ISBT for construction of boundary wall. However, the possession of land had not been handed over by DDA as of June 2009 even after a lapse of four years. The department did not produce any evidence of active pursuance with DDA for taking possession of land.

The department stated (November 2009) that the land was allotted in June 2007 but DDA intimated in August 2007 that the site was likely to be changed as the new site was having a *mazar* on it. The department took up the matter with DDA either to remove the *mazar* or change the site. The matter has not been resolved till date.

4.1.7 Enforcement of provisions of the Motor Vehicles Act, 1988

The Enforcement Branch of the Transport Department is responsible for enforcing the provisions of the Act and the Rules. It checks vehicles on roads and launches prosecution against offending motorists. Challaning Officers challan the defaulters and submit a copy of challan to the Enforcement Branch, who forward the same to courts of Special Metropolitan Magistrates. In case, the defaulter desires to compound the offence before the due date of hearing in designated court, he can do so by paying the composition fee to the duty officer at Enforcement Branch before the challan is sent to the court.

4.1.7.1 Deficient enforcement system

A scrutiny of records of Enforcement Branch relating to issuance of challans and collection of penalty there against disclosed serious discrepancies. The following table shows the details of challans issued, disposed-off and penalty recovered during the four years ended 2008-09.

Table 4.7:Details of challans issued, disposed-off and penalty recovered

Year	As per manual records			As per computer database			Difference		
	Challans issued	Challans disposed off	Penalty recovered (Rs. in crore)	Challans issued	Challans disposed off	Penalty recovered (Rs. in crore)	Challans issued	Challans disposed off	Penalty recovered (Rs. in crore)
2005-06	101803	116157	7.54	62030	13023	0.90	39773	103134	6.64
2006-07	183519	135879	11.40	68353	12182	1.51	115166	123697	9.89
2007-08	134296	140675	15.30	75816	12419	2.88	58480	128256	12.42
2008-09	136821	122644	11.16	64219	9452	2.89	72602	113192	8.27
Total	**556439**	**515355**	**45.40**	**270418**	**47076**	**8.18**	**286021**	**468279**	**37.22**

The table above reveals the following:

There were differences in challans issued, challans disposed-off and penalty recovered amounting to 2.86 lakh, 4.68 lakh and Rs. 37.22 crore respectively in entries of register and entries in computer. Inspite of such huge differences the department had not reconciled the two sets of figures. The challans sent to court and challans disposed-off by the court had also not been reconciled.

The feeding of data into the computer system was unreliable and deficient. For instance – some entries were made more than once, irrelevant number and date of challan were fed, against one challan number different vehicles were booked, some columns were left blank, etc. This shows that the computer system lacked input controls to ensure data accuracy. Though, the records of the branch were stated to have been computerized, it could not be relied upon in view of such deficiencies. No periodic reports were being generated from the database for monitoring purposes, which was still dependent on manual records.

The department accepted (November 2009) the discrepancies in two sets of records and attributed these to shortage of staff, untrained staff and non-availability of conviction slips from courts etc. It was also stated that efforts were being made to reconcile the figures after getting data from the courts.

4.1.7.2 Irregularities in issuance of challan books

(i) There was no proper record of issue of challan books. Challan books were issued directly to individual challaning officers randomly making it difficult to know which series was issued to which officer.

(ii) Third copies of the challans (used challan books) were not received back from the challaning officer in the Caretaking Branch or Enforcement Branch. In the absence of such a system, the government records, i.e., used challan books, were kept by challaning officers personally at their homes.

The department stated (November 2009) that necessary directions/guidelines had been issued to the custodian and issuing authority to follow the correct procedure in issuing the challan books.

4.1.7.3 Non-release or disposal of impounded vehicles

Enforcement Branch impounds vehicles which are found violating relevant provisions of Act. Rule 123 of the Delhi Motor Vehicle Rules, 1993 stipulates that the concerned person may get the vehicle released within a period of ten days from the date of seizure of vehicle after complying with the requirement of law. In case vehicle is not released within the specified period then rental charges @ Rs. 100 per day subject to a maximum of Rs. 1000 shall be charged.

It was noticed that as of 20 May 2009, 918 vehicles were parked in impounding pit at Burari. Details of length of detention period of these vehicles are given below:

Table 4.8:Age-wise details of impounded vehicles

Sl. No.	Year in which impounded	No. of vehicles
1	Not available	66
2	1997	01
3	1998	07
4	2000	06
5	2001	38
6	2002	37
7	2003	15
8	2004	32
9	2005	114
10	2006	228
11	2007	142
12	2008	105
13	2009*	67
Total		**918**

** Upto 20 May, 2009*

It may be seen that in 66 cases the department did not have date of impounding. Out of remaining 852 vehicles, 136 were lying unclaimed for over five years and 402 for over two years.

The department accepted (November 2009) the facts and stated that owners of these vehicles were not interested in getting their vehicles released as fine/tax might be more than the actual cost of vehicles. The reply, however, did not specify the next course of action in such a situation.

4.1.7.4 Non-inspection of pollution control centres

Transport Department authorizes private pollution control centres (PCC) for checking vehicular emission and issuing pollution under control certificates (PUCCs) to vehicles, which fulfill the laid down norms.

Scrutiny of the records revealed that 547 PCCs were functioning under the authorization of the department as of 31 March 2009. It was also noticed that there was two tier inspection system being followed in Delhi. Pollution Level Test Inspector (PLTIs) of the department may carry out inspection of PCCs as prescribed in the rules and a joint inspection /audit may also be conducted by a team consisting of members from the agencies like ARAI[3], I-CAT[4] and SAIM[5]. However, no inspection of any PCC was carried out by the PLTIs during the period 2004-09. Only one joint audit/inspection of 20 PCCs was carried out in June 2006 by a joint team. In the absence of a regular inspection/audit of PCCs, it could not be ensured whether PCCs were carrying out their designated functions properly.

The department stated (November 2009) that PLTIs had been conducting inspection of PCCs regularly. However, it did not produce any inspection reports or documents to support its claim.

4.1.7.5 Non- enforcement of norms for vehicular pollution control

Section 190(2) of the Motor Vehicles Act, 1988 provides a penalty of Rs. 1000 for first offence and Rs. 2000 for second offence for driving a motor vehicle which violates the standards of vehicular air and noise pollution. Rule 99 of the Delhi Motor Vehicles Rules, 1993 (DMVRs) further stipulate that every motor vehicle shall carry a valid PUCC issued by the Transport Department or by any PCCs authorized by it. The validity of PUCCs has been fixed as three months by the department. However, new vehicles do not require pollution checking for the first year of registration.

[3] Automated Research Association of India
[4] International - Centre of Automotive Technology
[5] Society of India Automobile Manufacturers

A scrutiny of records revealed that 58.87 lakh motor vehicles were registered with the department as on 31 December 2008. Considering that vehicles of more than 15 years of age and not re-registered, were no more plying on roads and that new vehicles, less than one year old, did not require any PUCC, there were still 36.55 lakh vehicles, which would have been due for pollution checking during January 2009 to March 2009. This figure may be further reduced to 21.93 lakh if it is considered that only 60 *per cent* vehicles were actually live and plying on roads. However, as per details available with the Pollution Control Division of the department, only 8.47 lakh PUCCs were issued by PCCs to the vehicles which came for pollution checking during this period.

Thus, 13.46 lakh vehicles did not approach PCCs for pollution check and were plying without valid PUCCs. Transport Department did not have an efficient system to identify and penalize the offending motorists as it could only challan 4166 motorists (0.31 *per cent*) out of 13.46 lakh, who violated the prescribed norms and remained a constant source of vehicular air pollution on the roads of Delhi. Moreover, the department would have received revenue to the tune of Rs. 134.15 crore in only three months, had it been able to enforce the provisions of the Act on all the vehicles plying without a valid PUCC.

The department stated (November 2009) that it could never cover and check 100 *per cent* of the vehicles plying on the roads but tried to cover maximum number of vehicles. It further stated that some steps had been taken to improve compliance of PUCC. The reply is not acceptable as only 0.31 *per cent* of defaulting vehicles could be challaned.

4.1.8 Human resource management

4.1.8.1 Shortage of staff

The position of sanctioned strength and men-in-position was as under:

Table 4.9:Position of sanctioned strength vis-à-vis men-in-position

Category	Sanctioned posts		Men-in-position		Shortage		Percentage	
	Cadre	Ex-cadre	Cadre	Ex-cadre	Cadre	Ex-cadre	Cadre	Ex-cadre
Gazetted	41	49	35	34	6	15	15	31
Non-gazetted	308	1047	154	419	154	628	50	60
Total	**349**	**1096**	**189**	**453**	**160**	**643**		

The table shows acute shortage of staff in the department that was vested with the responsibility of providing an efficient and smooth public transport system. Out of 1445 posts, as many as 803 posts (56 *per cent*) were vacant as of May 2009. The shortage was more severe in ex-cadre category where 31 *per cent* of gazetted and 60 *per cent* of non-gazetted posts were lying vacant. It was seen that all the five ex-cadre posts of Deputy Commissioner (Transport) were vacant. Out of these five posts, three had been filled-up by cadre officers for pay purpose only. This obviously hampers the functioning of the department so far as technical aspects are concerned. The Enforcement Branch was worst affected by the scarcity of staff as out of 808 sanctioned posts, 593 posts (73 *per cent*) were vacant.

The department accepted the facts and stated (May & November 2009) that the process of filling-up of posts had been initiated.

4.1.8.2 Training

Training of the officers/officials at regular intervals is necessary to update their knowledge of the provisions of Acts, rules, circulars and latest orders, in order to enable them to perform effectively. Physical training for the enforcement personnel is also necessary to keep them physically fit for enforcement work.

The department confirmed (May and November 2009) that no training was being conducted by it except for enforcement officers. In the absence of training, it cannot be ensured that the staff was fully equipped with the necessary skills to discharge their duties effectively and efficiently.

4.1.9 Internal Control

4.1.9.1 Physical verification of stores and stocks

As per Rule 192 of General Financial Rules, physical verification of all the consumable/non-consumable goods and materials should be undertaken at least once in a year in the presence of the officer responsible for the custody of the inventory being verified and discrepancies noticed, if any, should be recorded in the stock registers for appropriate action by the competent authority.

Test-check of stock register of consumable/non-consumable items maintained by caretaking branch and computer branch revealed that physical verification of stock had not been conducted by the department for the period under review. As such, discrepancies including shortages, damages and unserviceable goods could not be ruled out.

The department stated (November 2009) that the process for physical verification of stock items had been initiated.

4.1.9.2 Poor maintenance of stock register

Scrutiny of stock register of consumable items revealed various discrepancies such as (i) balances were not worked out and recorded after issue of items, (ii) previous balances were not brought forward at the start of next page, (iii) there were cases where items were issued in excess of available balances, and (iv) in respect of issue of certain items, entries were made more than once.

The department stated (November 2009) that instructions had been issued to the concerned officials.

4.1.9.3 Use of vehicles

The department had a fleet of 54 vehicles (36 four wheelers and 18 two wheelers) attached with officers/officials of the department. Scrutiny of log books of the vehicles revealed that petrol accounts were not recorded in any of the logbooks. Month-wise summary having details of kilometers covered, mileage, average fuel consumption etc was also not prepared and recorded. In almost all the cases the purpose had been entered as 'official', which did not convey the actual purpose of journey. Thus, the monitoring mechanism for ensuring proper use of government vehicles was deficient and weak.

The department stated (November 2009) that a circular had been issued to all concerned officers/officials for proper maintenance of log book of vehicles.

Conclusion

Financial management in the Transport Department was slack as funds were withdrawn unauthorisedly Government suffered revenue loss due to short levy of taxes. As the status of ISBTs was not decided even after sixteen years of their transfer to Delhi Government, GM, ISBT unauthorisely retained and utilized departmental receipts. A weak internal control system left scope for embezzlement of government receipts. Management of operations was poor and the department released extra funds to M/s DIMTS and to a contractor for services rendered. The enforcement mechanism in the department was ineffective as vehicle owners did not turn-up for re-registration or fitness check of their vehicles. It could also not check effectively vehicles for violation of norms for pollution control.

Recommendations

Financial management

- Expenditure in excess of allocations should be avoided.
- Parking of funds outside Government Account should not be allowed.
- Fund requirement should be assessed realistically.

Collection of revenue and its accounting

- Segregation of duties should be done to ensure a system of check in handling departmental receipts and prevent misappropriation of funds..
- The status of ISBTs may be settled in unequivocal terms and issue of utilisation of departmental receipts by GM, ISBT decided by the department urgently.

Planning and operational management

- Department may bring out a clear-cut policy on assignment of works/ projects/ studies to M/s DIMTS keeping in view safe guards for the public interest and compatibility with government rules and practices.
- The agreement with contractor supplying optical smart cards may be amended so as to ensure that not more than Rs. 200 per card is charged for the service being rendered.

Enforcement of provisions of the Motor Vehicles Act, 1988

- Department may impound vehicles plying without registration certificates to force owners of vehicles to re-register their vehicles.
- An MIS to provide the list of vehicles whose fitness is to be renewed should be developed to help department enforce provisions of the Motor Vehicles Act.

Chapter 5

Government Commercial and Trading Activities

5.1 Overview of State Public Sector Undertakings

5.1.1 Introduction

The State Public Sector Undertakings (PSUs) consist of State Government companies and Statutory corporations. The State PSUs are established to carry out activities of commercial nature while keeping in view the welfare of people. In Delhi, the State PSUs occupy an important place in the State economy. The State PSUs registered a turnover of Rs. 3,555.63 crore for 2008-09 as per their latest finalised accounts as of September 2009. This turnover was equal to 2.47 *per cent* of State Gross Domestic Product (GDP) for 2008-09. Major activities of Delhi State PSUs are concentrated in power, services and transport sector. The State PSUs incurred a loss of Rs. 1476.99 crore in the aggregate for 2008-09 as per their latest finalised accounts. They had employed 0.35 lakh employees as of 31 March 2009. The State PSUs do not include any prominent Departmental Undertakings (DUs), which carry out commercial operations but are a part of Government departments.

As on 31 March 2009, there were 12 PSUs (10 Government Companies and 2 Statutory Corporations- all working). Of these, no company was listed on the stock exchange(s).

During the year 2008-09, two PSUs i.e. Geospatial Delhi Limited and Shajhanabad Redevelopment Corporation were established.

5.1.2 Audit Mandate

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government company is one in which not less than 51 *per cent* of the paid up capital is held by Government(s). A Government company includes a subsidiary of a Government company. Further, a company in which not less than 51 *per cent* of the paid up capital is held in any combination by Government(s), Government companies and Corporations controlled by Government(s) is treated as if it were a Government company (deemed Government company) as per Section 619-B of the Companies Act.

The accounts of the State Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, who are appointed by CAG as per the provisions of Section 619(2) of the Companies

Act, 1956. These accounts are also subject to supplementary audit conducted by CAG as per the provisions of Section 619 of the Companies Act, 1956.

Audit of Statutory corporations is governed by their respective legislations. Out of two Statutory corporations, CAG is the sole auditor for Delhi Transport Corporation. In respect of Delhi Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit by CAG.

5.1.3 Investment in State PSUs

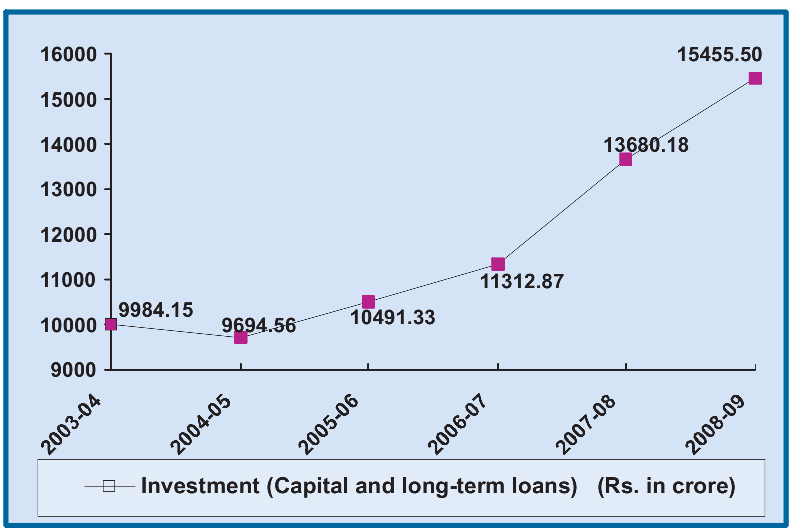
As on 31 March 2009, the investment (capital and long-term loans) in 12 PSUs was Rs. 15455.50 crore as per details given below.

(Rupees in crore)

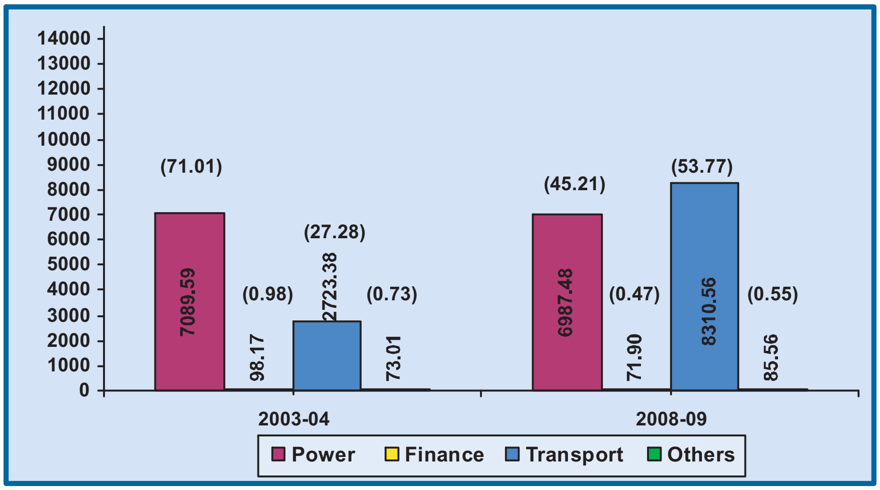
Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	5774.70	1298.33	7073.03	770.30	7612.17	8382.47	15455.50

A summarised position of Government investment in State PSUs is detailed in ***Appendix 5.1.***

As on 31 March 2009, total investment in State PSUs was in working PSUs. This total investment consisted of 42.35 *per cent* towards capital and 57.65 *per cent* in long-term loans. The investment has grown by 54.80 *per cent* from Rs. 9984.15 crore in 2003-04 to Rs. 15455.50 crore in 2008-09 as shown in the graph below.



The investment in various important sectors and percentage thereof at the end of 31 March 2004 and 31 March 2009 are indicated below in the barchart.



(Figures in brackets show the percentage of total investment) (Rs. in crore)

As may be seen from the above chart the thrust of PSU investment was mainly on transport sector, which increased from 27.28 *per cent* in 2003-04 to 53.77 *per cent* in 2008-09 of the total investment. The percentage share in the power sector has decreased from 71.01 *per cent* in 2003-04 to 45.21 *per cent* in 2008-09 of the total investment.

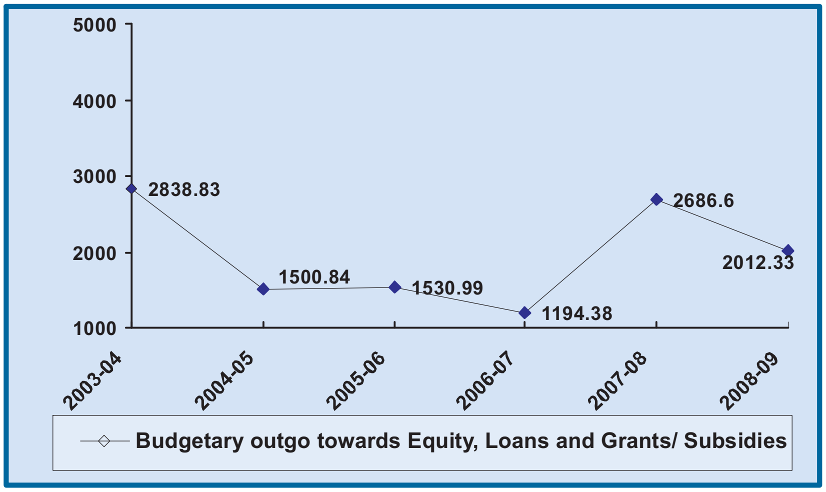
5.1.4 Budgetary outgo, grants/subsidies, guarantees and loans

The details regarding budgetary outgo towards equity, loans, grants/ subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of State PSUs are given in ***Appendix 5.3***. The summarised details are given below for three years ended 2008-09.

(Amount Rupees in crore)

Sl. No.	Particulars	2006-07		2007-08		2008-09	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	2	8.30	4	1367.34	3	260.82
2.	Loans given from budget	4	976.66	3	1222.78	2	1651.55
3.	Grants/Subsidy received	3	209.42	4	96.48	5	99.96
4.	Total Outgo (1+2+3)		1194.38		2686.60		2012.33
5.	Loans converted into equity	-	-	1	3452.00	-	-

The details regarding budgetary outgo towards equity, loans and grants/ subsidies for past six years are given in a graph below:



The budgetary outgo towards equity, loans, grants and subsidy decreased from Rs. 2838.83 crore in 2003-04 to Rs. 1194.38 crore in 2006-07 but again increased to Rs. 2686.60 crore during 2007-08 but again came down to Rs. 2012.33 crore during 2008-09.

No guarantees were issued by State Government to any of the PSUs during 2003-09

5.1.5 Reconciliation with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as at 31 March 2009 is stated below:

(Rupees in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	6306.64	6205.17	101.47
Loans	-*	8210.83	-
Guarantees	Nil	Nil	-

Audit observed that the differences occurred in respect of six PSUs and some of the differences were pending reconciliation since many years. In order to reconcile the discrepancy in figures of investment by the State Government in Government companies/ corporations, letters were written (July 2009) to the Principal Secretary (Finance), Government of NCT of Delhi and the

* Loan figure as per finance accounts not compiled for Delhi State PSUs.

concerned State PSUs. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

5.1.6 Performance of PSUs

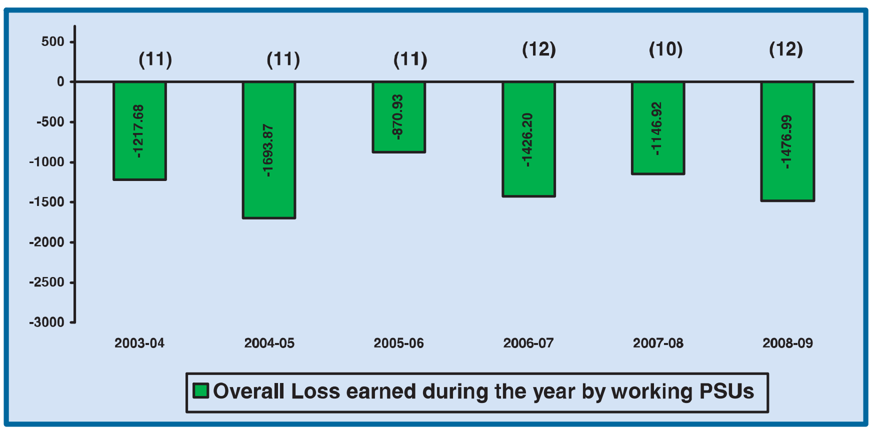
The financial results of PSUs, financial position and working results of working Statutory corporations are detailed in ***Appendices 5.2, 5.5 and 5.6*** respectively. The ratio of PSU turnover to State GDP shows the extent of PSU activities in the State economy. Table below provides the details of working PSU turnover and State GDP for the period 2003-04 to 2008-09.

