CHAPTER IV: MINISTRY OF HOUSING AND URBAN AFFAIRS

National Capital Region Planning Board

4.1 Functioning of the National Capital Region Planning Board

4.1.1 Introduction

The National Capital Region Planning Board (NCRPB/ the Board) was established (28 March 1985) under the NCRPB Act, 1985 (the Act). The National Capital Region (NCR) is a coordinated planning region centered upon the National Capital Territory of Delhi (NCTD) encompassing the entire NCT and areas belonging to the bordering states of Haryana (13 districts), Uttar Pradesh (UP) (8 districts) and Rajasthan (2 districts). The area under the NCR, as on 31 March 2018, was 55,084 sq km.

4.1.2 Audit Objectives

The audit objective was to assess whether the functioning of the Board was effective in ensuring coordinated planning for the NCR and whether the Board was efficient in implementation of its plans and policies, in monitoring of projects, and in financial management.

4.1.3 Scope of Audit

The audit covered the Board's activities during the period 2012-13 to 2016-17, and the audit findings were updated for 2017-18. Audit of NCR Planning and Monitoring Cells (NCRPMCs) established in participating states was also included in the scope of audit.

4.1.4 Audit Criteria

The audit criteria were derived from the NCRPB Act and Rules made there under; Regional Plan (RP), Sub-Regional Plans (SRPs), Functional Plans (FPs) and study reports; agenda and minutes of the various meetings of the Board; delegation of powers and annual reports.

4.1.5 Organisational Set-up

The Board consists of a Chairman, 15 members and one full-time Member Secretary. The Union Minister for Housing and Urban Affairs is the Chairman of the Board. The Board is assisted by a Planning Committee (PC) in the discharge of its functions. The PC consists of Chairman and 10 members. The Member Secretary of the Board is the ex-officio Chairman of the PC.

4.1.6 Audit Observations

4.1.6.1 Planning process and implementation of Regional Plan

As far as planning is concerned, NCRPB is required to prepare an RP for the NCR and FPs for one or more elements of RP such as water, transport, power, etc. depending on regional bearing and assist the states in preparing SRP, for NCR constituent areas. NCR participating states formulate Master Plan under their respective Statutes at State level.

(a) Preparation of Regional Plan and its revision

As per NCRPB Act, 1985, "in pursuance of the provisions of clause (1) of article 252 of the Constitution, resolutions have been passed by all the Houses of the Legislatures of the States of Haryana, Rajasthan and Uttar Pradesh to the effect that the matters viz. coordinating and monitoring the implementation of such plan and for evolving harmonized policies for the control of land-uses and development of infrastructure in the National Capital Region so as to avoid any haphazard development thereof should be regulated in those States by Parliament by law". Further, as per Section 7 of the Act, the main function of the Board was to prepare the RP, for a period of 20 years and which was to be reviewed after every five years from the date of its notification as per Section 15(1) of the Act.

In this regard, Audit noted the following:

(i) The Board notified (17 September 2005) its RP 2021 after a lapse of more than three and half years from the completion of its horizon period (2001 to 2021).

(ii) The first review of RP 2021 was due in September 2010, however, the same was initiated after a delay of one and half years in 32nd meeting (March 2012) of the Board.

(iii) A Steering Committee (SC) constituted (June 2012) to guide the review and revision process of the RP held only four meetings (June 2012 to January 2014) against prescribed monthly meetings. Further, no timelines were prescribed to complete the review and revision process of the RP 2021.

(iv) In 33rd Board meeting (1 July 2013) the Draft Revised Regional Plan (DRRP) 2021 was approved for inviting objection and suggestions from the public under Section 12(1) of the NCRPB Act, 1985. Up to 20 December 2013, 63 objections and suggestions were received on the DRRP 2021. While revising the RP 2021, the Board accepted and incorporated (January 2014), "tourism in the forest areas" under Regional Recreational Activities as per the proposals of the Government of Haryana (GoH) relating to regional land use. This was done despite objections that the proposed provision should strengthen rather than dilute the earlier provision of the RP 2021 as there is significant impact of developments in adjoining areas of Delhi. Subsequently, the Ministry of Environment, Forest and Climate Change

(MoEF&CC) had raised objection (March 2014) on this inclusion in the DRRP 2021/ SRP of Haryana. The Board had to roll back (April 2014) its decision in this regard. This indicates undue benefit to the Govt. of Haryana with adverse ramification for the entire NCR.

(v) Notification of the Revised Regional Plan (RRP) 2021 was pending (September 2018) due to delay in mapping and delineation study of the Natural Conservation Zone (NCZ) and addressing the points raised by MoEF&CC on Chapter 14 (Environment) and Chapter 17 (Regional land uses).