(Rupees in crore)

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Turnover[∝]	3948.98	6886.00	7734.21	8283.41	3019.71	3555.63
State GDP	78804	89920	101800	118240	126150	143911
Percentage of Turnover to State GDP	5.01	7.66	7.60	7.01	2.39	2.47

It may be seen from the above that the turnover of PSUs had declined drastically in 2007-08. The reason for such decline was that Delhi Transco Limited ceased to carry on the business of purchase and sale of power w.e.f 1 April 2007 and was only carrying on the business of transmission of power (wheeling) from 2007-08 onwards. In view of the above percentage of turnover to State GDP declined from a high of 7.66 *per cent* to 2.47 *per cent* during these years.

Losses incurred by State working PSUs during 2003-04 to 2008-09 are given below in a bar chart



(Figures in brackets show the number of working PSUs in respective years)

From the above it can be seen that the working PSUs incurred overall losses which ranged between Rs. 870.93 crore to Rs. 1476.99 crore during 2003-04

[∝] Turnover as per the latest finalised accounts as of 30 September.

to 2008-09. During the year 2008-09, out of 12 working PSUs, 5 PSUs earned profit of Rs. 334.38 crore and 5 PSUs incurred loss of Rs. 1811.37 crore♦. The major contributors to profit were Pragati Power Corporation Limited (Rs. 195.29 crore), Delhi Transco Limited (Rs. 72.29 crore) and Indraprastha Power Generation Company Limited (Rs. 61.90 crore). Heavy losses were incurred by Delhi Transport Corporation (Rs. 1697.69 crore), Delhi Power Company Limited (Rs. 106.53 crore) and Delhi State Civil Supplies Corporation (Rs. 5.01 crore).

The losses of PSUs are mainly attributable to deficiencies in financial management, planning, implementation of projects, running of operations and monitoring. A review of latest Audit Reports of CAG shows that the State PSUs incurred losses to the tune of Rs. 804.92 crore and infructuous investment of Rs. 194.56 crore which were controllable with better management. Year wise details from Audit Reports are stated below.

(Rupees in crore)

Particulars	2006-07	2007-08	2008-09	Total
Net Profit (loss)	(1426.20)	(1146.92)	(1476.99)	(4050.11)
Controllable losses as per CAG's Audit Report	210.52	17.78	576.62	804.92
Infructuous Investment	13.12	4.96	176.48	194.56

The above losses pointed out by Audit Reports of CAG are based on test check of records of PSUs. The actual controllable losses would be much more. The above table shows that with better management, the losses can be minimised. The PSUs can discharge their role efficiently only if they are financially self-reliant. The above situation points towards a need for professionalism and accountability in the functioning of PSUs.

Some other key parameters pertaining to State PSUs are given below.

(Rupees in crore)

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Return on Capital Employed (*Per cent*)	-	-	-	-	6.78	-
Debt	6193.13	8844.32	9639.21	10452.39	7857.61	8910.50
Turnoverϒ	3948.98	6886.00	7734.21	8283.41	3019.71	3555.63
Debt/ Turnover Ratio	1.57:1	1.28:1	1.25:1	1.26:1	2.60:1	2.51:1
Interest Payments♣	354.20	902.40	791.64	964.81	1302.00	1474.21
Accumulated Profits (losses)	(3006.61)	(7142.65)	(8104.09)	(8712.51)	(10851.79)	(12395.49)

(Above figures pertain to all PSUs).

♦ Accounts for the year 2008-09 in respect of Shahjhanabad Redevelopment Corporation, incorporated in 2008-09, were not received and in respect of Geospatial Delhi Limited, incorporated in 2008-09, there was no activity and consequently there was no profit/ loss for 2008-09.

ϒ Turnover of working PSUs as *per* the latest finalised accounts as of 30 September.

♣ Excluding Delhi SC/ST/OBC/ Handicapped and Minorities Financial and Development Corporation whose accounts are in arrears for the last 9 years.

The above parameters exhibit deterioration in the financial position of the PSUs. The return on capital employed had shown some improvement in 2007-08 but has been negative for all other years from 2003-04 to 2008-09. The debt turnover ratio has shown improvement from 1.57:1 in 2003-04 to 1.25:1 in 2005-06 but has again increased to 2.60:1 in 2007-08 and shown marginal improvement in 2008-09 by declining to 2.51:1. However, the accumulated losses have steadily increased from Rs. 3006.61 crore in 2003-04 to Rs. 12395.49 crore in 2008-09.

As per the recommendations of the Twelfth Finance Commission the State must adopt a modest rate of return on the investment made in public enterprises at the rate of five *per cent* as dividend on equity. As per their latest finalised accounts five PSUs earned a profit of Rs. 334.38 crore however, only three companies declared dividend of Rs. 31.90 crore.

Performance of major PSUs

The investment in working PSUs and their turnover together aggregated to Rs. 19011.13 crore during 2008-09. Out of 12 working PSUs, the following four PSUs accounted for individual investment *plus* turnover of more than five *per cent* of aggregate investment *plus* turnover. These four PSUs together accounted for 91.49 *per cent* of aggregate investment *plus* turnover.

(Rupees in crore)

PSU Name	Investment	Turnover	Total (2) + (3)	Percentage to Aggregate Investment plus Turnover
(1)	(2)	(3)	(4)	(5)
Delhi Transport Corporation	8310.56	368.00	8678.56	45.65
Delhi Transco Limited	4235.65	373.40	4609.05	24.24
Pragati Power Corporation Limited	1744.95	524.74	2269.69	11.94
Indraprastha Power Generation Company Limited	969.60	866.55	1836.15	9.66
Total	**15260.76**	**2132.69**	**17393.45**	**91.49**

Some of the major audit findings of past five years for above PSUs are stated in the succeeding paragraphs.

Delhi Transport Corporation

The Corporation did not have any arrears of accounts.

The losses incurred by the corporation have increased continuously in the past five years from Rs. 708.58 crore in 2004-05 to Rs. 1697.69 crore in 2008-09. The turnover has decreased from Rs. 407.05 crore in 2004-05 to Rs. 354.05 crore in 2007-08 and slightly increased to Rs. 368.00 crore in 2008-09.

Deficiencies in Planning

- The Corporation lost an opportunity to earn additional revenue of Rs. 10.84 crore due to its failure to re-deploy CNG buses having more Earning Per Km (EPK) to city operations and replacing them with diesel buses on inter-state routes during period from October 2003 to March 2006 (Paragraph 5.10.13 of AR 2005-06).
- Automatic Vehicle Tracking System (AVTS) implemented at a cost of Rs. 4.91 crore failed to demonstrate desired results. (Paragraph 5.10.19 of AR 2005-06)
- Over 3.26 lakh bus days lost due to non-availability of spares resulting in loss of revenue of Rs. 52.33 crore (Paragraph 5.10.23 of AR 2005-06).

Deficiencies in Implementation

- The Corporation failed to collect Rs. 67.85 crore of terminal fees from private bus operators despite enabling provisions in the Act (Paragraph 5.19 of AR 2004-05).
- Lower fuel efficiency of buses resulted in excess consumption of CNG worth Rs. 17.16 crore (Paragraph 5.10.15 of AR 2005-06).
- Excess consumption of engine oil and coolant with reference to norms fixed resulted in extra expenditure of Rs. 1.45 crore (Paragraph 5.10.16 of AR 2005-06).

Deficiencies in Monitoring

- Retainer Crew Conductors appointed under a scheme for Private bus operators were neither gainfully utilised nor terminated after discontinuation of the scheme resulting in unfruitful expenditure of Rs. 18.80 crore (Paragraph 5.20 of AR 2004-05).
- Administrative laxity in obtaining fitness certificates resulted in loss of revenue of Rs. 9.90 crore during 2002 to 2006 (Paragraph 5.10.17 of AR 2005-06).
- Failure to ensure timely availability of engineers and assemblies resulted in loss of revenue of Rs. 17.81 crore during 2002 to 2006 (Paragraph 5.10.21 of AR 2005-06).

Deficiencies /non-achievement of objectives

- Non-operation of scheduled kilometers for want of conductors despite having surplus conductors resulted in loss of revenue of Rs. 1.43 crore (Paragraph 5.10.13 of AR 2005-06).

- Load factor decreased from 82.66 *per cent* to 74.42 *per cent* during 2001-02 to 2005-06 resulting in loss of revenue of Rs. 6.47 crore (Paragraph 5.10.12 of AR 2005-06).

Deficiencies in Financial Management

- Deficiencies in utilisation of the Plan Loans as well as adhocism and delay in investments resulted in loss of interest of Rs. 3.60 crore (Paragraph 5.10.24 of AR 2005-06).

Delhi Transco Limited

The Company did not have any arrears of accounts.

The Company incurred losses of Rs. 910.52 crore in 2004-05 and thereafter turned into a profitable PSU in all the years from 2005-06 to 2008-09 (Rs. 72.29 crore). The turnover had, however, reduced from Rs. 4569.66 crore in 2004-05 to Rs. 373.40 crore in 2008-09. The return on capital employed has increased from negative in 2004-05 to 17.45 *per cent* in 2008-09.

Deficiencies in Planning

- Failure to take cognizance of objections raised by Archaeological Survey of India (ASI) regarding construction of a sub-station resulted in blocking of funds of Rs. 2.24 crore and wasteful expenditure of Rs. 30 lakh (Paragraph 5.17 of AR 2004-05).

Deficiencies in Implementation

- Lack of adequate validation checks coupled with deficiencies in system design in pay roll and GPF applications undermined the utility and reliability of the IT system in place (Paragraph 5.12 of AR 2005-06).

Deficiencies in Financial Management

- Inefficient cash management and failure to place surplus funds in Corporate Liquid Term Deposit Receipt/Flexi Deposits resulted in loss of interest of Rs. 12.52 crore (Paragraph 5.13 of AR 2004-05).

Pragati Power Corporation Limited

The Company did not have any arrears of accounts.

The profit earned by the company has increased from Rs. 16.25 crore in 2004-05 to Rs. 195.29 crore in 2008-09. Similarly turnover has increased marginally from Rs. 502.33 crore in 2004-05 to Rs. 524.74 crore in 2008-09. The return on capital employed has increased from 4.56 *per cent* in 2004-05 to 9.97 *per cent* in 2008-09.

Deficiencies in Planning

- Failure to draw up realistic drawal schedules to avoid payment of commitment charges and delayed payment of interest instalments resulted in avoidable expenditure of Rs. 99.90 lakh. (Paragraph 5.14 of AR of 2004-05)

Deficiencies in Implementation

- Delay in registration under the Sales Tax Act deprived the company of the benefit of payment of Sales Tax at concessional rate and resulted in avoidable additional expenditure of Rs. 6.20 crore (Paragraph 6.11 of AR of 2007-08).

Deficiencies in Monitoring

- Failure of the Company to ensure payment on the basis of power actually consumed resulted in avoidable payment of Rs. 13.75 lakh for power which it did not actually consume (Paragraph 5.15 of AR 2004-05).

Deficiencies in Financial Management

Inefficient Management and failure to place surplus funds in Corporate Liquid Term Deposit Receipt/Flexi Deposits resulted in loss of interest of Rs. 62 lakh (Paragraph 5.13 of Audit Report 2004-05).

Indraprastha Power Generation Company Limited

The Company did not have any arrears of accounts.

The company incurred losses in all the years from 2004-05 to 2007-08 ranging from Rs. 18.07 crore to Rs. 47.72 crore, however, earned profit of Rs. 61.90 crore in 2008-09. The turnover of the company increased from Rs. 588.71 crore in 2004-05 to Rs. 866.55 crore in 2008-09. The return on capital employed also significantly improved from negative in 2004-05 to 14.38 *per cent* in 2008-09.

Deficiencies in Planning

- Inordinate delay in repair, non-procurement of new rotor and inaction to keep stand by rotor resulted in loss of generation of 345.213 MU valuing Rs. 71.86 crore (Paragraph 5.10.13 of AR 2006-07).
- The Company suffered generation loss of 84.773 MU valuing Rs. 14.79 crore in overhauling of boiler due to avoidable delay in supply of spare parts by contractor on account of delay in placing of indent (Paragraph 5.10.14 of AR 2006-07).

Deficiencies in Implementation

- Generation of Power at higher heat rate resulted in loss of generation of 341.701 MU valuing Rs. 48.52 crore during 1999-2005. (Paragraph 5.10.7 of Audit Report 2004-05)
- Under performance of Waste Heat Recovery Units (WHRUs) resulted in loss of generation of 747.553 MU during 1999-2005 valuing Rs. 108.15 crore (Paragraph 5.10.8 of Audit Report 2004-05).
- Excess heat consumption than Delhi Electricity Regulatory Commission norms resulted in excess consumption of Coal and Light Diesel Oil valuing Rs. 94.05 crore during 2002-07 (Paragraph 5.10.19 of AR 2006-07).

Deficiencies in Monitoring

- Procedural delays and poor coordination in placement of order, receipt of material and commissioning of turbines resulted in loss of generation of 200.18 MU valuing Rs. 28.42 crore (Paragraph 5.10.11 of Audit Report 2004-05).
- Excess auxiliary consumption of 89.134 MU during 2002-07 resulted in loss of Rs. 18.05 crore (Paragraph 5.10.12 of AR 2006-07).

Deficiencies / non-achievement of Objectives

- Non-achievement of availability factor equivalent to similar power plants during 2002-07 entailed loss of Rs. 227.67 crore (Paragraph 5.10.8 of AR 2006-07).
- Non-achievement of Plant Load Factor (PLF) equivalent to similar power plants during 2002-07 entailed loss of Rs. 367.68 crore (Paragraph 5.10.10 of AR 2006-07).

Deficiencies in Financial Management

- Inefficient cash management and failure to place surplus funds in corporate Liquid Term Deposit Receipt/Flexi Deposit resulted in loss of interest of Rs. 2.20 crore. (Paragraph 5.13 of Audit Report of 2004-05)

Conclusion

The above details indicate that the State PSUs are not functioning efficiently and there is tremendous scope for improvement in their overall performance. They need to imbibe greater degree of professionalism to ensure delivery of their products and services efficiently and profitably. The State Government should introduce a performance based system of accountability for PSUs.

5.1.7 Arrears in finalisation of accounts

The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. Similarly, in case of Statutory corporations, their accounts are finalised, audited and presented to the Legislature as *per* the provisions of their respective Acts. The table below provides the details of progress made by working PSUs in finalisation of accounts by September 2009.

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Number of Working PSUs	11	11	12	10	12
2.	Number of accounts finalised during the year	15	14	11	14	11
3.	Number of accounts in arrears	16	13	14	10	11
4.	Average arrears per PSU (3/1)	1.45	1.18	1.17	1.00	0.92
5.	Number of Working PSUs with arrears in accounts	6	3	4	2	3
6.	Extent of arrears	1 to 10 years	1 to 11 years	1 to 9 years	1 to 8 years	1 to 9 years

The State Government had invested Rs. 18.10 crore (equity: Rs. 8.81 crore, loans: Rs. 2.49 crore and grants/ subsidy: Rs. 6.80 crore) in two PSUs during the years[⊗] for which accounts have not been finalised as detailed in ***Appendix 5.4***. In the absence of accounts and their subsequent audit, it cannot be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not and thus Government's investment in such PSUs remained outside the scrutiny of the State Legislature. Further, delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. Though the concerned administrative departments and officials of the Government were informed every quarter by Audit, of the arrears in finalisation of accounts, no remedial measures were taken. As a result of this the net worth of these PSUs could not be assessed in audit. The matter of arrears in accounts is taken up every month with the Principal Secretary (Finance), Government of NCT of Delhi to expedite clearance of the backlog of arrears in accounts in a time bound manner. The matter was also taken up with the Chief Secretary, Government of NCT of Delhi in October 2009.

[⊗] In respect of Delhi SC/ST/OBC/Minorities & Handicapped Financial and Development Corporation LimitedAnnual Accounts are in arrear for the years from 2000-01 to 2008-09 and Shahjhanabad Redevelopment Corporation (incorporated in May 2008) for the year ending 2009.

In view of above state of arrears, it is recommended that:

- The Government may set up a cell to oversee the clearance of arrears and set the targets for individual companies which would be monitored by the cell.
- The Government may consider outsourcing the work relating to preparation of accounts wherever the staff is inadequate or lacks expertise.

5.1.8 Accounts Comments and Internal Audit

Seven working companies forwarded their audited seven accounts to AG during the year 2008-09. Of these, six accounts of six companies were selected for supplementary audit. The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given below:

(Amount Rupees in crore)

Sl. No.	Particulars	2006-07		2007-08		2008-09	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	4	6.79	3	4.94	3	41.21
2.	Increase in loss	1	4728.28	2	1048.67	2	658.29
3.	Non-disclosure of material facts	-	-	1	5.04	-	-
4.	Errors of classification	2	5.85	1	29.21	-	-

During the year, the statutory auditors had given unqualified certificate for one account, qualified certificates for six accounts. Additionally, CAG gave qualified certificate for three accounts, unqualified certificate for three accounts and non-review certificate for one account during the supplementary audit. The compliance of companies with the Accounting Standards (AS) was good as there was only one instance of non-compliance with AS during the year.

Some of the important comments in respect of accounts of companies are stated below:

Delhi Power Company Limited (2008-09)

- Loans and Advances of Rs. 321.43 crore and Sundry Debtors relating to cases under litigation and connections allotted to Government department amounting to Rs. 335.76 crore taken over from erstwhile Delhi Vidyut Board are doubtful of recovery and need to be provided for, thus overstating Loans and Advances and Sundry Debtors by that amount.

- Current assets, loans and advances include tax deducted at source of Rs. 4.27 crore, receivable from Income Tax Department for 2004-05. The Company was assessed to have incurred loss of Rs. 63.84 crore and hence TDS was refundable to the Company along with interest. The Company has not accounted for interest of Rs. 1.02 crore receivable along with refund of TDS resulting in understatement of Current assets, loans and advances and corresponding overstatement of losses by that amount.

Indraprastha Power Generation Company Limited (2008-09)

- Provision for doubtful recoveries from Haryana Vidyut Prasaran Nigam Limited was understated by Rs. 33.73 crore towards recoveries outstanding for more than three years.
- Plant and Machinery is overstated by a sum of Rs. 3.67 crore on inclusion of repair expenditure incurred on the replacement of tubes which should have been charged off to revenue as there was no increase in the capacity as per the requirement of AS-10 for capitalisation purposes. This has resulted in overstatement of Plant and Machinery and net profit of the company to the tune of Rs. 3.67 crore.

Delhi Tourism and Transportation Development Corporation Limited (2008-09)

- Non reconciliation and consequent non provision for Rs. 81.52 lakh relating to excise consumption has resulted in overstatement of profit by that amount.
- No provision has been made against stagnant capital work-in-progress of Rs. 1.38 lakh, Rs. 15.06 lakh and Rs. 12.78 lakh in respect of Dilli Haat at Geeta Colony, Kala Gram Kendra and Coffee Homes at Janakpuri and Bindapur respectively. This has resulted in overstatement of profits and overstatement of Capital Work-in Progress by Rs. 29.22 lakh.

Pragati Power Corporation Limited (2008-09)

- Pragati Power Project II (Nagla Machi project) has been abandoned by the Company due to non-receipt of NOC from Delhi Pollution Control Committee. Expenses of Rs. 1.88 crore incurred on this project has not been charged to Profit and Loss account resulting in overstatement of profit as well as Capital Work-in progress to the same extent.

Delhi State Industrial & Infrastructure Development Corporation Limited (2007-08)

- Non-adjustment of deposit works which have been completed and amount received has resulted in over statement of Current liabilities and Provisions and Current assets, Loans and advances by Rs. 29.21 crore. The consequential impact if any on the profit of the corporation remained unascertained.

Delhi State Industrial & Infrastructure Development Corporation Limited (2006-07)

- The Company has shown a sum of Rs. 10.99 crores as Fixed Deposit Receipt/Cash Deposit Receipt in hand, received as security deposit from contractors, under the cash and bank balances. However, these FDRs do not represent the cash and bank balances of the Company and should be shown separately as Security Deposits from contractors under the head current assets.
- Liabilities of Rs. 1.22 crore towards revision of rent were not provided in the accounts, which resulted in overstatement of profit by Rs. 1.22 crore.
- The ground rent and maintenance charges of Rs. 1.24 crore received by the Company are a part of income but have not been shown under the Profit and Loss account. As a result profit of the Company is understated by Rs. 1.24 crore.

Similarly, two working statutory corporations forwarded their two accounts to AG during the year 2008-09. Of these, one account of one statutory corporation pertained to sole audit by CAG which was in progress as of September 2009. The remaining one account was selected for supplementary audit. The audit reports of statutory auditors and the sole/ supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given below:

(Amount Rupees in crore)

Sl. No.	Particulars	2006-07		2007-08		2008-09	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	1	0.49	1	1.40	1	1.68
2.	Increase in loss	1	1.87	1	7.16	-	-
3.	Non-disclosure of material facts	2	6.97	1	1.36	-	-
4.	Errors of classification	1	4.89	1	0.73	-	-

During the year, out of two accounts of two corporations, one account received qualified certificate from statutory auditors and CAG whereas the sole audit by CAG was in progress in respect of other corporation♦ as of September 2009.

Some of the important comments in respect of accounts of Statutory corporations are stated below.

Delhi Financial Corporation (2008-09)

- The interest of Rs. 7.39 lakh (2007-08) and Rs. 2.76 lakh (2008-09) on margin money financed by Delhi SC/ST/OBC Minorities, Handicapped Financial & Development Corporation Limited was treated as income of the Corporation resulting in overstatement of profit and understatement of liabilities by Rs. 7.39 lakh in 2007-08 and Rs. 2.76 lakh in 2008-09. The cumulative impact upto 2007-08 was overstatement of Reserves and Surplus and understatement of liabilities by Rs. 68.24 lakh.

Delhi Financial Corporation (2007-08)

- Provision for non performing assets was understated by Rs. 1.32 crore due to non provisioning of Non Performing Assets (NPA) relating to Transport Division as per SIDBI norms resulting in understatement of Provision, overstatement of Loans & Advances and consequent overstatement of Profit by the same amount.

Delhi Transport Corporation (2007-08)

- The Corporation had not made provision for gratuity and leave encashment on actuarial basis as required under AS-15. The adequacy of provisions made on these accounts cannot be assessed in audit.
- The Corporation has not provided any liability on account of interest amounting to Rs. 2.31 crore payable for non- remittance of dues of gratuity on time resulting in understatement of both Current liabilities and accumulated losses by Rs. 2.31 crore.Current assets, Loans and advances include surplus and obsolete stores valuing Rs. 1.37 crore which should have been valued at net realisable value of Rs. 0.36 crore as per AS-2 resulting in overstatement of stores and material in stock and in transit and understatement of losses for the year by Rs. 1.01 crore.
- Interest Recoverable from advertisers includes Rs. 2.71 crore being the amount of interest recoverable from advertising firm on account of failure to remit the license fee in respect of the advertisement zones allotted to them. As the license fee payable by the firm is sub-judice, the recognition of interest of Rs. 2.71 crore on non remittance of license fee upto 31 March 2008 is in contravention with the generally accepted accounting principle. This has resulted in overstatement of debtors to the

♦ Delhi Transport Corporation

tune of Rs. 2.71 crore and understatement of accumulated losses by the same amount.

- The corporation provided depreciation on 159 low floor buses acquired during 2007-08 at the rate of 8.33 *per cent* whereas the rate of depreciation approved by the Government was 12 *per cent*. This has resulted in a shortfall in the provision for depreciation by Rs. 37.36 lakh which led to understatement of operating loss and overstatement of fixed assets by Rs. 37.36 lakh.
- The corporation had been contributing at the rate of 12 *per cent* towards Provident Fund whereas the applicable rate was 10 *per cent*. This resulted in overstatement of accumulated loss by Rs. 13.69 crore since 2001-02 including loss for the year by Rs. 1.40 crore.

Delhi Transport Corporation (2006-07)

- The pay and allowances amounting to Rs. 4.89 crore of Ministerial and Civil Engineering Division staff were shown as paid on 31 March 2007 though the same were actually paid in April 2007. This had resulted in understatement of current liabilities and bank balance by Rs. 4.89 crore each.

The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control/ internal audit systems in the companies audited in accordance with the directions issued by the CAG to them under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of major comments made by the Statutory Auditors on possible improvement in the internal audit/ internal control system in respect of seven companies[£] for the year 2007-08 and six companies[µ] for the year 2008-09 are given below:

Sl. No.	Nature of comments made by Statutory Auditors	Number of companies where recommendations were made	Reference to serial number of the companies as *per* Appendix 5.2
1.	Non-fixation of minimum/ maximum limits of store and spares	2	A-6,7
2.	Absence of internal audit system commensurate with the nature and size of business of the company	6	A- 1,2,5,7,9,10
3.	Non-maintenance of proper records showing full particulars including quantitative details, situations, identity number, date of acquisitions, depreciated value of fixed assets and their locations	5	A- 1,2,7,8,9

£ Sr. No. 1,2,5,6,7,8 and 9 in Appendix – 5.2.
µ Sr. No. 1,6,7,8,9 and 10 in Appendix – 5.2.

5.1.9 Status of placement of Separate Audit Reports

The following table shows the status of placement of various Separate Audit Reports (SARs) issued by the CAG on the accounts of Statutory corporations in the Legislature by the Government.

Sl. No.	Name of Statutory corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
1.	Delhi Financial Corporation	2007-08	2008-09	3.11.09	
2.	Delhi Transport Corporation	2006-07	2007-08	28.1.09	
			2008-09	Under finalisation	

Delay in placement of SARs weakens the legislative control over Statutory corporations and dilutes the latter's financial accountability. The Government should ensure prompt placement of SARs in the legislature(s).

5.1.10 Disinvestment, Privatisation and Restructuring of PSUs

Delhi Transco Limited was incorporated in July 2001. Delhi Transco Limited was a subsidiary of Delhi Power Company Limited with a paid up capital of Rs. 180 crore as of 2002-03. However on 26 March 2008, 345.20 crore shares @ Rs. 10 each were issued to State Government (Rs. 3452.00 crore) and thereafter Delhi Transco Limited ceased to be a subsidiary of Delhi Power Company Limited. One other company Delhi State Mineral Development Corporation was merged with Delhi State Industrial and Infrastructure Development Corporation Limited w.e.f 27 June 2007.

5.1.11 Reforms in Power Sector

The State has Delhi Electricity Regulatory Commission (DERC) formed in March 1999 under the Electricity Regulatory Commission Act 1998 (since replaced by Electricity Act 2003) with the objective of rationalisation of electricity tariff, advising in matters relating to electricity generation, transmission and distribution in the State and issue of licences. During 2008-09, DERC issued 81 orders (4 on Annual Revenue Requirements and 77 on other matters).

5.1.12 Discussion of Audit Reports by COPU

The status as on 30 September 2009 of reviews and paragraphs that appeared in Audit Reports (Commercial) and discussed by the Committee on Public Undertakings (COPU) is as under.

Period of Audit Report	Number of reviews/ paragraphs			
	Appeared in Audit Report		Paras discussed	
	Reviews	Paragraphs	Reviews	Paragraphs
2003-04	1	11	-	3
2004-05	2	10	-	-
2005-06	1	10	-	3
2006-07	1	3	-	-
2007-08	-	8	-	-
Total	**5**	**42**	**-**	**6**

The matter relating to clearance of backlog of reviews/ paragraphs was also discussed with COPU in July 2009.

5.2 Performance Audit Report on the functioning of Delhi Transport Corporation

Introduction

In Delhi, the public road transport is primarily provided by the Delhi Transport Corporation (Corporation), which is mandated to provide an efficient, adequate, economical and properly coordinated road transport service to the public in Delhi. The State also allows private operators to provide public transport. The fare structure is controlled by the Government of NCT of Delhi (GNCTD) which approves it. This structure is same for both the Corporation as well as private operators.

The Corporation was incorporated on 2 November 1971 by the Government of India under Section 3 of the Road Transport Corporations Act, 1950 as a wholly owned Corporation of the Government of India. Control of the Corporation was transferred to the Transport Department, GNCTD with effect from 5 August 1996. The Management of the Corporation is vested with the Board of Directors (BODs) comprising the Chairman, Managing Director and Directors appointed by the GNCTD. The day-to-day operations are managed by the Managing Director, who is the Chief Executive of the Corporation, with the assistance of Financial Advisor cum Chief Accounts Officer, Chief General Managers, Deputy Chief General Managers, Senior Managers and Managers. The Corporation has six regional offices, 35 depots, two central workshops and two central Stores.

The Corporation had a fleet strength of 3804 buses as on 31 March 2009 and carried an average of 22.61 lakh passengers *per* day during 2008-09. Its turnover was Rs. 473.94 crore in 2008-09, which was equal to 0.33 *per cent* of the State Gross Domestic product. It employed 28551 employees as at 31 March 2009.

A review on the working of the Corporation was included in the Report of the Comptroller and Auditor General of India, GNCTD for the year ending 31 March 2006. The report has not been discussed by the Committee on Government Undertakings (COGU) (November 2009).

Scope and Methodology of Audit

The present review conducted during February 2009 to June 2009 covers the performance of the Corporation during the years 2004-05 to 2008-09. The review mainly deals with the matters of operational efficiency, financial management, fare policy, fulfillment of social obligations and monitoring by top management of the Corporation. The audit examination involved scrutiny of records of the head office, one out of two central workshops, one out of two central stores and four* out of the 35 depots.

The methodology adopted for attaining the audit objectives with reference to audit criteria consisted of explaining the audit objectives to the top management, scrutiny of records at the Head Office and selected units, interaction with the auditee personnel, analysis of data with reference to audit criteria, raising of audit queries, discussion of audit findings with the Management and issue of draft review to the Management for comments.

Audit Objectives

The objectives of the performance audit were to assess:

Operational Performance

- The extent to which the Corporation was able to keep pace with the growing demand for public transport;
- the extent to which the Corporation was running its operations efficiently;
- whether adequate maintenance was undertaken to keep the vehicles roadworthy; and
- the extent to which economy was ensured in cost of operations.

Financial Management

- whether, the Corporation was able to meet its commitments and recover its dues efficiently; and
- the possibility of realigning the business model of the Corporation to tap non-conventional sources of revenue and adopting innovative methods of accessing such funds.

Fare Policy and Fulfillment of Social Obligations

- the existence and adequacy of fare policy; and
- whether the Corporation operated adequately on uneconomical routes

Monitoring by Top Management

- whether the monitoring by Corporation's top management was effective.

* Seema puri, Hari Nagar-III, Sarojini Nagar, Nangloi – contributing 13 *per cent* of the revenue generation.

Audit Criteria

The audit criteria adopted for assessing the achievement of the audit objectives were:

- all India averages for performance parameters;
- performance standards and operational norms fixed by the Association of State Road Transport Undertakings (ASRTU);
- physical and financial targets/ norms fixed by the Management;
- manufacturers' specifications, norms for life of a bus, preventive maintenance schedules, fuel efficiency norms, etc.;
- instructions of the Government of India (GoI) and GNCTD and other relevant rules and regulations;
- procedures laid down by the Corporation.

Financial Position and Working Results

The financial position of the Corporation for the five years upto 2008-09 is given below:

(Rupees in crore)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
A. Liabilities					
Paid up Capital	117.00	117.00	117.00	494.30	744.30
Reserve & Surplus (including Capital Grants but excluding Depreciation Reserve)	78.71	84.63	90.65	157.85	280.34
Borrowings (Loan Funds)	3212.92	4063.78	4916.39	6008.47	7566.26
Current Liabilities & Provisions	188.65	156.80	192.19	310.25	349.04
Total	**3597.28**	**4422.21**	**5316.23**	**6970.87**	**8939.94**
B. Assets					
Gross Block	606.48	624.85	623.87	693.81	875.68
Less: Depreciation	243.14	311.04	379.05	436.12	488.28
Net Fixed Assets	363.34	313.81	244.82	257.69	387.40
Capital works-in-progress (including cost of chassis)	6.48	1.23	1.37	0.81	32.47
Investments	1.39	1.47	1.55	1.69	1.86
Current Assets, Loans and Advances	96.99	97.24	105.21	524.42	634.26
Accumulated losses	3129.08	4008.46	4963.28	6186.26	7883.95
Total	**3597.28**	**4422.21**	**5316.23**	**6970.87**	**8939.94**

The details of working results like operating revenue and expenditure, total revenue and expenditure, net surplus/loss and earnings and cost *per* kilometre of operation are given below:

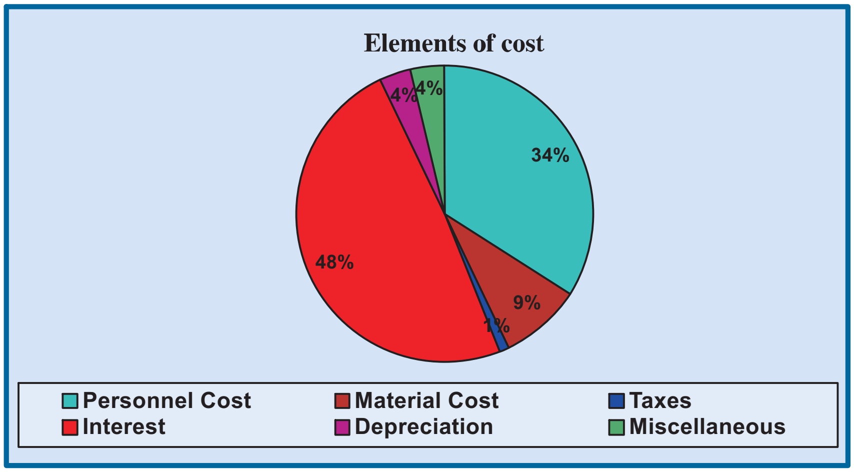
(Rupees in crore)

Sl. No.	Description	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total Revenue	423.31	466.74	419.21	421.33	473.94
2.	Operating Revenue[ϕ]	386.53	428.12	374.86	362.89	375.97
3.	Total Expenditure	1131.69	1284.54	1405.75	1637.13	2182.49
4.	Operating Expenditure[ψ]	778.90	801.51	772.84	794.17	1069.89
5.	Operating Profit/ (Loss)	(392.37)	(373.39)	(397.98)	(431.28)	(693.92)
6.	Profit/(Loss) for the year	(708.38)	(817.80)	(986.54)	(1215.80)	(1708.55)
7.	Fixed Costs					
	Personnel Costs	449.68	458.20	468.27	493.49	743.32
	Depreciation	66.51	68.29	66.81	63.86	78.99
	Interest	354.79	489.74	633.40	827.73	1065.35
	Other Fixed Costs	43.59	27.82	25.32	43.02	78.97
	Total Fixed Costs	914.57	1044.05	1193.80	1428.10	1966.63
8.	Variable Costs					
	Fuel & Lubricants	155.34	166.46	147.25	136.02	137.55
	Tyres & Tubes	15.80	15.08	16.07	16.88	15.60
	Other Items/ spares	16.62	26.47	23.15	33.59	38.02
	Taxes (MV Tax, Passenger Tax, etc.)	29.36	32.48	25.48	22.54	24.69
	Total Variable Costs	217.12	240.49	211.95	209.03	215.86
9.	Effective KMs operated (in crore)	25.22	25.90	20.43	18.34	18.30
10.	Earnings *per* KM (Rs.) (1/9)	16.78	18.02	20.52	22.97	25.90
11.	Fixed Cost *per* KM (Rs.) (7/9)	36.26	40.31	58.43	77.87	107.47
12.	Variable Cost *per* KM (Rs.) (8/9)	8.61	9.29	10.37	11.40	11.80
13.	Cost *per* KM (Rs.) (11+12)	44.87	49.60	68.80	89.27	119.27
14.	Net Earnings *per* KM (Rs.) (10-13)	(28.09)	(31.58)	(48.28)	(66.30)	(93.37)
15.	Traffic Revenue[§] (Rs. in crore)	335.54	376.54	313.71	309.76	326.62
16.	Traffic Revenue *per* KM (Rs.) (15/9)	13.30	14.54	15.36	16.89	17.85
17.	Contribution per KM (Rs.) (16-12)	4.69	5.25	4.99	5.49	6.05
18.	Operating Profit/(Loss) per KM (Rs.) (5/9)	(15.56)	(14.42)	(19.48)	(23.52)	(37.92)

[ϕ] Operating revenue includes traffic earnings, passes and season tickets, re-imbursement against concessional passes, fare realised from private operators under KM Scheme, etc.
[ψ] Operating expenditure includes expenses relating to traffic, repair and maintenance, electricity, welfare and remuneration, licences and taxes and general administration expenses.
[§] Traffic revenue represents sale of tickets, advance booking, reservation charges and contract services earnings.

Elements of Cost

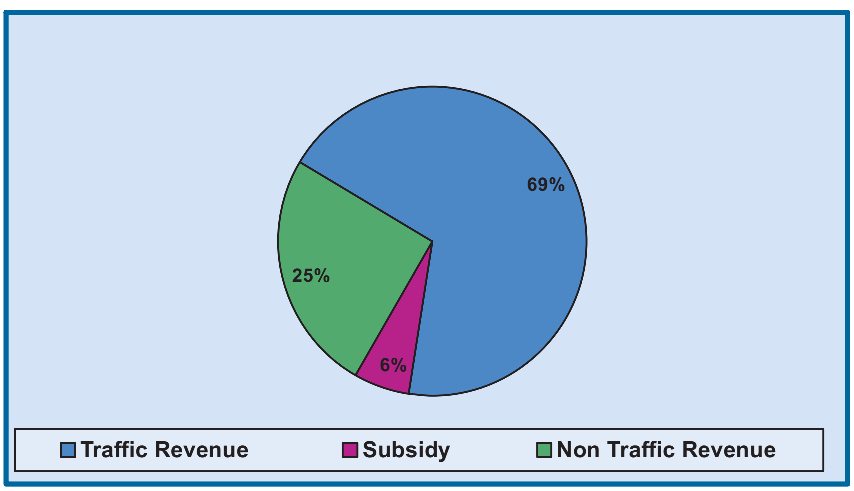
Personnel cost and interest cost constitute the major elements of cost. The percentage break-up of costs for 2008-09 is given in the pie-chart below.



Elements of revenue

Traffic revenue, subsidy and non-traffic revenue constitute the major elements of revenue. The percentage break-up of revenue for 2008-09 is given below in the pie-chart.

Elements of revenue



Audit Findings

The audit objectives were explained to the Corporation during an 'entry conference' held on 11 February 2009. Subsequently, audit findings were reported to the Corporation and the Government in August 2009 and discussed in an 'exit conference' held on 05 November 2009, which was attended by the Managing Director, Financial Adviser cum CAO, and Chief General Managers of the Corporation and Senior Deputy Commissioner, Transport Department, GNCTD. The views/replies of the Corporation (October 2009) have been considered while finalising this review. The audit findings are discussed below:

5.2.1 Operational Performance

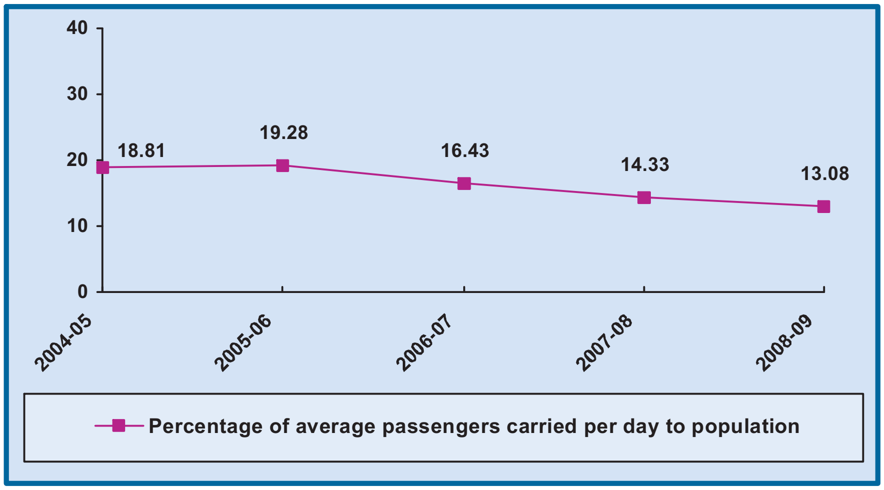
The operational performance of the Corporation for the five years ending 2008-09 is given in the **Appendix-5.7**. The evaluation was based on various operational parameters described below. It was also seen whether the Corporation was able to maintain pace with the growing demand for public transport. Audit findings in this regard are discussed in the subsequent paragraphs. These audit findings show that the losses were controllable and there is scope for improvement in performance.

5.2.2 Share of Corporation in public transport

The percentage of average passenger carried to total population decreased from 18.81 to 13.08 from 2004-05 to 2008-09

The Transport Policy of the State Government seeks to achieve a balanced modal mix of public transport and to discourage personalized transport. The focus will be on increasing mass transport options by providing adequate, accessible and affordable modes like buses, mini-buses, electric trolley buses complemented by a network of rail based mass rapid transit systems like metro and commuter rail. The policy recognises that even after a fully developed rail based Mass Rapid Transit System comes into existence, the bus system will continue to play the role of the main mass transport system provider.

The line-graph below depicts the percentage of average passengers carried per day by the Corporation to the population of Delhi during five years ending 2008-09:



It can be seen that the Corporation has not been able to keep pace with the growing demand for public transport. The percentage of average passengers carried by the Corporation to the total population in Delhi has decreased significantly from 18.81 *per cent* in 2004-05 to 13.08 *per cent* in 2008-09. The Corporation stated (October 2009) that average passengers carried have reduced due to increase of metro lines and personal vehicles. The reply is not acceptable as inspite of increase in population and metro fares being higher than those of the Corporation, the average passenger carried per day by Corporation had decreased due to operational inefficiencies which were not addressed by the Corporation.

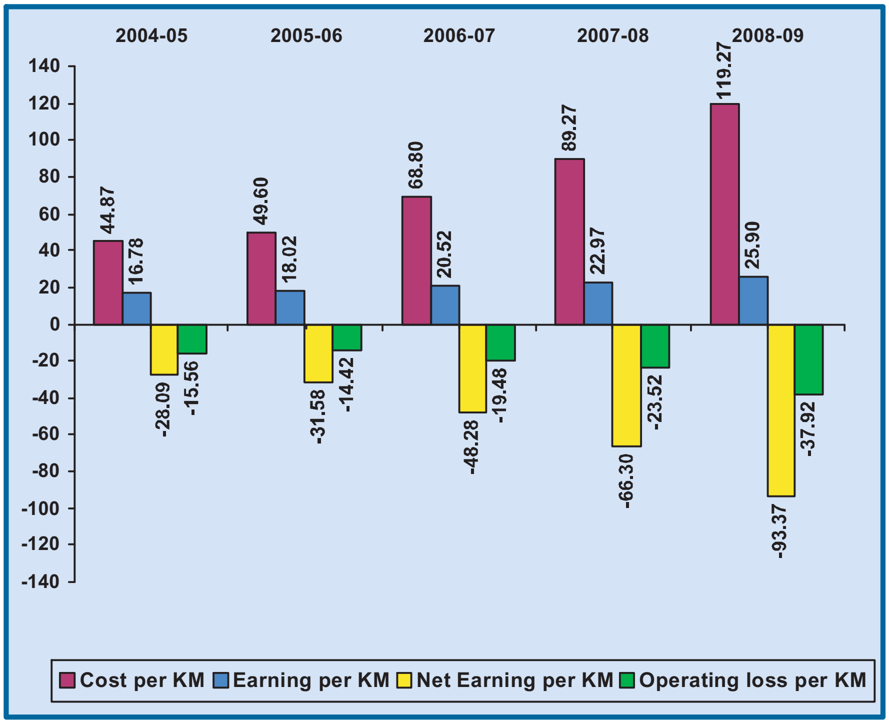
Further, the Corporation was unable to replace its condemned and over-aged buses. At the same time the existing fleet was also under-utilised (paras 5.2.5 to 5.2.6). Therefore, the effective *per* capita KM operated *per* year also declined drastically as given below:

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Effective KM operated (Crore)	25.22	25.90	20.43	18.34	18.30
Estimated Population (Crore)	1.54	1.58	1.63	1.68	1.73
Per Capita KM *per* year	16.38	16.39	12.53	10.92	10.58

Public transport has definite benefits over personalised transport in terms of costs, congestion on roads and environmental impact. The public transport services have to be adequate to derive those benefits. In the instant case, the Corporation's inability to maintain per capita KM per year was mainly due to operational inefficiencies as described later.

5.2.3 Recovery of cost of operations

The Corporation was not able to recover its cost of operations. During the last five years ending 2008-09, the net revenue showed a negative trend as shown in the graph below:



The above graph indicates the deteriorating performance of the Corporation over the period. The cost per KM has increased from Rs. 44.87 in 2004-05 to Rs. 119.27 per KM in 2008-09 as against the marginal increase in revenue from Rs. 16.78 in 2004-05 to Rs. 25.90 in 2008-09. Resultantly, the net earning loss per KM increased from Rs. 28.09 per KM to Rs. 93.37 per KM during the period. The operating loss per KM also had increased. The Corporation was not able to achieve the All India Averages for cost (Rs. 19.94) and revenue (Rs. 18.22) *per* KM in 2006-07. This deteriorating performance has been impacting the ability of the Corporation to replace its fleet in time to provide adequate public transport services.

Efficiency and Economy in operations

5.2.4 Fleet strength and utilisation

Fleet Strength and its Age Profile

The Association of State Road Transport Undertakings (ASRTU) had prescribed (September 1997) the desirable age of a bus as eight years or five lakh kilometres, whichever is earlier. The table below shows the age-profile of the buses held by the Corporation for the period of five years ending 2008-09.

Sl. No.	Particulars[Π]	2004-05	2005-06	2006-07	2007-08	2008-09
1	Total No. of buses at the beginning of the year	3656	3470	3469	3444	3537
2	Additions during the year	24	5	1	159	491
3	Buses scrapped during the year	210	6	26	66	224
4	Buses held at the end of the year (1+2-3)	3470	3469	3444	3537	3804
5	Of (4), No. of buses more than 8 years old	28	36	347	299	260
6	Percentage of overage buses to total buses	0.81	1.04	10.08	8.45	6.83

The above table shows that the Corporation was not able to maintain the prescribed age-profile of buses and the number of overage buses increased from 28 in 2004-05 to 260 in 2008-09. During the period under review the Corporation inducted 680 buses out of which 656 were AC/ non AC low floor. The Corporation further placed an order for another 2500 AC/ non-AC low floor buses. As the buses operated by Corporation in the Delhi region have to cover a large area comprising rural and sub-urban areas in the NCT region as well, making a homogeneous bus fleet consisting of low-floor buses would not only increase the cost of operations but it might also be unsuitable to ply the buses on uneven and harsher terrains because of the low floors. Audit scrutiny revealed that funds at the disposal of the Corporation were not optimally utilised besides purchase of buses at inordinately high prices and with non-essential features as discussed in the succeeding paragraphs.

5.2.5 Utilisation of Plan Funds

The Corporation had received a plan loan of Rs. 7.50 crore for procurement of CNG engines and Rs. 2.69 crore for purchase of CNG test equipment in 2004-

[Π] Number of buses held will not match with the figures of Appendix 5.7 as that are average number of buses held during the respective years.

05 of which sums of Rs. 3.03 crore and Rs. 68.00 lakh were utilised upto 2008-09 and the unspent balances were not refunded to the GNCTD despite specific direction of BODs in October 2006 itself. This resulted in avoidable payment of interest of Rs. 59 lakh (after considering the interest earned) for the period from April 2007 to March 2009. Further, under the second stimulus package, under Jawahar Lal Nehru Urban Renewal Mission (JnNURM), announced by the Government of India, GNCTD was sanctioned 1500 buses at a total cost of Rs. 765 crore with the Central share of 35 *per cent* i.e. Rs. 267.75 crore as grant. Out of this Rs. 133.87 crore was released to Delhi State in February 2009. However, no progress towards placing of orders for procurement of 1500 buses under the scheme was made (May 2009) by the Corporation as a result of which funds were not released to the Corporation.

The Corporation stated (October 2009) that efforts were being made to utilised the unspent plan loan.

5.2.6 Procurement of low floor buses

Procurement of 650 low floor buses

GNCTD decided (October 2007) that the Corporation would procure 4500 buses at an estimated cost of Rs. 1796 crore and GNCTD would provide funds to the Corporation in the form of equity. GNCTD, however, released Rs. 627.30 crore upto March 2009. The cabinet also decided that the Ministry of Finance of the Central Government should be approached for exemption of Central Excise in the course of purchasing these buses.

In procurement of 650 low floor buses, additional expenditure of Rs.68.44 crore was incurred

- In procurement of 650 low floor buses, an additional expenditure of Rs. 68.44 crore was incurred. The Corporation procured 625 non AC and 25 AC low floor buses from November 2007 to December 2008 at a total cost of Rs. 275.29 crore. While negotiating the price bid with TATA, the Corporation worked out justified price as Rs. 51.30 lakh per bus (excluding sales tax). However, the bidder had agreed to the rate of Rs. 60.05 lakh per bus. The negotiated price being inordinately high, the matter was referred to the GNCTD which reduced the number of buses from 125 to 25 instead of deciding either to reduce the offered price or go in for re-tendering. Thus, the Corporation incurred an additional expenditure of Rs. 2.19 crore over and above the justified price in purchase of 25 AC buses.
- The terms of Contract provided that 80 *per cent* of the total price of the buses will be paid within 45 days of the receipt of buses while the balance 20 *per cent* was to be paid within 45 days against 'Final Acceptance Certificate' to be issued by the Corporation, subject to recoveries on account of non-rectification of defects/deficiencies not

attended by the contractor. Audit observed that the Corporation released 15 *per cent* payment amounting to Rs. 40.16 crore out of the balance 20 *per cent* withheld by the Corporation for rectification of defects, in contravention of the agreement. Further, the Corporation did not take up the matter vigorously for exemption of Central Excise with the Union Government and paid Rs. 27.66 crore.

- These buses were fitted with automatic transmission system instead of manual transmission system and additional features of retarder♠ and anti skid lock braking system without recorded justification. While, an earlier experiment on automatic transmission system had not been found satisfactory (December 2002), retarder and anti skid lock braking system were found of no use as these features were discontinued in a subsequent purchase order. Moreover, Central Institute of Road Transport (CIRT), Pune had initially recommended (May 2005) manual transmission system as standard fitment instead of automatic transmission system. The amount incurred on these systems worked out to Rs. 38.59 crore. The Corporation has further placed an order (September 2008) for procurement of 1500 non AC and 1000 AC buses fitted with automatic transmission which will further entail an additional expenditure of Rs. 130.35 crore.

The Corporation stated (October 2009) that justified price of 25 AC buses was based on limited information and may not be considered as an accurate estimate. As regards release of 15 *per cent* payment it stated that the Corporation had taken adequate security to take care of future recoveries. With regard to additional features, the Corporation stated that the specifications were finalised after due diligence as per the directions of GNCTD. The above replies are not based on facts as justified price of AC buses was worked out on the basis of procurement cost of low floor AC buses by Haryana Roadways from the same manufacturer. The balance payments were made in violation of the contractual provisions and amounted to undue favour to the manufacturer. Before including additional features especially automatic transmission system opinion of CIRT, Pune and previous experience of the Corporation were not given due consideration.

Procurement of 2500 low floor buses

The Corporation invited (January 2008) global tender for procurement of 1500 non AC low floor buses and 1000 AC low floor buses. The offer of TATA motors was lowest with a bid price of Rs. 55.20 lakh for a non AC bus and Rs. 64.19 lakh for an AC bus and Annual Maintenance Contract (AMC) of

♠ Retarder is a device used to slow down a vehicle plying at high speed. The “anti skid anti locking brake system” is used in the vehicles plying at high speed on wet roads or in the hilly areas to avoid skidding of vehicles due to application of brakes.

Rs. 11.42 per KM for non AC and Rs. 12.17 per KM for AC bus over a period of twelve years. The technical committee of the Corporation had however worked out (August 2008) justified price as Rs. 42.97 lakh for non AC bus; Rs. 50.56 lakh for AC bus and average AMC charges as Rs. 6.36 per KM for non AC buses and Rs. 6.59 per KM for AC buses. After negotiations GNCTD directed (September 2008) the Corporation to procure the non AC Bus and AC bus at Rs. 51.89 lakh and Rs. 61.62 lakh respectively and the average AMC charges of AC and non-AC buses after reduction came to Rs. 10.67 per KM and Rs. 11.32 per KM respectively. Audit observed that the Government while taking decision on the procurement of low floor buses had not done any cost-benefit analysis. The acceptance of high AMC charges would entail high recurring expenditure. Further, the suggestion of the Principal Secretary (Finance), GNCTD to include a clause in the agreement for a proportionate reduction in prices in case of steep fall in steel price was not accepted by the GNCTD. Audit observed that international steel price had reduced by almost 48 *per cent* during pre-delivery schedule. The decision to procure buses over and above the justified rates would burden the exchequer by Rs. 244.30 crore and there would be an additional outgo of Rs. 833.30 crore on account of AMC charges over the period of twelve years.

The Corporation stated (October 2009) that cancellation of tender and re-tendering would have resulted in delay in procurement process and breach of commitment given to the High Court of Delhi to augment fleet size from 3000 to 6000 buses by the end of 2008-09. It further stated that even after re-tendering, there was no certainty of reduction in rates due to limited bidders. The fact remains that the Corporation could not increase its fleet as per commitment as the number of buses at the end of 2008-09 was 3804 only.

5.2.7 Fleet Utilisation

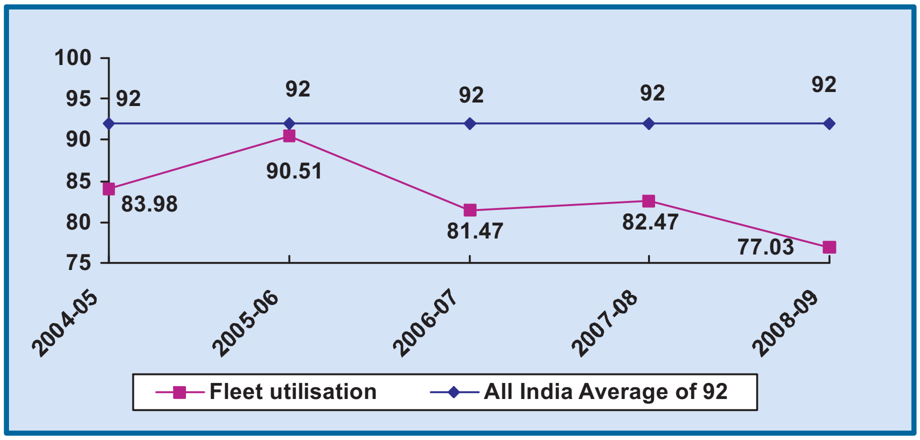
Fleet utilisation represents the ratio of buses on road to those held by the Corporation. Optimum fleet utilisation is necessary for enhancing the operational performance of a transport undertaking. As against the All India Average[∝] fleet utilisation of 92 *per cent*, the fleet utilisation of the Corporation which achieved the peak of 90.5 *per cent* in 2005-06 decreased

Ψ BMTC and BEST registered fleet utilization at 94.39 *per cent* and 90.62 *per cent* respectively during 2006-07. (source : STUs' profile and performance 2006-07 by CIRT, Pune)

∝ All India Average is for the year 2006-07 which has been used for comparison for the period under review.

Ψ BMTC – Banglore Metropolitan Transport Corporation.
BEST – Brihanmumbai Electric Supply and Transport Undertaking
MTC – Metropolitan Transport Corporation (Chennai) Ltd.

to 77.03 *per cent* in 2008-09 as indicated in the graph below.



The fleet utilisation of the Corporation was much less than BMTC (94.39 *per cent*) and BEST (90.62 *per cent*) signifying that there is ample scope for improvement. The main reasons which contributed to low fleet utilisation include delay in getting Motor Vehicle Inspection certificates (38137 bus days), buses held up for want of major assemblies (166510 bus days), breakdowns (0.70 crore KM) and shortage of drivers (15.07 crore KM).

Audit observed that fleet utilisation was being computed by the Corporation on the basis of buses being outsheded in the morning shift only without taking into account the buses outsheded in the evening shift. It was also observed that during the year 2008-09, the average fleet utilisation in the evening shift was less by 33 *per cent* as compared to the morning shift which if included in the computation would bring down the fleet utilisation figures even further. The Corporation's inability to achieve optimum fleet utilization, would impact their operational performance adversely.

The Corporation in its reply (October 2009) attributed fall in fleet utilisation to non-availability of buses and high absenteeism, which are controllable factors.

5.2.8 Vehicle productivity

Vehicle productivity refers to the average Kilometres run by each bus *per* day in a year. The vehicle productivity of the Corporation vis-à-vis the over-aged fleet for the five years ending 2008-09 is shown in the table below.

S.No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Vehicle productivity (KMs run *per* day *per* bus)	193	205	162	146	132
2.	Overage fleet (percentage)	0.81	1.04	10.08	8.45	6.83

MTC, Chennai; BMTC, Banglore and BEST, Mumbai registered vehicle productivity at 213 KM, 212 KM and 179 KMs per day respectively during 2007-08. (Source : STUs profile and performance 2007-08 by CIRT, Pune)

Vehicle productivity decreased from 193 KM to 132 KM from 2004-05 to 2008-09.

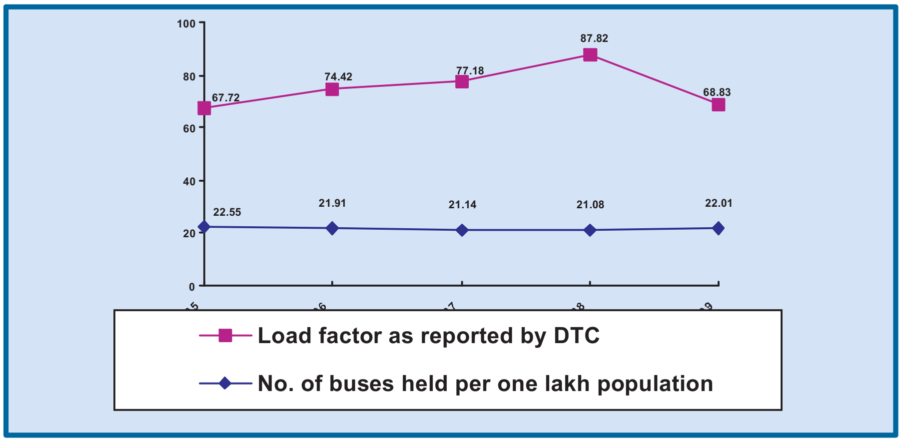
The Corporation has not fixed the depot wise target in respect of vehicle productivity. Vehicle productivity of the Corporation decreased from 193 K.M to 132 K.M during the period 2004-05 to 2008-09. One of the reasons for decrease in vehicle productivity was increase in the percentage of over-aged fleet from 0.81 in 2004-05 to 6.83 in 2008-09. Although percentage of overage fleet was a factor for decline in the vehicle productivity, there is sufficient scope for improvement as during the year 2007-08 the vehicle productivity of MTC Chennai (213 KM) was much higher than the vehicle productivity of the Corporation (146 KM) in spite of the fact that the percentage of overage fleet of MTC Chennai was 21.27 *per cent* as against 8.45 *per cent* of the Corporation. No concrete measures were however taken by the Corporation to improve vehicle productivity.

The Corporation in its reply (October 2009) intimated higher figures of vehicle productivity considering the vehicles on road. The figures worked out above, in audit, are based on the average number of buses held as per industry practice and the CIRT formula.

5.2.9 Capacity Utilisation

Load Factor

Capacity utilisation of a transport undertaking is measured in terms of load factor, which represents the percentage of passengers carried to seating capacity. The schedules to be operated are to be decided after proper study of routes and periodical reviews are necessary to improve the load factor. The Corporation had reported load factor in the range of 67.72 *per cent* to 87.82 *per cent* during 2004-05 to 2008-09. The details of load factor from 2004-05 to 2008-09 and number of buses held per one lakh population are given below in the line graph:



Audit scrutiny revealed that load factor calculated by the Corporation was not consistent with the formula of load factor suggested by CIRT, Pune. The figures of the load factor as worked out in audit were 54.66, 58.44, 61.72, 68.65 and 67.11 for the years 2004-05 to 2008-09 respectively. Thus, due to adoption of wrong methodology for working out load factor, the same was reported higher than actual. However, the methodology was corrected during 2008-09. As such, the Corporation could never reach the level of load factor achieved by CSTC Kolkata and MTC Chennai which was 86.70 *per cent* and 81.17 *per cent* respectively during 2007-08 indicating that there was a lot of scope for improvement. Since the cost elements would vary marginally, any improvement in load factor would have further resulted in reduction of operating losses.

The Corporation stated (October 2009) that its performance cannot be compared with other metropolitan cities due to high percentage of vehicles in Delhi. The fact remains that the load factor does not depend only on number of vehicles on road but also on incidences of breakdowns, cancellation of scheduled Kilometers and other reliability parameters which are controllable.

The table below provides the details for break-even load factor (BELF) for traffic revenue as well as total revenue. Audit worked out this BELF at the given level of vehicle productivity and total cost *per* KM.

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Cost *per* KM (Rs.)	44.87	49.60	68.80	89.27	119.27
2.	Traffic revenue per KM at 100 *per cent* load factor (Rs.)	19.64	19.54	19.90	19.23	25.93
3.	Break Even Load Factor (*per cent*) (1/2)	228	254	346	464	460

The break-even load factor is very high and is not likely to be achieved given the present load factor and the fact that the Corporation is also required to operate uneconomical routes. Thus, while the scope to improve upon the load factor remains limited, there is tremendous scope to cut down costs of operations as explained later.

Route Planning

As stipulated in Sec 22 of the Road Transport Corporation Act, 1950, the Corporation while carrying on its operations shall act on business principles. Operational performance can be improved by periodic review of uneconomical routes with a view to assess their continuance, to rationalise them and to optimise operation of buses on higher revenue earning routes.

As on 31 March 2009, there were 842 routes in Delhi; of which the Corporation operated 607 routes only. The remaining routes were operated by private operators. Audit scrutiny revealed that none of the routes operated by the Corporation were profitable and many city routes were not even recovering their variable cost resulting in cash losses in their operation. These routes were in the range of 3.1 *per cent* to 7.8 *per cent* during the period 2004-09 resulting in cash losses of Rs. 1.63 crore on their operations during the review period.

Given the scenario of losses incurred by all routes operated by the Corporation and obligation to serve uneconomical routes, the Corporation should decide an optimum quantum of services on different routes so as to optimise their revenue while serving the cause. However, no such exercise was carried out by the Corporation.

The Corporation stated (October 2009) that audit, while working out the routes not meeting variable cost, has relied upon ticketed earning only and not taken into consideration the earning from passes. Audit contended that earning from passes is not route-specific and is in the nature of a fixed revenue. Therefore it should not be considered for route planning purpose.

Cancellation of Scheduled Kilometres

A review of the operations indicated that the scheduled kilometres were not fully operated mainly due to non-availability of adequate number of buses, shortage of crew and other factors like breakdowns, accidents, late arrivals, etc.

The details of scheduled kilometres, effective kilometres, cancelled kilometres calculated as difference between the scheduled kilometres and effective kilometres are given in the table below:

(In lakh KM)

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Scheduled kilometres	3129.50	3040.48	2781.30	2688.07	2538.82
2.	Effective kilometres	2522.16	2589.64	2043.34	1833.84	1830.01
3.	Kilometres cancelled (1-2)	607.34	450.84	737.96	854.23	708.81
4.	Percentage of cancellation	19.41	14.83	26.53	31.78	27.92
Cause-wise analysis						
5.	Want of buses	235.74	122.12	298.67	231.20	169.20
6.	Want of crew (drivers)	157.68	161.30	301.90	472.92	413.44
7.	Others	213.92	167.42	137.39	150.11	126.17
8.	Contribution# per KM (in Rs.)	**4.69**	**5.25**	**4.99**	**5.49**	**6.05**
9.	Avoidable cancellation (want of buses and crew) (5 + 6)	393.42	283.42	600.57	704.12	582.64
10.	Loss of Contribution (8X9) (Rs. in crore)	18.45	14.88	29.97	38.66	35.25

 # Contribution per KM is the traffic revenue minus total variable cost divided by effective KMs

BMTC, Banglore; BEST, Mumbai and MTC Chennai registered cancellation of scheduled KMs at 4.52, 6.20 and 16.48 *per cent* respectively during 2006-07. (Source: STUs profile and performance 2006-07 by CIRT, Pune)


Buses held up for want of major assemblies at Shadipur depot

Cancellation of scheduled KMs for want of buses and crew resulted in loss of Rs.137.21 crore

It can be seen from the above table that the percentage of cancellation of scheduled kilometres has increased from 19.4 *per cent* in 2004-05 to 31.8 *per cent* in 2007-08 and subsequently decreased marginally to 27.9 *per cent* in 2008-09. The percentage of cancellation of scheduled kilometres was on a higher side as compared to the best performers. Audit analysis revealed that the main reasons for cancellation of schedule kilometres were shortage of drivers, buses held up for want of spares/major assemblies/tyres, etc., all of which were controllable had timely corrective action been taken by the Management. The Corporation was thus deprived of a contribution of Rs. 137.21 crore during 2004-05 to 2008-09 due to cancellation of scheduled kilometres for want of buses and crew.

The Management while accepting (October 2009) the contention of the audit informed that more drivers have been recruited and major spares have been provided for making the buses road-worthy.

5.2.10 Maintenance of vehicles

Preventive Maintenance

Preventive maintenance is essential to keep buses in good running condition and to reduce breakdowns and other mechanical failures. The Corporation had Tata and Leyland make buses, for which the following schedule of maintenance has been prescribed by the Original Equipment Manufacturers (OEMs).

- Engine oil change on completion of 9000 KM and 10000 KMs for TATA and Leyland buses respectively.
- Brake inspections to be carried out on completion of 18000 KM and 24000 KM for TATA and Leyland buses respectively.

Year	Engine Oil (On completion of 9000/10000 KM)				Brake inspections (On completion of 18000/24000 KM)			
	Total maintenance done	Done on time	Delayed maintenance	Percentage of delayed maintenance	Total maintenance done	Done on time	Delayed maintenance	Percentage of delayed maintenance
2004-05	14002	4533	9469	67.63	7316	2397	4919	67.24
2005-06	16528	6443	10085	61.02	8808	3618	5190	58.92
2006-07	13932	5846	8086	58.04	7585	3168	4417	58.23
2007-08	12637	5618	7019	55.54	6670	2961	3709	55.61
2008-09	8039	3701	4338	53.96	4535	1929	2606	57.46

It is observed from the table that the position with regard to preventive maintenance has improved during the review period. However, there is still scope for further improvement since as on 31 March 2009 over 50 *per cent* maintenance was behind schedule. The main reasons for non-adherence of preventive maintenance schedule were lack of oil and spare parts and late availability of buses for maintenance. This resulted in substantial increase (66 *per cent*) in number of breakdowns from 14955 in 2004-05 to 24814 in 2008-09.

Repairs & Maintenance

A summarised position of fleet holding, over-aged buses, repairs and maintenance (R&M) expenditure for the last five years up to 2008-09 is given below.

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total number of buses at the end of year	3470	3469	3444	3537	3804
2.	Over-age buses (more than 8 years old)	28	36	347	299	260
3.	Percentage of over age buses	0.81	1.04	10.08	8.45	6.83
4	Cost of Material & Spares (Rs in crore)	36.89	48.53	47.63	58.69	63.65
5	Manpower Cost	90.60	92.70	97.42	104.26	149.02
6	Total R&M Expenses (Rs. in crore)	127.49	141.23	145.05	162. 95	212.67
7	R&M Expenses per bus (Rs. in lakh.) (6/1)	3.67	4.07	4.21	4.61	5.59
8	Percentage of manpower cost in R&M expenses	71.06	65.64	67.16	63.98	70.07

Break down of bus on road

It would be seen from the above table that increase in number of overage buses resulted in substantial increase in expenditure on account of repairs and maintenance. However it was observed that average Repair and Maintenance expenses of Rajasthan State Road Transport Corporation was only Rs. 2.08 lakh per bus during 2008-09 against Rs. 5.59 lakh per bus of the Corporation. Moreover, large number of buses was held up in depots for want of major assemblies leading to loss of 166510 bus days involving a contribution loss of Rs. 14.10 crore.

Audit scrutiny further revealed instances of premature failures of reconditioned engines and gear boxes to the extent of 27 *per cent* and 40 *per cent* on an average during the review period highlighting the poor quality of workshop jobs done in the Corporation.

The Corporation accepted (October 2009) that the reasons for premature failure were non-adherence of preventive maintenance schedule at depot level, driving habits and overheating problems in the engines, which were evidently controllable.

Docking of vehicles for fitness certificates

Buses numbering 6874 were held up for periods ranging from 2 to 311 days for want of Motor Vehicle Inspection Report/ Certificate resulting in loss of 38137 bus days involving a contribution loss of Rs. 3.31 crore for the five year period ending 2008-09 due to reasons like mismatch of engine and chassis number with that in the registration certificate, non-installation of speed governors, delay in repair of buses and poor condition of the buses, which are *prima facie* controllable by the Management.

Administrative laxity in obtaining fitness certificates resulted in loss of contribution of Rs.3.31 crore

A test check of the records in 17 depots of the Corporation during the year 2008-09 revealed that 1189 out 1798 buses (66.13 *per cent*) had been issued MVI certificates with the condition “Not valid to ply on local routes”. It was, however, observed that the Corporation was plying these buses on local routes in contravention of the certificate issued by the STA, making them a hazard to public safety. The Management noted (October 2009) the audit observations for future compliance.

5.2.11 Manpower Cost

The cost structure of the organisation shows that manpower and fuel constitute 40.56 *per cent* of total cost. Thus, any major cost saving can come from manpower and fuel. Manpower is an important element of cost which constituted 34.23 *per cent* of total expenditure of the Corporation in 2008-09. Therefore, it is imperative that this cost is kept under control and the manpower is utilised optimally to achieve high productivity. The table below

MTC Chennai, CSTC Kolkata and BMTC Bangalore registered performance at Rs. 14.04, Rs.21.57 and Rs.6.37 cost *per* effective KM respectively during 2006-07.

(Source: STUs profile and performance 2006-07 by CIRT, Pune).

provides the details of manpower, its cost and productivity.

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total Manpower (Nos.)	29200	28460	27574	28450	28551
2.	Manpower Cost (Rs. in crore)	449.68	458.20	468.27	493.49	743.32
3.	Effective KMs (in lakh)	2522.16	2589.64	2043.34	1833.84	1830.01
4.	Manpower cost per effective KM (Rs.)	17.83	17.69	22.92	26.91	40.62
5.	Productivity *per* day *per* person (KMs)	23.66	24.93	20.30	17.66	17.56
6.	Total number of Buses at the end of year	3470	3469	3444	3537	3804
7.	Manpower *per* bus (1/6)[Ψ]	8.41	8.20	8.01	8.04	7.51

Low manpower productivity resulted in excess staff cost of Rs.912.56 crore

From the table it follows that:

- The manpower cost per effective KM operated has increased from Rs. 17.83 per KM to Rs. 40.62 per KM during 2004-05 to 2008-09. The steep increase in manpower cost during 2008-09 was on account of implementation of Sixth Pay Commission recommendations.
- The manpower productivity decreased from 23.66 KM in 2004-05 to 17.56 KM in 2008-09. The average manpower productivity for the MTC, Chennai and BMTC, Banglore was 32.23 and 47.10 respectively in 2006-07 against which the productivity of the Corporation was very low. Thus low manpower productivity had resulted in excess staff cost of Rs. 912.56 crore during 2004-05 to 2008-09.

Excess manpower resulted in idle wages of Rs.17.98 crore during 2004-09

The Corporation had fixed the norm of eight staff per bus. However, in respect of new low floor CNG buses purchased during 2008-09, the Corporation has fixed the norm of 6.75 staff per bus due to outsourcing of repair and maintenance activity. It is observed in audit that the manpower per bus remained on

CSTC Kolkata, MTC Chennai and BMTC Bangalore registered staff bus ratio of 6.28, 6.25 and 4.90 respectively during 2006-07.
(Source : STUs profile and performance 2006-07 by CIRT, Pune)

[Ψ] The figures are not comparable with the figures indicated in the Appendix-5.7 as in this table, figures have been worked out on the basis of number of buses held at the end of respective years higher side as compared to the norms fixed by the Corporation. The Corporation had excess staff in the cadre of conductors, repair and maintenance and administrative staff and shortage in the cadre of drivers. The excess manpower ranged from 3.9 *per cent* to 26.2 *per cent* in these categories resulting in payment of Rs. 17.98 crore to the surplus staff during 2004-05 to 2008-09.

Audit scrutiny revealed that the Corporation had failed to recruit drivers in spite of huge cancelled KMs due to shortage of drivers as discussed below.

Loss of Rs. 81.88 crore due to non availability of drivers.

The Corporation has been facing shortage of drivers for a long time. It decided in May 2003 to engage drivers from outsource agencies. The Corporation however, was unable to get the required numbers of drivers even from these agencies and continued to cancel the scheduled KMs. The Board of Directors decided (July2006) to fill up the vacancies of drivers by regular recruitment basis. The Corporation took almost six months for revision of recruitment rules of drivers and finally sent the requisition for recruitment of 2,485 drivers in January 2007 and 10,000 drivers in November 2007 to Delhi Subordinate Services Selection Board (DSSSB). The Corporation has appointed 2,911 drivers so far (March 2009).

Thus the Corporation took more than four years to resolve an issue so critical to their operations. The Minister of Transport, GNCTD (May 2006) had recorded his disappointment at the absence of any concrete action plan for recruitment so that the public do not suffer on account of manpower shortage. The cancelled KMs due to non-availability of drivers increased from 157.68 lakh KM in 2004-05 to 413.44 lakh K.M in 2008-09. The Corporation suffered a loss of contribution of Rs. 81.88 crore due to non availability of drivers and also could not fulfill their commitment to the general public.

The Corporation while accepting (October 2009) the delay in recruitment of drivers pointed out that there was no shortage of drivers in the Corporation at present.

5.2.12 Fuel Cost

Fuel is a major cost element which constituted 6.33 *per cent* of total expenditure in 2008-09. Control of fuel costs by a road transport undertaking has a direct bearing on their productivity. The Corporation has fixed CNG consumption targets of 3.00 and 3.20 Kilometer per kilogram (KMPKG) in respect of Ashok Leyland and Tata make buses respectively. The table below gives the actual consumption, mileage obtained per Kilogram and extra expenditure on CNG consumption.

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total Gross Kilometres (in lakh)	2188.68	2328.69	1907.20	1677.19	1472.11
2.	Actual Consumption of CNG(in lakh Kg)	760.90	777.94	652.70	583.39	505.47
3.	Average Kilometre obtained per Kg (KMPKG)	2.88	2.99	2.92	2.87	2.91
4	Consumption as per norm (in Kg) (1/2)	708.94	753.57	617.48	542.81	476.16
5	Excess Consumption (in lakh Kg) (2-4)	51.96	24.37	35.22	40.58	29.31
6	Average cost per Kg (in Rs.)	16.03	16.71	17.98	18.31	18.31
7	Extra expenditure (Rs. in crore) (5x6)	8.33	4.07	6.33	7.43	5.37

Excess consumption of fuel resulted in extra expenditure of Rs.31.53 crore

It is evident from the above table that the mileage obtained per Kg was less than the norms fixed by the Corporation in all the years. The Corporation consumed 181.44 lakh Kg of fuel in excess as compared to its own norms during 2004-05 to 2008-09 resulting in extra expenditure of Rs. 31.53 crore.

A test-check of Petrol Oil and Lubricants (POL) statements for the year 2008-09 of four depots revealed that in three depots 174 buses out of 299 were consistently consuming excess fuel than the prescribed targets. No action was taken to investigate the reasons for such consistently high consumption for taking remedial action. The Corporation attributed (October 2009) the high consumption of CNG to high temperature of CNG buses, new technology, extra weight of CNG buses and increasing average age of CNG fleet. The reply is not convincing since CNG buses are in operation since 2000 and the Corporation is supposed to consider all stated factors while fixing the targets/ norm.

5.2.13 Financial Management

Raising of funds for capital expenditure, i.e., for replacement/ addition of buses happens to be the major challenge in financial management of Corporation's affairs. This issue has been covered in Paragraphs 5.2.5. The section below deals with the Corporation's efficiency in raising claims and their recovery. This section also analyses whether an opportunity exists to realign the business model to generate more resources without compromising on service delivery.

5.2.14 Claims and Dues

The Corporation provides free/ concessional passes to various categories of public like students, senior citizens, etc. The State Government reimburses the expenditure at the rate of Rs. 50 and Rs. 112.50 for each destination and all route monthly pass respectively issued to the students and Rs. 280 for senior citizen passes issued by the Corporation. The number of passes issued under each category during 2004-05 to 2008-09, amount recoverable and the amount actually recovered are shown in the table below:

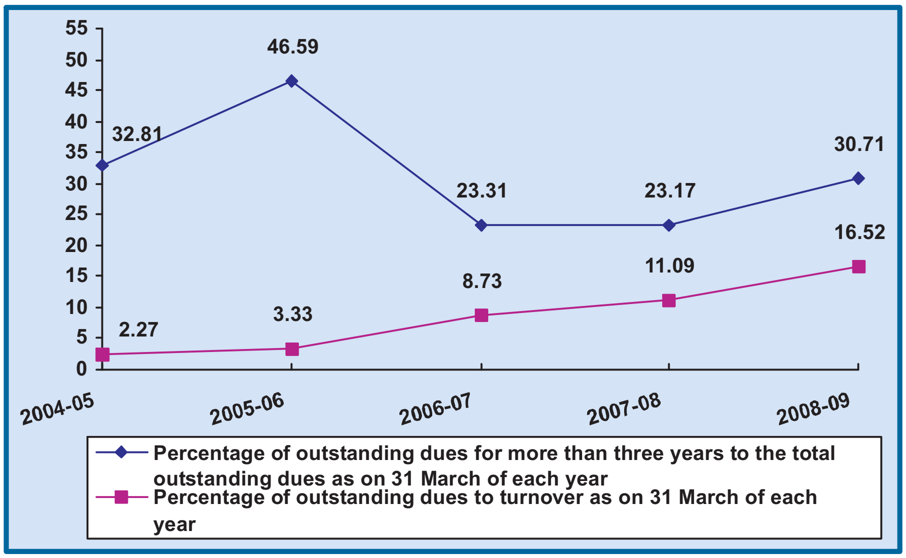
Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	No. of student passes issued	420594	409718	357779	307659	291018
2.	No. of Senior Citizen passes issued	212680	184832	245290	255903	268202
3.	Amount recoverable for student passes (Rs. in crore)	51.90	48.67	41.42	36.05	39.98
4.	Amount recoverable for senior citizen passes (Rs. in crore)	5.96	5.18	6.87	7.17	7.51
5.	Total amount recoverable from Government (Rs. in crore)	57.86	53.85	48.29	43.22	47.49
6.	Amount actually received (Rs. in crore)	22.55	20.91	21.80	21.39	5.93
7.	Unrealised claims (Rs. in crore)	35.31	32.94	26.49	21.83	41.56
8.	Percentage of unrealised claim to total claims	61.03	61.17	54.86	50.51	87.51

It can be seen that against Rs. 250.71 crore due from the Government during the five years ending 2008-09, the Corporation could realise only Rs. 92.58 crore and Rs. 158.13 crore was still pending. The percentage of unrealised claims to total amount recoverable from Government has increased from 61.03 *per cent* in 2004-05 to 87.51 *per cent* in 2008-09.

The GNCTD had been reimbursing 25 *per cent* of the rate fixed for general all route passes. The Corporation requested (December 2007) the GNCTD to release the subsidy based on 100 *per cent* difference between the rate of student pass and general all route pass which was not accepted by the GNCTD. The Corporation suffered a loss of Rs. 130.91 crore in issuing student concessional passes from April 2004 to March 2008.

The Corporation stated (October 2009) that the matter has time and again been taken up with the GNCTD to reimburse 100 *per cent* cost of concession as the utilisation of passes by the student category is 100 *per cent.* The Government is still examining the matter.

The Corporation has been continually running into losses. It receives the interest bearing loan from GNCTD for its operating activities. Therefore, it becomes even more imperative that the Corporation should be able to recover its dues in time. An analysis in Audit of the outstanding dues as a percentage of turn over and the percentage of outstanding dues for more than three years to the total outstanding dues for the five years ending 31 March 2009 are depicted in the graph below:



It can be seen that the outstanding dues as a percentage of turnover increased continuously since 2004-05 from 2.27 *per cent* to 16.52 *per cent* in 2008-09.

5.2.15 Realignment of business model

The Corporation is mandated to provide an efficient, adequate and economical road transport to public. It has to cater to uneconomical routes to fulfil its mandate. It also has to keep the fares affordable. In such a situation, it is imperative for the Corporation to tap non-traffic revenue sources to cross-subsidize its operations. However, the share of non-traffic revenues (other than interest on investments) was nominal at 12.53 *per cent* of total revenue during 2004-09. This revenue of Rs. 276.18 crore during 2004-09 mainly came from advertisements. Audit observed that the Corporation has non-traffic revenue sources which it has not tapped substantially.

Over a period of time, the Corporation has come to acquire sites at prime locations for construction of depots, terminals and workshops in Delhi. The Corporation generally uses the ground floor/ land for its operations, leaving ample scope to construct and utilise spaces above. Audit observed that the Corporation has land (mostly owned/ leased by Government) at 72 important locations in Delhi admeasuring 1417216.81 square meters.

It is, thus, possible for the Corporation to undertake projects on public private partnership (PPP) basis for construction of shopping complexes, malls, hotels, office spaces, etc. above (from first or second floor onwards) at the existing sites so as to bring in a steady stream of revenues without any investment by it. Such projects can be executed without curtailing the existing area of operations of the Corporation. Such projects can yield substantial revenue for the Corporation which can only increase year after year.

Audit observed that the Corporation has not taken any action to achieve the likely benefits from commercial use of its assets and took injudicious decisions in award of advertisement contracts as discussed below:

Non-expliotation of Commercial Sites

The Corporation has properties at various strategic locations in Delhi. The market value of such properties was Rs. 1907.16 crore as on 31 March 2008. Ministry of Tourism (MoT) proposed November 2006 that the Corporation could utilize a part of the land available in its bus depots and bus terminals for construction of hotels/commercial use for Commonwealth Games-2010 and emphasis was laid on all the agencies to play a more active role in identifying more hotel sites and to focus on "Budget Category Hotels" by giving land on long lease. The Associated Chamber of Commerce and Industry of India (ASSOCHAM), proposed December 2006 to the Corporation that they could earn additional revenue of Rs. 300 crore approx. per annum by way of commercial utilization of their real estate assets. Delhi Tourism and Transportation Development Corporation Limited (DTTDC) proposed (January 2007) that the area above the ground level can be effectively exploited for creating public facilities like hotels. Accordingly proposal for permission to construct hotels initially at the bus depots located at Sarojini Nagar, Nehru Place and Vasant Vihar was submitted to DDA.

The cabinet (March 2007) observed that "prima facie" Corporation depots/terminals were unsuitable for hotels, however, the Cabinet desired that the availability of surplus land at Corporation depots/terminals should be worked out after making provision for its requirements for garaging the augmented fleets. It was also desired that the Corporation expedite construction of hotels in Public Private Participation (PPP) mode on Corporation bus depots. Feasibility of creating over 5000 number of hotel rooms on the Corporation sites was assessed which was reduced to 500 rooms in the budget hotel category.

The Ginger Group of Hotels expressed (November 2007) their plan for establishing budget hotels on the land of the Corporation if the land was allotted within a month. However, the Corporation did not respond to the proposal.

The Commissioner (Transport) emphasised (August 2008) the need to commercially exploit the existing and proposed DTC depots/terminals which would ensure steady revenue stream for the Corporation. DIMTS (the consultant) indicated that it was possible to carve out atleast 27500 sq. meters area in respect of Vasant Vihar Depot that could be commercially exploited and the requirement of bus parking could be accommodated in the basement (upper & lower basements). The revenue projected was to be around Rs. 285 crore per annum. However, no progress was made for commercial development of depots/terminals.

Advertisements inside buses

Non-award of contract for advertisement inside the buses resulted in loss of revenue of Rs.50.47 crore

The Corporation was awarding the contract to eligible firms for display of advertisement on DTC buses (both inside and outside). The Board of Directors (BOD) of the Corporation discontinued (November 2002) the existing contract in view of Supreme Court order to remove all hoardings from the road side. The BOD, however, directed that the Corporation may continue awarding the contract for display of advertisement inside buses. As per draft tender, the Corporation proposed a reserve price of Rs. 2000 per bus/per month. Audit observed that Notice Inviting Tender (NIT) and terms and conditions was yet to be finalised (March 2009). Therefore, due to inaction on the part of the Management, the Corporation had lost the opportunity to earn revenue of Rs. 50.47 crore from advertisement inside of the buses (April 2004 to March 2009).

The Corporation stated (October 2009) that the terms and conditions of NIT had been finalised and tender document was likely to be floated shortly. The fact remains that even after a lapse of seven years tender document could not be floated indicating lackadaisical approach in implementation of a revenue generating activity by the Corporation.

Advertisements on Bus Queue Shelters/Ticket Keeping Booths

The Corporation awarded (November 2004) the contract of advertisements on Bus Queue Shelters (BQS) and Ticket Keeping Booths (TKBs) of Rohini-II zone to M/s Shivai Industries at a license fees of Rs. 1.45 crore per annum. The contract was for a period of three years. However, the party gave three months notices for surrender of the zone on 20 May 2005. The zone was re-tendered in June 2005. The highest bidder quoted the rates of Rs. 1.33 crore per annum. The Corporation decided to re-tender the zone as the rate quoted by the H1 party was below the existing contract price. In the same tender West-I zone was also tendered in which H1 quoted the price of Rs. 0.87 crore against the earlier rate of Rs. 0.95 crore for this zone. However, this zone was allotted to H1 in spite of lower rates on the plea of prevailing market condition. This shows the inconsistency in approach for allotment of zones. Consequently, Rohini-II zone remained vacant for around four years (March 2009) resulting into loss of revenue of Rs. 2.49 crore[Ψ] (excluding fifty *per cent* share of MCD) to the Corporation.

The Corporation accepted (October 2009) the audit findings.

Non-honouring of agreement

The Corporation awarded (November 2005) Civil line-I Zone consisting of 99 BQS/ TKBs to M/s Satish Chand Rajesh Kumar (P) Ltd. at an annual license fee of Rs. 0.90 crore for a period of three years. As per clause 10b of the tender document, the repair & maintenance of BQS/TKBs was to be done by the Corporation for which it had to charge Rs. 300 per month per BQS/TKBs extra. The firm reported (December 2005) non-availability of support frame for display of advertisement on 25 BQS. The Depot Manager of BBM-I (December 2005) asked Civil Engineering Division (CED) to fix the support frames on urgent basis. However no action was taken to install the support frames. Subsequently, the firm surrendered the zone in July 2006 and it remained vacant during the balance period of the contract. Thus inaction on the part of Corporation resulted in pre-mature surrender of the zone by the contractor which led to loss of revenue of Rs. 1.17 crore.

BQS without support frame

[Ψ]License fee (Rs.132.60 lakh/24*45 months)

5.2.16 Fare policy and fulfillment of social obligations

Existence and fairness of fare policy

Section 19(n) of the Road Transport Corporations Act, 1950 read with Section 22 envisages that the Corporation may determine the fare structure for carriage of passengers with prior approval of the Government keeping in view the business principles.

The Corporation has no fare policy defining any periodicity for fare revision. The GNCTD had constituted a committee (August 2006) for making recommendations for fare revision of public service vehicles including buses. The committee in view of the increase in consumer price index recommended (May 2007) increase of the fare by Re.1 in each of the existing slabs. The committee also recommended for allowing Re.1 extra for each slab for low floor buses and increasing the special hire charges and rates of various passes. The GNCTD, however, decided (May 2007) to increase the minimum fare of Rs. 2 to Rs. 3 only and no other increases were allowed. There was no justification for not increasing other fares in spite of the fact that the last fare revision was carried out in April 2002. Consequently, the Corporation could have earned the extra revenue of Rs. 77.08 crore had the recommendations of the Committee been accepted by the GNCTD. The latter had revised the fares in November 2009 from Rs. 3 to Rs. 5 minimum fare and Rs. 10 to Rs. 15 maximum fare.

Audit scrutiny of fare structure of comparable State Road Transport Undertakings in 2006-07 revealed that average ticketed fare of the Corporation was 55 paisa per passenger KM (PPKM) which was more than CSTC, Kolkata (49 PPKM), equivalent to BMTC, Bangalore and less than BEST, Mumbai (69 PPKM). It was observed that BMTC, Bangalore earned a profit of Rs. 230.32 crore in spite of comparable fare structure whereas the Corporation had been incurring losses.

The fare structure of the Corporation has no scientific basis as it does not take into account the normative cost. Thus, there is a risk of commuters paying for the inefficiency of the Corporation. The table below shows how the Corporation could have curtailed cost and increased revenue with better operational efficiency.

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Cost *per* KM (in Rs.)	44.87	49.60	68.80	89.27	119.27
2.	Traffic Revenue *per* KM (in. Rs)	13.30	14.54	15.36	16.89	17.85
3.	Loss of contribution due to less vehicle productivity (*per* KM)	Nil	Nil	0.83	1.62	2.62
4.	Excess cost due to low manpower productivity (*per* KM)	2.49	1.45	7.53	14.19	21.76
5.	Excess cost due to excess consumption of fuel (*per* KM)	0.38	0.17	0.33	0.44	0.36
6.	Ideal revenue *per* KM (2+3)	13.30	14.54	16.19	18.51	20.47
7.	Ideal cost *per* KM [1-(4+5)]	42.00	47.98	60.94	74.64	97.15
8.	Net Loss *per* KM (2-1)	**(31.57)**	**(35.06)**	**(53.44)**	**(72.38)**	**(101.42)**
9.	Net ideal loss *per* KM (6-7)	**(28.70)**	**(33.44)**	**(44.75)**	**(56.13)**	**(76.68)**
10	Effective KMs (in crore)	**25.22**	**25.90**	**20.43**	**18.34**	**18.30**
11	Avoidable loss (in Rs. crore) [(8-9) x 10]	**(72.38)**	**(41.96)**	**(177.54)**	**(298.03)**	**(452.74)**

The above table does not take into account other inefficiencies such as low fleet utilisation, excess tyre cost, defective route planning, etc. Nonetheless, it shows that the net loss could be lower if the operations are properly planned and efficiently managed, than what they actually are. Thus, the case made by the Corporation for increase in fare, includes its inefficiencies and in a way would make the commuters pay more than what they should be actually paying.

The above facts lead to the conclusion that it is necessary to regulate the fares on the basis of normative cost and it would be desirable to have an independent regulatory body (like State Electricity Regulatory Commission) to fix the fares, specify operations on uneconomical routes and address the grievances of commuters.

The Corporation while confirming (October 2009) the facts and figures informed that fare revision is the prerogative of the GNCTD and the Corporation has nothing to say in the matter.

5.2.17 Adequacy of services on uneconomical routes

The Corporation had no profit making route as of March 2009 as stated in paragraph 5.2.9. However, the position would change if the Corporation improved its efficiency. Nonetheless, there would still be some routes which would be uneconomical. Though the Corporation is required to cater to these routes, the Corporation has not formulated norms for providing services on uneconomical routes. In the absence of norms, the adequacy of services on uneconomical routes and reimbursement of excess cost of operation on these routes could not be ascertained in audit. The desirability of having an independent regulatory body to specify the quantum of services on uneconomical routes, taking into account the specific needs of commuters, is further underlined.

5.2.18 Monitoring by top management

MIS data and monitoring of service parameters

For an organisation like a Road Transport Corporation to succeed in operating economically, efficiently and effectively, there have to be written norms of operations, service standards and targets. Further, there has to be a Management Information System (MIS) to report on achievement of targets and norms. The achievements need to be reviewed to address deficiencies and also to set targets for subsequent years. The targets should generally be such that the achievement of which would make an organisation self-reliant. Audit reviewed the system and observed the following deficiencies:

- Performance targets for depots were not fixed. As such performance of each depot could not be assessed with targets with regard to earnings, fleet utilisation, vehicle productivity, manpower productivity, etc.
- Only one meeting of the Audit Committee was held in February 2007 during the last three years ending March 2009. The Audit Committee was not reconstituted after retirement of the members. Therefore, the very purpose of constitution of Audit Committee was defeated. The Corporation informed (October 2009) that a fresh Audit Committee is being reconstituted.
- Monthly operational statistics were not being discussed at Board level.

The top management of the Corporation is expected to demonstrate managerial capability to set realistic and progressive targets, address areas of weakness and take remedial action wherever the things are not moving on expected lines. However, such ability was not seen either from records or performance of the Corporation during the period under review.

5.2.19 Conclusion

Operational performance

- The Corporation has been continuously incurring losses mainly on account of controllable factors such as low fleet utilization, poor vehicle productivity and high manpower cost. Lack of control and monitoring resulted in excess consumption of fuel while administrative laxity resulted in delay in obtaining fitness certificates and consequent revenue loss.
- Cancellation of schedule Kilometers due to non-availability of buses and want of crew resulted in loss of revenue.

- The procurement of buses was marred by inaction and administrative delay, purchase of buses at inordinately high prices and with non-essential features.

Financial management

- The Corporation was totally dependent on the Government for purchase of buses. However, plan loans were lying unspent and the Corporation was heavily in debt. The management had failed to tap the non-traffic revenue sources to cross-subsidize its operations which had the potential to totally bail out the Corporation from the present financial crisis.

Fare policy and fulfilment of social obligations

- The Corporation has no fare policy and no periodical revision of fares has been resorted to. No policy yardstick has been laid down for operation on uneconomical routes.

Monitoring by top management

- The management was not in a position to monitor the operational performance closely in the absence of depot-wise operational targets.

On the whole, there is immense scope to improve the performance of the Corporation.

5.2.20 Recommendations

The Corporation may consider

- fixing depot wise targets so as to encourage competition among depots;
- recruiting drivers in sync with procurement of buses so that no bus remained off the road for want of drivers;
- reducing the surplus staff under 'repair and maintenance' category by way of introducing VRS or by deploying them in other streams by imparting suitable training;
- increasing fleet utilization and vehicle productivity by synchronizing repair and maintenance activity;
- exploiting potential in real estate and streamlining advertisement policy; and
- holding regular meetings of BODs for discussion of operational performance of the Corporation and taking remedial measures.

Government may consider creating a regulator body to fix fare structure on the basis of normative cost.

5.3 Transaction Audit Observations

Government Companies

Delhi Power Company Limited

5.3.1 Avoidable Loss

The Company suffered a loss of Rs. 87.01 lakh due to poor cash management.

The Company was in receipt of loan amounting to Rs. 552.62 crore in instalments from Government of National Capital Territory of Delhi (GNCTD) during March 2004 to March 2006 to repay dues on account of electricity and fuel supplied by the Central Power Sector Undertakings (CPSUs) to the erstwhile Delhi Vidyut Board (DVB). The loan was to be repaid by way of yearly instalments along with interest at 11.5 *per cent* per annum. The CPSUs' dues alongwith interest at the rate of 8.5 *per cent* per annum were to be repaid by the Company over a period of 15 years in 20 equal six monthly instalments commencing from 1 October 2006 i.e. after a moratorium of five years from 1 October 2001.

The Company requested (19 April 2006) the Department of Power, GNCTD to convert the loan into grant as it was the payment as per agreement between the Ministry of Power, Government of India and GNCTD. A detailed proposal was also sent to GNCTD on 14 May 2007 for conversion of the loan of Rs. 552.62 crore into grant and to repay all the outstanding CPSUs' dues in the current year itself instead of in nine years, keeping in view the huge interest savings. Under the proposal, the Company was to contribute Rs. 1544 crore from its own resources and an amount of Rs. 1800 crore was to be funded by GNCTD in the form of loan (Rs. 600 crore) and grant (Rs. 1200 crore). The Deptt of Power, GNCTD, vide its letter dated 25 July 2007 to the Company, clarified that Rs. 552 crore of outstanding loan was to be paid by the company as per terms of the loan.

It was observed that the Company, even after receipt of clarification from the GNCTD, instead of making payments towards loan instalments, continued to make investments by way of fixed/flexi deposits with various banks at interest rates ranging from 8.25 *per cent* to 9.80 *per cent* and an amount aggregating Rs. 414.79 crore was invested with banks from 17 October 2007 to 3 March 2008 on 18 occasions. The outstanding loan instalment amounting to

Rs. 75.01 crore (upto July 2007) was paid to the Government on 31 March 2008.

The management stated (February 2009) that due instalment was not paid to the GNCTD, as the Company was expecting approval of the proposal on one time settlement of CPSUs' dues under which a sum of Rs. 1544 crore was to be arranged by the company in order to repay the CPSU dues of Rs. 3344 crore. It was further stated (May 2009) that if the amount of Rs. 414 crore was refunded to the GNCTD towards the repayment of loan, there was an option either to prematurely encash FDR of Rs. 500 crore (which was parked at 11.62 *per cent* and 11.67 *per cent*) or to arrange loan against the FDRs at the rate of 14.39 *per cent* (which was higher by 2.89 *per cent* than GNCTD loan).

The reply is not convincing as it has failed to address the audit contention that as and when the clarification to repay the loan was received from Government the instalment of Rs. 75.01 crore should have been paid from time to time instead of parking the fund in fixed deposits with banks. Thus, failure to do so has resulted in avoidable loss of Rs. 87.01 lakh to the Company on account of poor cash management. The Company should take remedial measures to streamline the monitoring system for cash management.

Statutory Corporations

Delhi Financial Corporation

5.3.2 Non-recovery of dues

Relaxation of norms for sanctioning the loans ignoring the financial interest of the Corporation and lack of timely action for recovery resulted in non-recovery of Rs. 7.64 crore.

The Corporation implemented (May 2000) a scheme of financing of new CNG buses for replacement of old diesel run buses under stage carriage permit in view of the judgement of the Hon'ble Supreme Court (1998) and subsequent directions of the Government of National Capital Territory of Delhi (GNCTD) (April 2000). The GNCTD directions contained conditions regarding interest subsidy, margin money and guarantee norms. The Board of Directors (BoD) of the Corporation, however, relaxed (28 June 2002) the existing security norms of collateral security in the form of immovable property, Fixed Deposit Receipt, National Saving Certificates and Government securities by 50 *per cent* i.e. from 10 *per cent* to 5 *per cent* (with third party guarantees) for loan above Rs. 5 lakh and from 25 *per cent* to 12.5 *per cent* (without guarantees) for loans up to Rs. 15 lakh to SC/ST Bus operators. By allowing such relaxations in the security norms in contravention of Government directions, the BOD compromised on the financial interest of the Corporation as the process of timely recovery of loans was badly hampered.

The Corporation disbursed a total loan of Rs. 10.44 crore during 2002-03 to 80 SC/ST bus operators for the purchase of CNG buses and the borrowers were sanctioned and disbursed loans of Rs. 13.05 lakh to Rs. 13.35 lakh each depending upon costs of chassis and fabrication of bodies. In addition, each borrower was released margin money of Rs. 1.54 lakh per bus by Delhi SC/ST/OBC Minorities, Handicapped Financial and Development Corporation Limited (DSCFDC). The promoter's contribution was 5 *per cent* of the cost of the vehicle i.e. Rs. 0.77 lakh.

The loan was to be repaid in 56 instalments at an interest rate of 14 *per cent* per annum with 4 *per cent* interest subsidy to be reimbursed by the Transport Department of the GNCTD (January 2006). The repayment was to commence four months from the date of the execution of agreement.

Audit scrutiny revealed that all the loanees were in default from the very beginning and accordingly, the repayment was rescheduled from 56 to 78 instalments in November 2003. There was no improvement in the recovery position and the default persisted even after rescheduling of the loan instalments. As on 30 September 2008, no payment had been received from 31 borrowers against whom a loan of Rs. 4.50 crore and interest of Rs. 2.59 crore was outstanding. In the remaining 49 cases where some payments were received, a loan of Rs. 5.40 crore and interest of Rs. 1.30 crore was outstanding.

Although, the Corporation issued notices under Section 29 of the State Financial Corporations (SFC) Act, 1951 during the year 2005-06 for 34 cases involving recovery of Rs. 4.61 crore (March 2006), action was initiated only in 12 cases by seizing the buses. In seven out of these 12 cases, the buses were released on token payment of Rs. 8.70 lakh made by the borrowers. In three cases buses were sold out and the amount of Rs. 24.32 lakh realised. In 55 cases with an outstanding loan of Rs. 6.95 crore (March 2006), Fixed Deposit Receipts/National Saving Certificates/Life Insurance Corporation's policy valuing Rs. 70.02 lakh given as collateral security were encashed for Rs. 93.70 lakh.

In view of persistent default, the BOD approved one time settlement (OTS) scheme in January 2005 but no borrower opted for the same. In June 2008, the BOD again approved a new OTS scheme and extended the same upto March

2009 and 70 borrowers applied under the scheme but 60 borrowers deposited the upfront payment of 10 *per cent* of OTS amount of Rs. 64.30 lakh to settle their dues under the OTS Scheme. The BOD also approved (April 2009) the repayment of the balance payment in nine equal monthly instalments i.e. up to December 2009.

The Management stated (October 2008) that the list of loanees was provided by Delhi SC/ST/OBC Minorities, Handicapped Financial and Development Corporation Limited. The financing of this segment was as per directions of the Hon'ble Supreme Court to the GNCTD wherein the financial assistance was to be given to weaker sections on liberal terms. The management further stated (April 2009) that one time settlement (OTS) scheme had been offered to the borrowers and most of the borrowers would prefer to settle their case under OTS Scheme.

The reply is not convincing, as the direction of the government was to finance the cases and not to relax the conditions in such a way that the interest of the Corporation was compromised. Thus, by relaxing the security requirement and not enforcing strict action against defaulting borrowers under various sections of SFCs Act, 1951 to recover the outstanding dues, the Corporation's funds to the extent of Rs. 6.99 crore given as loan were put at stake and became irrecoverable apart from loss on account of interest to extent of Rs. 64.93 lakh (March 2009). The Corporation needs to fix accountability for relaxation of collateral security norms for sanctioning the loans ignoring the financial interest of the Corporation and for lack of timely action to avoid loss on account of non-recovery of loans.

The matter was reported to the Management and Government in March 2009, their reply is awaited (November 2009).

5.3.3 Inadequate pre-sanction scrutiny

Failure to realise the prime security of machinery after taking possession of it coupled with lack of adequate pre sanction scrutiny to ensure unencumbered title of collateral security and poor follow-up and monitoring resulted in non-recovery of Rs. 1.13 crore.

The Corporation disbursed a loan of Rs. 37.95 lakh to Pooja Metafab (P) Limited (firm) during June 1997 to March 1998 for purchase of plant and machinery for manufacture of steel wire in Shahdara, Delhi. The loan was secured against the prime security of plant and machinery (Rs. 65.90 lakh) and collateral security of factory (land and building Rs. 19.65 lakh) and Kisan Vikas Patras (Rupees six lakh) maturing in 2002 and personal guarantee of the Directors of the firm. The loan was to be repaid by May 2003. The borrower, however, defaulted in repayment of first instalment itself and interest of

Rs. 3.72 lakh due on 1 February 1998, even when 32 *per cent* (Rs. 12.15 lakh) of loan was still to be disbursed. The Corporation, however, released (March 1998) the remaining loan amount of Rs. 10.19 lakh by adjusting the first instalment of repayment and interest. Thereafter also the borrower was not regular in payment of loan instalments and interest. The Corporation recalled the entire outstanding loan in December 1998. As there was no response from the borrower, the Corporation in January 1999 invoked Section 29 of the State Financial Corporations Act, 1951 which provides that the Corporation had the right to take over the management or possession or both of the industrial concern as well as the right to transfer by way of lease or sale and realise the property pledged, mortgaged, hypothecated or assigned to the Financial Corporation. The borrower was, however, able to get the action under Section 29 deferred by making payment (2 February 1999) of Rupees two lakh.

Scrutiny of the records relating to the appraisal, disbursement and recovery of the loan indicated the following:

- Though the valuer mentioned (February 1997) in their report that the collateral security was carved out of many properties in which the owner was a partner with other people, the Corporation accepted the same as collateral security. Further, the Corporation could not take physical possession of the factory located in the aforementioned property as the tenant of the said property (Sh. Ravinder Sharma, who was the brother of Sh. Rajendra Sharma, Director of Pooja Metafab (P) Ltd.) had obtained stay order in September 2001.
- The realisable value of the prime security i.e. machinery was assessed (April 2001) at Rs. 11.65 lakh by valuer appointed by the Corporation and bid was received (April 2002) for Rs. 3.50 lakh which was turned down by the Corporation in view of bid value being less than the assessed value. Some of the machinery valuing Rupees seven lakh was stolen from the Corporation's godown in April 2004 and later was lying at a police station with realisable value assessed at Rs. 31500. Machinery valuing Rs. 4.65 lakh was sold (September 2006) by the Corporation for Rs. 75,000. Evidently, the valuation of the prime security (Rs. 65.90 lakh) accepted at the time of disbursement (June 1997 to March 1998) of the loan was much in excess than its actual value.
- At the time of approval (December 1996) of loan proposal, the borrower had offered collateral security of property at Laxmi Nagar whose market value was estimated at Rs. 40.00 lakh but after sanction of loan the firm offered another property whose value was estimated at Rs. 12.90 lakh by the Corporation. This was accepted and approved by the Chairman-cum-Managing Director (CMD) of the Corporation subject to additional collateral security of Kisan Vikas Patra of Rupees

six lakh which was encashed by the Corporation in July 2002 for Rs. 11 lakh. Necessary approval for change of collateral security was not obtained/ approved by the Executive Committee. The Corporation could not sell the property when the stay was vacated (May 2005) as the property was falling under a project of Delhi Metro Rail Corporation Ltd. (DMRC) and only a compensation of Rs. 3.72 lakh was expected.

- The Corporation had initiated recovery proceeding under Section 32(G) of State Financial Corporations Act, 1951 against personal guarantors but the collector could not recover outstanding dues from guarantors since August 2002. This shows that the financial worth of the guarantors was not assessed at the time of pre-sanction appraisal.

The Management stated (October 2008) that the change of collateral security was approved by the Chairman-cum-Managing Director of the Corporation who is also the Chairman of Executive Committee and collateral security of immovable property/Kisan Vikas Patras was a far better proposal. The Management further added (March 2009) that the collateral security/ guarantee obtained was as per the norms of the Corporation and balance dues would be recovered from the personal assets of the Directors under Section 32 G of the State Financial Corporations Act.

The reply of the Management is not convincing as the Chairman-cum-Managing Director (CMD) was not authorised to change the collateral security. Further, the valuation report clearly states that the property is not a single ownership property. In addition, the tenant of the property had obtained stay order in 2001 which clearly shows that the property was not free from encumbrance. Accepting encumbered property as collateral security was against the policy of the company. As for recovery of balance dues from the personal assets of the Directors, no such recovery could be made till date (April 2009).

Thus, failure of the management to assess the true value of the prime security of machinery, lack of adequate pre-sanction scrutiny to ensure the unencumbered title of the collateral security, replacement of initial collateral security with property of insufficient value coupled with poor follow-up and monitoring resulted in non recovery of Rs. 1.13 crore (principal of Rs. 31.07 lakh and interest of Rs. 81.64 lakh after adjustment of Rs. 11 lakh recovery through Kisan Vikas Patra) as on 31 March 2008.

The matter was reported to the Government in February 2009; their reply was awaited.

5.3.4 Delayed action against borrower

Inaction of the Corporation to take possession of plant and machinery and property resulted in non-recovery of Rs. 1.02 crore.

The Corporation sanctioned a loan of Rs. 25 lakh (term loan Rs. 19.40 lakh and working capital loan of Rs. 5.60 lakh) to Gaurav Saurav Plast (India) during 1995 to set up a project for manufacturing plastic product items in Narela Industrial Area.

The Corporation disbursed a loan of Rs. 23.22 lakh (term loan Rs. 17.62 lakh and working capital loan Rs. 5.60 lakh) during June 1996 to January 1997. The loan was to be repaid by February 2003. The loan was secured against mortgage of plant and machinery of the unit and land and building measuring 350 sq. meters in Narela Industrial Area. As the borrower defaulted in repayment from the beginning, the Corporation served a show cause notice, recall notice, notice under section 29 of the State Financial Corporations (SFC) Act, 1951 during 1998-2000 for taking possession of the prime security *i.e.* plant and machinery of the unit, and also the mortgaged property at Narela. The borrower obtained a stay order from the High Court in November 2000 which was vacated in June 2005.

The Corporation decided (September 2005) to settle the case with the borrower for Rs. 20.99 lakh under one time settlement (OTS). The borrower did not pay the amount fixed under OTS on the plea that this amount had not been calculated on the formula adopted in another OTS case of a Charitable Trust and approached the National Commission for Scheduled Castes and Scheduled Tribes (NCSCST). The Chairman of NCSCST held a meeting in June 2006 wherein it was decided to settle the matter by adopting the formula used in the case of the Charitable Trust after reducing the rate of interest by four *per cent*. Accordingly, the Board of Directors (BOD) decided to settle the case for Rs. 17.28 lakh in September 2006. However, the borrower still did not deposit the OTS amount of Rs. 17.28 lakh approved by the BOD against the outstanding balance of Rs. 76.68 lakh as on 31 July 2006. The borrower proposed (November 2006) to pay Rs. 13.55 lakh against the OTS amount of Rs. 17.28 lakh; however, the same was not accepted by the Corporation.

The borrower had adopted delaying tactics since the beginning and the Corporation also did not take effective action during 1998 to 2000 i.e. for two years. When the Corporation got the stay vacated in June 2005, the Corporation instead of recovering the outstanding dues by selling the mortgaged property resorted to the One Time Settlement Scheme and thereby gave undue favour to the borrower. No effective action for recovery by taking possession of the prime security and mortgaged property at Narela under section 29 of the SFC Act was taken even after vacation of stay in June 2005 and the Corporation could not recover Rs. 1.02 crore (principal Rs. 24.45 lakh including legal expenses and interest Rs. 77.78 lakh) as on 1 February 2008. While admitting that no action was taken under Section 29 of the SFC Act, the Corporation stated (December 2008) that the matter has been referred back to Additional District Judge of Tis Hazari Court, Delhi for further proceedings and that the Corporation has sufficient security to recover its dues. The Management took cognizance of the audit observation and issued (February 2009) a notice for recovery of loan under section 29 of SFC Act, 1951 for taking over possession of the mortgaged assets to realise the dues of the Corporation.

The fact, however, remained that the borrower had been adopting delaying tactics from the beginning and the Corporation had failed in taking effective action to recover the dues by acquiring and selling the prime security and collateral security even after vacation of the stay in June 2005 which was sufficient to make good the outstanding dues. Further, in view of sufficient security valuing Rupees one crore available to recover the dues, there was no justification for offering one time settlement to the defaulting borrower.

The matter was reported to the Government in February 2009; the reply was awaited (November 2009).

New Delhi **(RAJVIR SINGH)**

Dated: **Accountant General (Audit), Delhi**

Countersigned

New Delhi **(VINOD RAI)**

Dated: **Comptroller and Auditor General of India**

Appendix – 1.1

(Referred to in paragraph 1.8)

Position of outstanding ATNs as on 31.12.2009

Sl. No.	Year of Report	Chapter of the Report	Para No.	Pertains to	Brief subject
1.	Ended 31 March 1995	V	5.4	Delhi Jal Board	Construction of Water Treatment Plant at Nangloi
2.	Ended 31 March 1996	III	3.13	Public Works Department	Construction of Police Training School at Jharoda Kalan.
3.	Ended 31 March 1997	III	3.15	Irrigation and Flood Control Department	Wasteful expenditure
4.	Ended 31 March 2001	III	3.11	Medical and Public Health Department	Irregular expenditure incurred by Delhi State AIDS Control Society
5.	Ended 31 March 2002	III	3.2	Welfare of SC/ST/OBC Department	National Scheme of Liberation and Rehabilitation of Scavengers and their Dependents
6.	Ended 31 March 2002	IV	4.4	Public Works Department	Avoidable financial burden
7.	Ended 31 March 2004	III	3.3	Education Department	Irregular payment of Transport Allowance
8.	Ended 31 March 2004	III	3.6	Public Works Department	Wasteful expenditure due to poor planning and defective execution
9.	Ended 31 March 2004	III	3.7	Public Works Department	Avoidable expenditure on price escalation
10.	Ended 31 March 2004	III	3.10	Public Works Department	Undue liability due to non-revision of water charges
11.	Ended 31 March 2004	III	3.11	Public Works Department	Irregular expenditure on deployment of personnel
12.	Ended 31 March 2004	IV	4	Municipal Corporation of Delhi	Development of Rural and Urban Villages
13.	Ended 31 March 2004	VI	6.15	Delhi Financial Corporation	Loss due to fixation of wrong revised repayment schedule
14.	Ended 31 March 2005	III	3.8	Medical and Public Health Department	Undue liability due to non-revision of water charges
15.	Ended 31 March 2005	III	3.11	Public Works Department	Avoidable expenditure on cost escalation
16.	Ended 31 March 2005	III	3.14	Public Works Department	Extra expenditure due to injudicious decisions
17.	Ended 31 March 2005	V	5.16	Delhi SC/ST/OBC/Minorities and Handicapped Financial and Development Corporation Limited	Ineffective implementation of schemes for upliftment of weaker sections
18.	Ended 31 March 2005	Vol.II Ch.III		Medical and Public Health Department	Performance Audit of the Directorate of Indian Systems of Medicine and Homoeopathy
19.	Ended 31 March 2006	Vol.I Ch.III	3.5	Irrigation and Flood Control Department	Unfruitful expenditure due to foreclosure of a work
20.	Ended 31 March 2006	Ch. V	5.11	-	Corporate governance in government companies
21.	Ended 31 March 2006	Vol.II Ch I		H&FW, MCD &NDMC	Performance audit of Four Major Public Hospitals in Delhi
22.	Ended 31 March 2006	Ch II		Dept. for the Welfare of SC/ST/OBC/Minorities	Performance audit .of Educational Development of SC/ST
23.	Ended 31 March 2007	III	3.2	Health and Family Welfare Department	Delay in installation of Medical Equipment

24.	Ended 31 March 2007	III	3.3	Health and Family Welfare Department	Wasteful expenditure on procurement of an incinerator
25.	Ended 31 March 2007	III	3.4	Health and Family Welfare Department	Unfruitful expenditure on purchase of infant ventilators
26.	Ended 31 March 2007	III	3.5	Department of Home	Non-recovery of licence fee
27.	Ended 31 March 2007	III	3.7	Public Works Department	Unintended benefit to a contractor
28.	Ended 31 March 2007	III	3.8	Public Works Department	Avoidable expenditure on cost escalation
29.	Ended 31 March 2007	V	5.11	Delhi SC/ST/OBC/ Minorities/Handicapped Financial & Development Corporation	Construction of building without assessing requirement
30.	Ended 31 March 2007	Vol. II Ch.I		Dept. of Labour	Implementation of Industrial Disputes Act,1947 and Contract Labour (Regulation and Abolition) Act, 1970
31.	Ended 31 March 2007	Vol. II Ch.II		Directorate of Education	Information Technology Audit of the Directorate of Education
32.	Ended 31 March 2008	III		Health and Family Welfare Department	Performance Audit on procurement of drugs and medical equipment and its impact on delivery of health services in Delhi
33.	Ended 31 March 2008	IV	4.1	Department of forest and wild life	Non-recovery of compensatory plantation charges
34.	Ended 31 March 2008	IV	4.2	Health and Family Welfare Department	Excess payment of service tax amounting to Rs. 40.27 lakh
35.	Ended 31 March 2008	IV	4.4	Department of Social Welfare	Loss of Rs. 13.93 lakh on purchase of foodgrains
36.	Ended 31 March 2008	IV	4.5	Department of Social Welfare	Idle investment of Rs. 1.03 crore in allotment of land
37.	Ended 31 March 2008	IV	4.8	Transport Department	Bus Rapid Transport Corridor (BRTC) Project
38.	Ended 31 March 2008	IV	4.10	Delhi Jal Board	Unintended benefit to a contractor
39.	Ended 31 March 2008	V	5.1	Department of Food, Supplies and Consumer Affairs, GNCT of Delhi	Internal Control Mechanism
40.	Ended 31 March 2008	VI	6.13	Delhi SC/ST/OBC/Minorities/Handicapped Financial and Development Corporation Limited	Misplacement of loan files/record
41.	Ended 31 March 2008	VI	6.14	Delhi SC/ST/OBC/Minorities/Handicapped Financial and Development Corporation Limited	Failure of TCPC Scheme
42.	Ended 31 March 2008	VI	6.15	Delhi SC/ST/OBC/Minorities/Handicapped Financial and Development Corporation Limited	Poor recovery of loans due to inadequate recovery follow up
43.	Ended 31 March 2008	VI	6.17	Delhi Transport Corporation	Operational loss due to unplanned deployment of buses

Appendix – 2.1

Performance Audit on Working of Delhi Fire Service

Scope of Audit and methodology

Performance review of the functioning of DFS from 2004-05 to 2008-09 was conducted through test-check of records of office of CFO, Connaught Place, Central workshop at Moti Nagar, FSMA at Rohini, Wireless workshop and General store at Shankar Road and 15 selected fire stations of DFS.

The performance audit commenced with an entry conference on 9 April 2009 with the CFO of DFS, Delhi, wherein the objectives, methodology and modalities of the performance audit were discussed. Fifteen (three fire stations from each division) out of 50 fire stations were selected to give adequate representation to industrial areas, rural areas and high rise buildings. The data/information collected from the DFS headquarters and its units (including fire stations) was analysed. An exit conference with the organization was held on 2 December 2009 in which audit observations/aspects pointed out in the Performance Audit were discussed.

Audit Criteria

The audit objectives are benchmarked against the following criteria:

- Delhi Fire Prevention and Fire Safety Act, 1986 and Rules, 1987,
- Government's orders issued from time to time,
- Prescribed monitoring System,
- Standing Fire Advisory Council (SFAC) norms, and
- Delhi Building Bye-Laws, 1983.

Organisational Set-up

Chief Fire Officer (CFO) is the Executive-in-Charge of DFS functioning under the administrative control of Principal Secretary (Home), Government of NCT of Delhi. DFS is divided into five divisions viz. South, North-West, West, East and Central Divisions each headed by a Deputy Chief Fire Officer assisted by Divisional Officer (DO) and Assistant Divisional Officer. It has 50 fire stations having Headquarters at Connaught Place, New Delhi. Each fire Station is headed by a Station Officer or a Sub Officer. Besides, it has an auto workshop, a wireless workshop, general stores and a Fire Safety Management Academy (FSMA) in Delhi.

Appendix – 2.1 (a)

(Referred to in paragraph 2.1.6)

Details of calls attended, loss of lives and property due to fire and property saved by DFS

Year	No. of calls received and attended				Loss of lives	Property lost (Rs. in lakh)	Property saved (Rs. in lakh)
	Medium fire	Serious fire	Others	Total			
2004-05	27	05	14200	14232	272	4681	2629
2005-06	16	01	16301	16318	154	4720	6457
2006-07	15	03	14273	14291	303	5587	30620
2007-08	09	02	15707	15718	351	5922	29369
2008-09	06	02	16444	16452	380	5902	29471
Total	**73**	**13**	**76925**	**77011**	**1460**	**26812**	**98546**

Appendix – 2.2

(Referred to in paragraph 2.1.7)

List of Water Tenders which were out of order for more than six months

(Status as on June 2009)

Sl. No.	Vehicle	Fire station	Since not working	Total months upto June 2009
1	WT-17	Jwala Puri	30.10.08	8
2	WT-167	Jwala Puri	01.08.06	35
3	HT-05	Moti Nagar	28.08.08	10
4	WT-91	Shankar Road	24.04.08	14
5	WT-166	Najafgarh	25.11.08	7
6	WT-121	Daryaganj	28.03.08	15
7	WT-180	Kirti Nagar	06.08.08	10
8	WT-174	Rohini Sector 15	12.09.08	9
9	WT- 147	Paschim Vihar	08.04.08	14
10	W.T.- 160	Wazirpur	18.05.06	37
11	W.T-176	Wazirpur	18.05.06	37

Appendix – 2.3

(Referred to in paragraph 2.1.12.2)

Details of Cinema Halls where quarterly inspection not conducted by DFS

Sl. No.	Name	Quarterly inspections not conducted	Total
1	Excelcior, Hauz Quzi	06/08, 09/08, 12/08	3
2	Vishal, Raja Garden	09/04, 12/04, 06/05, 12/05, 12/07, 06/08, 09/08, 12/08	8
3	Shalimar, Ashram	06/04, 09/04, 12/04, 10/05, 12/05, 12/06	6
4	Palam, Air Force	09/04, 12/07, 06/08, 09/08, 12/08	5
5	Shakuntala, Pragati Maidan	03/06, 12/06, 09/07, 12/07	4
6	Sheela, DB Gupta Road	06/04, 03/07, 06/08, 09/08, 12/08	5
7	Suraj, Najafgarh	06/06, 09/06, 06/08, 09/08, 12/08	5
8	Aakash, Azadpur	06/07, 09/07, 12/07, 03/08, 06/08, 09/08, 12/08	7
9	Golcha, Daryaganj	06/06, 06/08, 09/08, 12/08	4
10	3C Cinema, Lajpat Nagar	12/06, 03/07, 09/08	3
11	M2K, Rohini	09/04, 06/05, 09/06, 12/06, 06/07, 09/07, 12/07, 06/08, 09/08, 12/08	10
12	M2K, Pitampura	12/06, 09/06, 03/07, 09/08, 09/08, 12/08	6
13	PVR Naraina	03/05, 09/05, 12/06, 03/07, 06/08, 09/08, 12/08	7

Appendix – 2.4
Performance Audit on Development works in Regularised-Unauthorised colonies undertaken by the DJB and MCD

Audit scope and methodology

The majority of the fieldwork was carried out during April 2009 to August 2009. The records scrunitised relate to the period from 2004-05 to 2008-09. Four out of 12 zones were selected, namely West, Najafgarh, Civil Lines and Shahdara (North), by means of SRSWOR (statistical random sampling without replacement) for taking up the audit. Records were test-checked in the planning department, Quality Circle of MCD and those of 18 maintenance divisions in the selected zones. Audit also scrutinized the records relating to release of loans to MCD by the nodal department of the Government of Delhi. The same zones were covered for the DJB as well and 12 divisions where water and sewerage works were taken up in the last five years were selected for audit. Records relating to the offices of the DJB headquarters, construction and maintenance divisions and zonal revenue officers were scrutinized during the audit. The quality of works executed by MCD was checked through joint physical inspections with the help of a retired professor of IIT, Prof.V.B. Deshpande, who is a specialist in cost effective technologies and value engineering. The quality of drinking water supplied to residents was checked through water samples collected by audit from all water sources of randomly selected R-U colonies. These samples were then subjected to Essential Physico-Chemical Tests and Bacteriological Tests in the NDMC laboratory and the Shriram Institute for Industrial Research.

Entry conferences were held in May 2009 with the Member (Water and Drainage) of DJB and Engineer-in-Chief of MCD and exit conferences were held in February 2010. The entire data utilized in this report was obtained from the records of or replies furnished by the MCD and DJB offices/divisions. Audit analysed the data to provide information on excess spending or savings, diversion of funds, revenue losses, shortfalls against targets, delays in execution of works, undue benefits extended to contractors, blockage of funds and deficiencies in quality management.

Organizational Set-up

The Commissioner of MCD is overall incharge of the administration of MCD. The Engineering department is headed by the Engineer-in-Chief, who is assisted by five Chief Engineers (Civil) and two Chief Engineers (Electrical). The MCD is divided geographically into 12 zones. The development works in regularized-unauthorised (R-U) colonies are executed through 46 divisions/units of MCD. To look after the works in 12 zones, each zone has two to three Superintending Engineers, two Executive Engineers (Maintenance) and one to two Executive Engineers to look after major projects of the zone. Each Executive Engineer is assisted by Assistant Engineers and Junior Engineers.

The Chief Minister of Delhi chairs the DJB and is assisted by the Vice Chairperson nominated by the Speaker of the Legislature, and 16 other members consisting of 10 political and ex-officio members and 6 administrative/executive members. Member (Water/Drainage) heads the Engineering wing for water/sewerage activities. The Chief Executive Officer (CEO) is overall in-charge of construction, operation and maintenance of WTPs/STPs, rising mains, water distribution and sewerage services and is assisted by Chief Engineers, Superintendent Engineers and Executive Engineers.

Appendix – 2.5

(Referred to in Paragraph 2.2.3.2)

Details of allocation and expenditure of funds (2004-05 to 2008-09)

(Rupees in lakh)

Division	Water side				Sewer side			
	Budget Allocation	xpd. Incurred	Saving/ Excess	Percentage of saving/ Excess	Budget Allocation	Expdr. Incurred	Saving/ Excess	Percentage of saving/ Excess
Dr.(C)-XIV	-	-	-	-	1791.19	1315.60	474.99	26.52
Dr.(C)-XI	-	-	-	-	452.86	254.62	198.24	43.78
Dr.(C)-X	-	-	-	-	895.58	535.22	360.36	40.24
Dr.(C)-IX	-	-	-	-	608.30	383.05	225.25	37.03
SW-I	395.23	246.06	149.17	37.74	339.75	281.71	58.04	17.08
SW-II	239.08	198.16	40.92	17.12	234.63	141.30	93.33	39.78
West-I	137.11	118.32	18.79	13.70	1445.42	995.98	449.44	31.09
West-II	363.08	255.64	107.34	29.56	1574.58	1148.32	426.26	27.07
West-III	514.88	365.09	149.79	29.09	1592.96	902.41	690.55	43.35
North West-IV	132.33	119.85	12.48	9.43	2087.97	1485.30	602.67	28.86
NE-I	298.98	213.55	85.43	28.57	369.47	236.43	134.04	36.28
NE-II	188.83	171.50	17.33	9.18	532.84	211.79	321.05	60.25

Appendix – 2.6

(Referred to in Paragraph 2.2.3.4

Diversion of Funds by DJB (2004-05 to 2008-09)

(Rupees in crore)

Sl. No.	Name of Division	Total numbers of works in water sector	Funds sanctioned for laying of water lines in RU colonies	Number of works in which amount was diverted	Amount of diversion	Percentage of diversion
1	South West-I	49	2.31	7	0.32	13.85
2.	South West-II	20	1.99	10	1.19	59.79
3	West-I	53	1.18	14	0.36	30.58
4	North East -I	25	2.35	9	0.52	22.12
Grand Total		**147**	**7.83**	**40**	**2.39**	**30.52**

Appendix – 2.7

(Referred to in Paragraph 2.2.3.6)

Details of development charges outstanding from residents

Sl. No.	Name of division of ZRO	Total Nos. of colonies	Test checked cases	Amount (in Rupees)
1.	EE (NW-IV)	1	7	71,194
2.	EE (NE-II)	10	188	98,85,701
3.	EE (NE-I)	7	655	1,93,77,691
4.	EE (West-II)	8	80	44,56,771
5.	EE (West-I)	11	51	20,54,339
Total		**37**	**981**	**3,58,45,696**

Appendix – 2.8

(Referred to in Paragraph 2.2.4.2)

Execution of Plan by MCD

Zone	Year	Total no. of works planned for execution		Total no. of works executed		Total No. of works executed as per AAP		No. of works executed other than AAP		Percentage of shortfall/excess in execution of AAP	%age of works not included in the plan	%age of works executed as per AAP
		No. of works	Estimated amount (Rs. in lakhs)	No. of works	Estimated amount (Rs. in lakhs)	No. of works	Estimated amount (Rs. in lakhs)	No. of works	Estimated amount (Rs. in lakhs)			
Civil Line	2004-05	270	1501.32	88	426.89	62	298.31	26	128.58	67	30	70
	2005-06	134	900.10	117	771.69	91	565.92	26	205.77	13	22	78
	2006-07	164	1198.87	136	921.95	79	552.38	57	369.57	17	42	58
	2007-08	94	813.51	45	279.79	19	121.39	26	158.40	52	58	42
	2008-09	51	333.07	20	241.37	9	130.55	11	110.82	61	55	45
Najafgarh	2004-05	109	457.25	107	416.12	44	181.56	63	234.56	2	59	41
	2005-06	136	1236.86	146	827.26	65	333.84	81	493.42	+7	55	45
	2006-07	211	2236.73	138	1615.24	33	302.85	105	1312.39	35	76	24
	2007-08	308	2391.81	275	1649.85	57	556.58	218	1093.27	11	79	21
	2008-09	206	1468.69	72	441.50	24	150.35	48	291.15	65	67	33
Shahdara (N)	2004-05	49	168.81	56	199.93	28	100.92	28	99.01	+14	50	50
	2005-06	117	670.51	126	736.42	93	521.67	33	214.75	+8	26	74
	2006-07	120	663.93	132	733.97	78	437.97	54	296.00	+10	41	59
	2007-08	150	662.95	113	555.56	41	161.47	72	394.09	25	64	36
	2008-09	61	317.08	64	350.83	43	245.26	21	105.57	+5	33	67
West	2004-05	284	921.88	122	407.85	105	354.56	17	53.29	57	14	86
	2005-06	276	1272.67	219	964.50	127	563.22	92	401.28	21	42	58
	2006-07	435	2198.22	286	1506.34	139	808.57	147	697.77	34	51	49
	2007-08	242	1389.77	273	1250.53	17	136.76	256	1113.77	+13	94	6
	2008-09	160	684.93	75	482.11	13	86.12	62	395.99	53	83	17
Total		**3577**	**21488.96**	**2610**	**14779.70**	**1167**	**6610.25**	**1443**	**8169.45**			

Appendix – 2.9

(Referred to in Paragraph 2.2.4.3)

Details regarding requirement and availability of water

Sl. No.	Name of Division	Population of Area (in lakh)	Requirement of drinking water (in MGD)	Availability of drinking water in area (in MGD)	Shortage of water (in MGD)
1.	North West-IV	2.61	13.05	7.04	6.01
2.	West-I	5.65	28.40	12.43	15.97
3.	West-II	2.80	14.00	14.49	- 0.49
4.	South West-I	9.00	27.00	8.50	18.50
5.	North East-I	8.00	25.00	22.30	2.70
6.	North East-II	10.50	36.75	30.50	6.25
	Total	**38.56**	**144.20**	**95.26**	**48.94**

Appendix – 2.10

(Referred to in Paragraph 2.2.4.4)

Targets and Achievements of laying of sewer lines (in kms)

Year	EE (West)-I				EE (South West)-I				EE (West)-II				EE (NE)-II			
	T	A	Shortfall	%	T	A	Shortfall	%	T	A	Shortfall	%	T	A	Shortfall	%
2004-05	5.50	4.40	1.10	20.00	1.00	1.05	- 0.05	-	-	-	-	-	-	-	-	-
2005-06	8.50	5.90	2.60	30.58	3.60	3.68	- 0.08	-	-	-	-	-	-	-	-	-
2006-07	8.00	7.40	0.60	7.50	3.50	3.15	0.35	10.00	-	-	-	-	-	-	-	-
2007-08	7.10	6.15	0.95	13.38	5.00	4.33	0.67	13.40	-	-	-	-	-	-	-	-
2008-09	14.00	5.90	8.10	57.85	4.50	3.13	1.38	30.55	-	-	-	-	-	-	-	-
Total	**43.10**	**29.75**	**13.35**	**30.97**	**17.60**	**15.34**	**2.26**	**13.58**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Year	EE (West)-I				EE (South West)-I				EE (West)-II				EE (NE)-II			
	T	A	Short fall	%	T	A	Short fall	%	T	A	Shor tfall	%	T	A	Short fall	%
2004-05	1.50	0.90	0.60	40.00	1.00	0.50	0.50	50.00	-	-	-	-	1.00	0.37	0.63	63.00
2005-06	2.00	1.70	1.00	11.11	3.25	3.21	0.04	1.23	-	-	-	-	3.36	3.36	-	-
2006-07	1.50	1.00	0.50	33.33	3.00	1.65	1.35	45.13	-	-	-	-	3.20	3.20	-	-
2007-08	1.00	0.93	0.07	7.00	5.00	2.18	2.82	56.34	4.00	4.00	-	-	0.76	0.76	-	-
2008-09	2.50	2.00	0.50	20.00	5.00	2.49	2.51	50.20	1.50	1.50	-	-	-	-	-	-
Total	**8.50**	**6.53**	**1.97**	**23.18**	**17.25**	**10.03**	**7.22**	**41.85**	**5.50**	**5.50**	**-**	**-**	**8.32**	**7.69**	**0.63**	**7.57**

T stands for Target
A stands for Achievement

Appendix – 2.11

(Referred to in Paragraph 2.2.5.7)

Details of cost escalation

Sl. No.	Name of division	Total Nos. of works test checked	Total Nos. of works in which cost escalated		Amount in Rs.	
			Works which not completed in time	Works which were completed in time	Works which not completed in time	Works which were completed in time
1.	EE (West-III)	10	2	1	7,37,734	11,13,888
2.	EE (West-I)	10	4	4	11,05,979	5,38,039
3.	EE (West-II)	8	0	5	-	4,48,551
4.	EE (SW-I)	16	3	9	6,54,420	7,09,178
5.	EE (SW-II)	10	0	9	-	6,44,845
6.	EE (NW-IV)	11	3	3	1,01,100	4,44,834
7.	EE (NE-I)	12	2	6	1,48,699	4,89,662
8.	EE (NE-II)	12	-	-	-	-
9.	EE (Dr-IX)	11	1	0	4,56,631	-
10.	EE (Dr-X)	15	1	1	18,898	52,512
11.	EE (Dr-XI)	10	-	-	-	-
12.	EE (Dr-XIV)	12	-	-	-	-
Total		**137**	**16**	**38**	**38,23,461**	**44,41,509**
Total amount of cost escalation						**82,64,970**

Appendix – 2.12

(Referred to in Paragraph 2.2.5.9)

Delay in Issuing of Notification.

(Rupees in lakh)

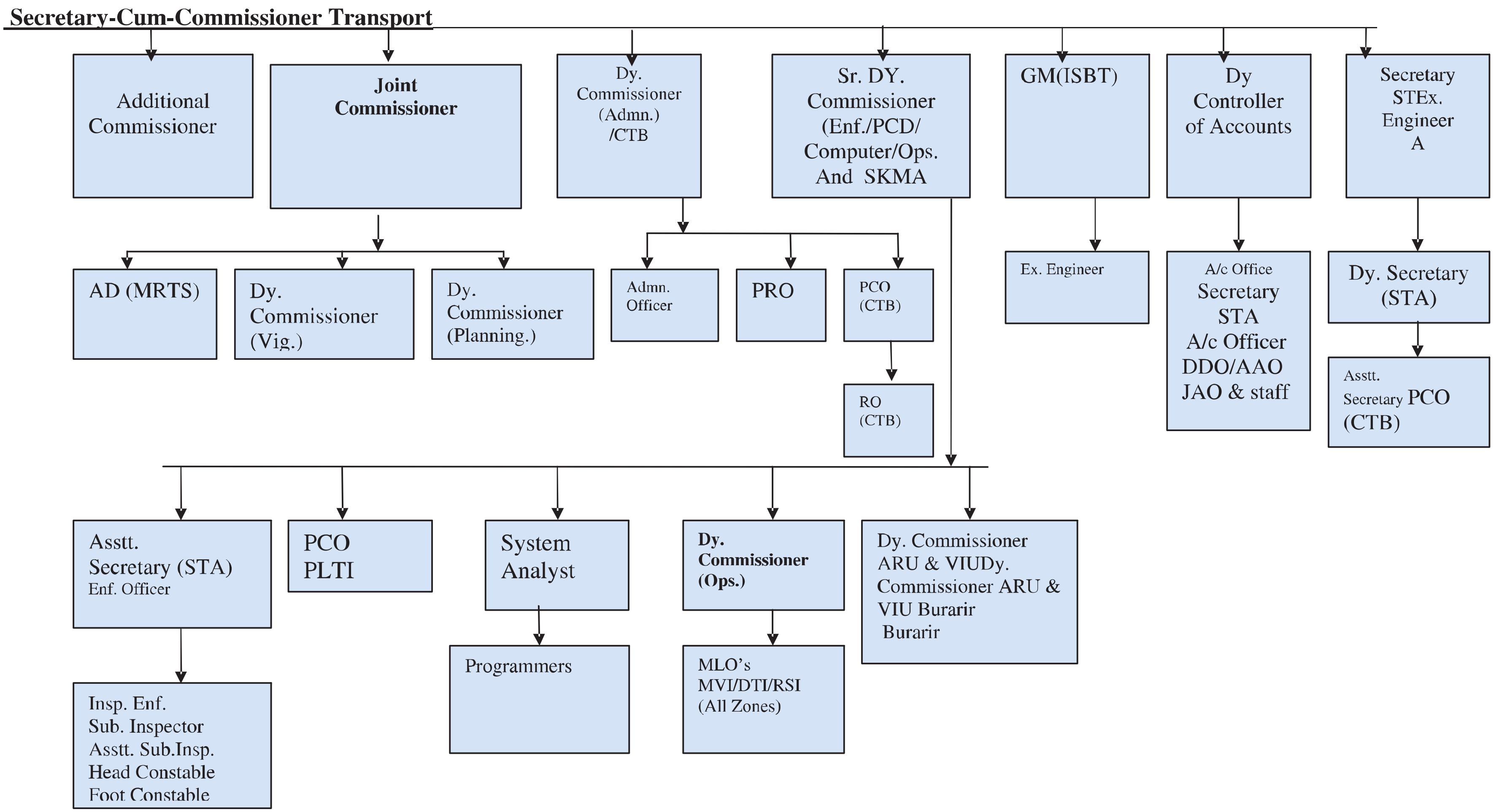
Sl. No.	Name of colony	Const. Div.	Date of laying S/Line	Expenditure incurred	Date of issue of notification
1.	Raj Nagar Part-II	Dr.XIV	4-4-09	318.49	29-7-09
2.	Sadh Nagar Part-II	-do-	15-1-09	199.75	15-6-09
3.	Dharam Pura	-do-	31-12-08	130.74	13-7-09
4.	Sadh Nagar Part-I	-do-	30-10-08	29.12	8-6-09
5	Patel Garden	-do-	5-5-09	20.54	13-7-09
6	Makshooda Bad	-do-	N.A.*	N.A.*	N.A*.
7	U-Block Arvind Nagar	Dr. X	18-11-06	9.87	N.A.*
8	L-Block Jai Prakash Nagar	-do-	1-2-07	24.49	N.A*.
9	SeelamPur (Remaining Area)	-do-	12-1-08	1.90	N.A*.
			Total	**734.90**	

- Not available

Annexure – 4.1

(Referred to in paragraph 4.1.3)

HIERARCHY CHART OF TRANSPORT DEPARTMENT



Appendix – 4.2

(Referred to in paragraph 4.1.7.6)

Vehicles registered, fitness check done/due

Sl. No.	Type of vehicle	Vehicle registered upto 31-3-07	Fitness due during 08-09	Fitness done during 08-09	Vehicles plying without valid fitness certificate
1	Ambulance	1675	1624	441	1183
2	Taxi	34569	32536	21858	10678
3	HPV	16648	15153	12825	2328
4	MPV	632	630	312	318
5	HGV	8503	7507	3047	4460
6	LGV	63480	61375	53080	8295
7	MGV	2389	2377	2029	348
8	TSR	60380	51415	49173	2242
	Total	**188276**	**172617**	**142765**	**29852**

Road Tax, Fitness Fee and Registration Fee due

(Amount in Rupees)

Sl. No.	Type of vehicle	No. of vehicles plying without fitness certificate during 2008-09	Road Tax		Fitness Fee		Registration fee		Total
			Rates	Amount	Rates	Amount	Rates	Amount	
1	Ambulance	1183	665	786695	200	236600	300	354900	1378195
2	Taxi	10678	605	6460190	200	2135600	300	3203400	11799190
3	HPV	2328	1915	4458120	400	931200	600	1396800	6786120
4	MPV	318	1130	359340	300	95400	400	127200	581940
5	HGV	4460	1430	6377800	400	1784000	600	2676000	10837800
6	LGV	8295	665	5516175	200	1659000	300	2488500	9663675
7	MGV	348	940	327120	300	104400	400	139200	570720
8	TSR	2242	605	1356410	100	224200	300	672600	2253210
			(A) Total						**43870850**
			(B) Penalty on road tax upto 100 *per cent* of Road Tax						25641850
			Grand Total (A+B)						**69512700**

Appendix – 5.1

Statement showing particulars of up to date paid-up capital, loans outstanding and manpower as on 31 March 2009 in respect of Government companies and Statutory corporations)

(Referred to in paragraph 5.1.3)

(Figures in column 5 (a) to 6 (d) are Rupees in crore)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)	Manpower (No. of employees)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
A. Working Government companies													
FINANCE													
1.	Delhi SC /ST /OBC Minorities, Handicapped Financial and Development Corporation Limited (DSC/ST/OBC/M/H FDC)	Welfare	January 1983	22.85	11.88	-	34.73	2.49	-	-	2.49	0.07:1 (0.07:1)	176
Sector wise total				**22.85**	**11.88**	**-**	**34.73**	**2.49**	**-**	**-**	**2.49**	**0.07:1 (0.07:1)**	**176**
INFRASTRUCTURE													
2.	Delhi State Industrial & Infrastructure Development Corporation Limited(DSIIDC)	Industry	February 1971	22.15	-	-	22.15	-	-	-	-	-	1223
3.	Shahjhanabad Redevelopment Corporation (SRC)	Urban Development	May 2008	0.00♦	-	-	000♦	-	-	-	-	-	3
Sector wise total				**22 15**	**-**	**-**	**22 15**	**-**	**-**	**-**	**-**	**-**	**1226**
POWER													
4.	Delhi Power Company Limited (DPCL)	Power	July 2001	0.05	-	-	0.05	32.23	-	5.00	37.23	744.60:1 (9464.83:1)	NA
5.	Delhi Transco Limited (DTL)	Power	July 2001	3452.00	-	180.00	3632.00	450.65	-	153.00	603.65	0.17:1 (0.15:1)	1849
6.	Indraprastha Power Generation Company Limited (IPGCL)	Power	July 2001	497.54	-	140.00	637.54	157.06	-	175.00	332.06	0.52:1 (0.58:1)	1650
7.	Pragati Power Corporation Limited (PPCL)	Power	January 2001	1424.19	-	-	1424.19	-	-	320.76	320.76	0.23:1 (0.40:1)	125
Sector wise total				**5373.78**		**320.00**	**5693.78**	**639.94**	**-**	**653.76**	**1293.70**	**0.23:1 (0.34:1)**	**3624**

♦ paid up capital is Rs. 700 only.

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of Incorporation	Paid-up Capital$				Loans** outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)	Manpower (No. of employees) (as on 31.3.2009)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
SERVICES													
8.	Delhi State Civil Supplies Corporation Limited (DSCSC)	Public Distribution	November 1980	7.00	-	-	7.00	2.14	-	-	2.14	0.31:1 (0.31:1)	738
9.	Delhi Tourism and Transportation Development Corporation Limited (DTTDC)	Tourism	December 1975	6.28	-	-	6.28	-	-	-	-	-	926
10.	Geospatial Delhi Limited (GDL)		May 2008	10.76	-	-	10.76	-	-	-	-	-	2
Sector wise total				**24.04**	**-**	**0.00**	**24.04**	**2.14**	**-**	**-**	**2.14**	**0.09:1 (0.31:1)**	**1666**
Total A (All sector wise working Government companies)				**5442.82**	**11.88**	**320.00**	**5774.70**	**644.57**	**-**	**653.76**	**1298.33**	**0.22:1 (0.34:1)**	**6692**
B. Working Statutory corporations													
FINANCE													
11.	Delhi Financial Corporation (DFC)	Finance	April 1967	18.05	-	7.95	26.00	-	-	45.91	45.91	1.77:1 (2.24:1)	134
Sector wise total				**18.05**	**-**	**7.95**	**26.00**	**-**	**-**	**45.91**	**45.91**	**1.77:1 (2.24:1)**	**134**
TRANSPORT													
12.	Delhi Transport Corporation (DTC)	Transport	November 1971	744.30	-	-	744.30	7566.26	-	-	7566.26	10.17:1 (12.16:1)	28551
Sector wise total				**744.30**	**-**	**-**	**744.30**	**7566.26**	**-**	**-**	**7566.26**	**10.17:1 (12.16:1)**	**28551**
Total B (All sector wise working Statutory corporations)				**762.35**	**-**	**7.95**	**770.30**	**7566.26**	**-**	**45.91**	**7612.17**	**9.88:1 (11.66:1)**	**28685**
Grand Total (A + B)				**6205.17**	**11.88**	**327.95**	**6545.00**	**8210.83**	**-**	**699.67**	**8910.50**	**1.36:1 (1.35:1)**	**35377**

$ Paid-up capital includes share application money.

** Loans outstanding at the close of 2008-09 represent long-term loans only.

Appendix – 5.2

Summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalised

(Referred to in paragraph 5.1.6)

(Figures in column 5 (a) to (6) and (8) to (10) are Rupees in crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A. Working Government Companies														
FINANCE														
1.	DSC/ST/OBC M, H FDC	1999-00	2007-08	1.09	0.96	0.13	(-)0.00♣	4.63	(-) 6.75	34.73	16.48	44.49	0.96	2.15
Sector wise total				**1.09**	**0.96**	**0.13**	**(-)0.00**	**4.63**		**34.73**	**16.48**	**44.49**	**0.96**	**2.15**
INFRASTRUCTURE														
2.	DSIIDC	2007-08	2008-09	(-)0.34	0.09	1.71	(-)2.14	355.29	(-) 2.08	22.15	34.43	64.88	(-) 2.05	-
3.	SRC	2008-09	Not yet received	-	-	-	-	-	-	0.00♠	-	-	-	-
Sector wise total				**(-)0.34**	**0.09**	**1.71**	**(-)2.14**	**355.29**		**22.15**	**34.43**	**64.88**	**(-) 2.05**	**-**
POWER														
4.	DPCL	2008-09	2009-10	169.27	275.77	0.03	(-)106.53	NIL	(-) 656.17	0.05	(-)1455.87	(-)2207.28	169.24	-
5.	DTL	2008-09	2009-10	175.40	50.08	53.03	72.29	373.40	-	3632.00	(-)3557.23	701.27	122.37	17.45
6.	IPGCL	2008-09	2009-10	144.08	46.15	36.03	61.90	866.55	(-) 137.40	637.54	(-)120.66	751.32	108.05	14.38
7.	PPCL	2008-09	2009-10	279.67	31.15	53.23	195.29	524.74	(-) 2.46	1424.19	500.43	2270.34	226.44	9.97
Sector wise total				**768.42**	**403.15**	**142.32**	**222.95**	**1764.69**		**5693.78**	**(-)4633.33**	**1515.65**	**626.10**	**41.31**
SERVICES														
8.	DSCSC	2008-09	2009-10	(-)4.61	-	0.40	(-)5.01	431.00	(-) 1.10	7.00	14.27	19.69	(-)5.01	-
9.	DTTDC	2008-09	2009-10	4.74	-	1.73	3.01	619.44	(-) 1.35	6.28	54.80	74.65	3.01	4.03
10.	GDL	2008-09	2009-10	-	-	-	-	-	NIL	10.76	-	9.69	-	-
Sector wise total				**0.13**	**-**	**2.13**	**(-)2.00**	**1050.44**		**24.04**	**69.07**	**104.03**	**(-) 2.00**	**-**
Total A (All sector wise working Government companies)				**769.30**	**404.20**	**146.29**	**218.81**	**3175.05**		**5774.70**	**(-) 4513.35**	**1729.05**	**623.01**	**36.03**
B. Working Statutory corporations														
FINANCE														
11.	DFC	2008-09	2009-10	7.00	4.67	0.44	1.89	12.58	(-) 1.68	26.00	1.81	123.97	6.56	5.29
Sector wise total				**7.00**	**4.67**	**0.44**	**1.89**	**12.58**		**26.00**	**1.81**	**123.97**	**6.56**	**5.29**
TRANSPORT														

♣ the company incurred loss of Rs. 7981.92 only

♠ the company had paid up capital of Rs. 700 only.

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
12.	DTC	2008-09	2009-10	(-) 553.37	1065.34	78.98	(-) 1697.69	368.00	SAR under finalisation	744.30	(-) 7883.95	864.80	(-) 632.35	-
Sector wise total				**(-) 553.37**	**1065.34**	**78.98**	**(-) 1697.69**	**368.00**		**744.30**	**(-) 7883.95**	**864.80**	**(-) 632.35**	**-**
Total B (All sector wise working Statutory corporations)				**(-) 546.37**	**1070.01**	**79.42**	**(-)1695.80**	**380.58**		**770.30**	**(-)7882.14**	**988.77**	**(-) 625.79**	**-**
Grand Total (A + B)				**222.93**	**1474.21**	**225.71**	**(-) 1476.99**	**3555.63**		**6545.00**	**(-) 12395.49**	**2717.82**	**(-) 2.78**	**-**

Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG and is denoted by (+) increase in profit/ decrease in losses (-) decrease in profit/ increase in losses.

@ Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in case of finance companies/ corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings (including refinance).

$ Return on capital employed has been worked out by adding profit and interest charged to profit and loss account.

Appendix – 5.3

Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2009

(Referred to in paragraphs 5.1.4)

(Figures in column 3 (a) to 6 (d) are Rupees in crore)

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
A. Working Government Companies													
FINANCE													
1.	DSC/ST/OBC M, H FDC	-	-	-	0.36	-	0.36	-	-	-	-	-	-
Sector wise total		**-**	**-**	**-**	**0.36**	**-**	**0.36**	**-**	**-**	**-**	**-**	**-**	**-**
INFRASTRUCTURE													
2.	SRC	-	-	-	0.18	-	0.18	-	-	-	-	-	-
Sector wise total		**-**	**-**	**-**	**0.18**	**-**	**0.18**	**-**	**-**	**-**	**-**	**-**	**-**
POWER													
3.	DTL	-	93.75	-	-	-	-	-	-	-	-	-	-
Sector wise total		**-**	**93.75**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
SERVICES													
4.	DSCSC	-	-	-	1.82	-	1.82	-	-	-	-	-	-
5.	DTTDC	-	-	0.15	1.61	-	1.76	-	-	-	-	-	-
6.	GDL	10.76	-	-	-	-	-	-	-	-	-	-	-
Sector wise total		**10.76**	**-**	**0.15**	**3.43**	**-**	**3.58**	**-**	**-**	**-**	**-**	**-**	**-**
Total A (All sector wise working Government companies)		**10.76**	**93.75**	**0.15**	**3.97**	**-**	**4.12**	**-**	**-**	**-**	**-**	**-**	**-**
B. Working Statutory corporations													
FINANCE													
1.	DFC	0.06	-	-	-	-	-	-	-	-	-	-	-
Sector wise total		**0.06**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
TRANSPORT													
2.	DTC	250.00	1557.80	-	95.99	-	95.99	-	-	-	-	-	-
Sector wise total		**250.00**	**1557.80**	**-**	**95.99**	**-**	**95.99**	**-**	**-**	**-**	**-**	**-**	**-**
Total B (All sector wise working Statutory corporations)		**250.06**	**1557.80**	-	**95.99**	**-**	**95.99**	-	-	-	-	-	-
Grand Total (A + B)		**260.82**	**1651.55**	**0.15**	**99.96**	**-**	**100.11**	**-**	**-**	**-**	**-**	**-**	

@ Figures indicate total guarantees outstanding at the end of the year.

Appendix 5.4

(Referred to in paragraph No. 5.1.7)

Statement showing investment made by the State Government in PSUs where accounts are in arrear

(Rs. in crore)

Name of PSU	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State government during the years for which the accounts are in arrears			
			Year	Equity	Loans	Grants/ Subsidy
Working Companies/ Corporations						
DSC/ST/OBC/M/H FDC	1999-2000	34.73	2000-01	-	-	0.71
			2001-02	-	-	0.0006
			2002-03	-	-	2.32
			2003-04	-	-	0.53
			2004-05	-	-	2.04
			2005-06	1.81	0.34	0.66
			2006-07	-	2.15	-
			2007-08	7.00	-	-
			2008-09			0.36
SRC		0.00007	-	-	-	0.18
Total		**34.73**		**8.81**	**2.49**	**6.80**

Appendix 5.5

(Referred to in paragraph No. 5.1.6)

Statement showing financial position of Statutory corporations

(Rs. in crore)

1. Delhi Transport Corporation			
Particulars	**2006-07**	**2007-08**	**2008-09**
A. Liabilities			
Capital (including capital loan & equity capital)	117.00	494.30	744.30
Borrowings: Government Others	4961.03	6111.13	7725.97
Funds* (Reserve and Surplus)	88.03	103.70	152.58
Grant-in-aid	2.62	54.15	127.76
Trade dues and other current liabilities (including provisions)	147.55	207.59	189.33
Total	**5316.23**	**6970.87**	**8939.94**
B. Assets			
Gross Block	623.47	692.90	875.68
Less: Depreciation	379.05	436.12	488.28
Net fixed assets	244.42	256.78	387.40
Capital works-in-progress (including cost of chassis)	1.77	1.72	32.47
Investments	1.55	1.69	1.86
Current assets, loans and advances	105.21	524.42	634.26
Accumulated losses	4963.28	6186.26	7883.95
Total	**5316.23**	**6970.87**	**8939.94**
Capital employed#	**203.85**	**575.33**	**864.80**
2. Delhi Financial Corporation			
Particulars	**2006-07**	**2007-08**	**2008-09**
A. Liabilities			
Paid-up capital	12.88	25.08	25.88
Share application money	13.00	0.86	0.12
Reserve fund and other reserves and surplus	48.51	48.69	43.94
Borrowings:			
(i) Bonds and debentures	0.46	-	-
(ii)Industrial Development Bank of India & Small Industries Development Bank of India	70.39	58.14	45.91
Other Liabilities and provisions	14.80	19.77	26.63
Total-A	**160.04**	**152.54**	**142.48**
B. Assets			
Cash and Bank balances	24.66	34.01	42.24
Investments	0.01	0.01	0.01
Loans and Advances	122.70	100.39	81.92
Net fixed assets	4.46	4.19	3.72
Other assets	8.21	13.94	14.59
Miscellaneous expenditure	-	-	-
Total-B	**160.04**	**152.54**	**142.48**
C. Capital employed*	**146.61**	**138.65**	**123.97**

* Excluding depreciation funds/ reserve

\# Capital employed represents net fixed assets (including capital work-in-progress) plus working capital.

* Capital employed represents the mean of the aggregates of the opening and closing balances and paid-up capital, reserves (other than those which have been funded specifically and backed by investments outside), bonds, deposits and borrowings (including refinance).

Appendix 5.6

(Referred to in paragraph No. 5.1.6)

Statement showing working results of Statutory corporations

(Rs. in crore)

1	Delhi Transport Corporation			
	Particulars	**2006-07**	**2007.08**	**2008-09**
	Operating (a) Revenue (b) Expenditure (c) Surplus (+)/Deficit (-)	 360.89 761.88 (-)400.99	 354.05 801.75 (-)447.70	 368.00 1108.85 (-)740.85
	Non-operating (a) Revenue (b) Expenditure (c) Surplus (+)/Deficit (-)	 44.36 629.90 (-)585.54	 58.44 826.55 (-)768.11	 97.97 1065.67 (-)967.70
	Total (a) Revenue (b) Expenditure (c) Prior period adjustments (d) Net Profit (+)/Loss (-)	 405.25 1391.78 31.71 (-)954.82	 412.49 1628.30 (-)7.17 (-)1222.98	 465.97 2174.52 10.86 (-)1697.69
	Interest on capital and loans	633.39	827.73	1065.34
	Total return on Capital employed[♣]	(-)321.43	(-)395.25	(-)632.35
2.	**Delhi Financial Corporation**			
	Particulars	**2006-07**	**2007-08**	**2008-09**
	1. Income (a) Interest on Loans (b) Other income	 19.80 0.73	 17.16 3.55	 12.58 3.74
	Total-1	**20.53**	**20.71**	**16.32**
	2. Expenses (a) Interest on long-term loans (b) Other expenses	 6.68 8.45	 5.55 7.05	 4.39 10.05
	Total-2	15.13	12.60	14.44
	3. Profit before tax (1-2)	5.40	8.11	1.88
	4. Provision for tax	1.15	2.28	0.57
	5. Other appropriations	4.25	5.78	5.73
	6. Amount available for dividend	-	0.05	-
	7. Dividend	-	0.05	-
	8. Total return on Capital employed	12.08	13.66	6.56
	9. Percentage of return on Capital employed	8.24	9.85	5.29

[♣] Total return on capital employed represents net surplus/deficit plus total interest charged to profit & loss account (less interest capitalised).

Appendix-5.7

(Referred to in paragraph No. 5.2.1)

Statement showing operational performance of Delhi Transport Corporation

(Rs. in crore)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Average number of vehicles held during the year	3584	3467	3454	3439	3805
Average number of vehicles on road during the year	3010	3138	2814	2836	2931
Percentage of utilisation of vehicles	83.98	90.51	81.47	82.47	77.03
Number of employees	29200	28460	27574	28450	28551
Employee vehicle ratio	8.41	8.20	8.01	8.04	7.51
Number of routes operated at the end of the year	854	852	820	867	842
Route Kilometers	37615.10	35701.70	25086.30	34494.80	26838.30
Kilometers operated (in lakh)					
Gross	2611.06	2686.16	2136.72	1923.49	1911.01
Effective	2522.16	2589.64	2043.34	1833.84	1830.01
Dead	88.90	96.52	93.38	89.65	81.00
Percentage of dead Kilometers to gross Kilometers	3.40	3.59	4.37	4.66	4.24
Average Kilometers covered per bus per day	193	205	162	146	132
Average revenue per Kilometer (Rs.)	16.78	18.02	20.52	22.97	25.90
Average expenditure per Kilometer (Rs.)	44.87	49.60	68.80	89.27	119.27
Loss (-)/Profit (+) per kilometre (Rs.)	(28.09)	(31.58)	(48.28)	(66.30)	(93.33)
Number of operating depots	34	34	34	35	35
Average number of break-down per lakh Kilometers	5.93	6.75	10.12	11.46	13.60
Average number of accidents per lakh Kilometers	0.16	0.15	0.13	0.11	0.10
Occupancy ratio (Load Factor)	67.72	74.42	77.18	87.82	68.83
Kilometres obtained per litre of CNG	2.88	2.99	2.92	2.87	2.91