(vi) The Act envisaged three revisions of the RP 2021 after every five years. However, the first review and revision exercise of RP 2021 itself has not been completed, even after lapse of more than eight years. Resultantly, the revised policy and proposal required to be carried out through the RRP 2021 could not be made effective and implemented. Significant modifications which were incorporated in the DRRP 2021 were (i) revised data with census of 2011, (ii) revision in demographic profile and settlement pattern, (iii) policies and proposals for sewerage, solid waste management, drainage and irrigation, (iv) revision in issues, policy and proposals related to regional land use, (v) Strategies for development of counter magnet areas, (vi) incorporation of outcomes of RP 2021 during the 2007-2012, etc.

The Board and the Ministry in its reply (January/April 2018) stated that:

(i) Initially the matter was placed (November 2009) before the Board in its 31st meeting whereby action with respect to updating the regional land use through National Remote Sensing Centre (NRSC) in 2008-09 was initiated. Later, the matter was again placed in 32nd meeting of the Board wherein it was decided to expedite the exercise of review of RP 2021. Thereafter, the SC was constituted for review and revision of RP. Since, Board meeting could not be held between December 2009 and February 2012, the matter could not be placed before the Board.

(ii) The comments of MoEF&CC were examined by the Board and forwarded (February 2017) to MoHUA and were discussed in the 37th meeting (December 2017) of the Board.

However, fact remains that:

(i) There appeared to be no urgency by the Board to expedite the revision process as it was taken up belatedly only in July 2012, after constitution of the SC and the revision exercise has not been completed so far.

(ii) Due to non-revision of its RP 2021, modifications and alterations required to be carried out in the revised RP could not be made effective. Consequently, the formulation of RP for newly added districts in NCR (four in Haryana, one in Rajasthan and two in UP) in the RRP 2021 has not been incorporated and updated.

(b) Non-formulation of Functional Plans

As per Section 7 (a) and (c) of the Act, preparation and formulation of FPs and its enforcement and implementation through the participating states and the UT falls within the role of the Board. Further, in order to assist the NCR participating states in formulation of SRP, the Board prepared FPs based on studies in various sectors to assess the existing situation, identify the issues/problem and make strategies/recommendations/action plan for holistic development.

Audit observed that:

(i) While RP 2021 was notified in September 2005, no timeframe was prescribed for formulation of its FPs. Till March 2018, out of 12 elements identified in the RP for preparation of FPs, only four FPs viz. Transport (November 2009), Ground Water Recharge (December 2009), Drainage (April 2016) and Economic Development (June 2016) had been approved and approximately 4 to 11 years had been taken in its formulation. There was considerable gap in the conduct of the study for Economic Development (2010) and its approval (June 2016). Thus, all the data in the FP pertained to the period 2004-05 to 2009-10 and was not updated by the Board before its approval.

(ii) Two FPs (i) Drainage and (ii) Economic Development were approved (April/June 2016) after preparation of SRPs of UP (December 2013) and Rajasthan (November 2015) resulting in lack of envisaged guidance to the participating states in formulation of SRPs.

(iii) Further, preparation of three FPs, viz. Micro and Household Enterprises, Health Infrastructure and Tourism and Heritage were still in progress (September 2018) and FP on Power was abandoned due to non-submission of requisite data by the participating states. Hence, despite lapse of more than 12 years from the preparation of the RP 2021, the FPs for all the identified areas had not been formulated and FP in four areas[1] have not been initiated at all.

The Board and the Ministry in its reply (December 2017/January/April 2018) stated that the preparation of FP may not be linked with the preparation of the SRP, since SRPs are holistic documents at the sub-regional level for which the RP is the guiding document, while the FPs are more sector specific plans prepared within the framework of the RP. Further, the Act provides that after operationalisation of RP the Board may prepare as many FPs as necessary for proper guidance of the participating states. Accordingly, the Board had prepared FPs for certain sectors. Regarding delay in finalisation of FP on Economic Development, the Board stated that the FP was approved based on the discussion during the workshop attended by the officers of the Ministry/Departments/Agencies of Central Government.

[1] ***Telecommunications, Environment, Disaster management and Rural development.***

The reply of the Board is not acceptable since:

(i) As per NCRPB Act Chapter 3, Section 7 (a), the Board was required to prepare RP and the FPs. Further, Para 17.4 of the RP 2021 also provides that there should be lower hierarchy of plans like SRP, Master/Development Plan. Hence, the hierarchy of plans, viz. RP, FPs, Master/Development Plans, establishes an integrated system of overall planning which is essential for effective implementation of the RP. The issue of continuing relevance of the FP based on outdated data is questionable.

(ii) Integrated Regional Drainage Plan at the regional level and Drainage Master Plans at the district level should be prepared for enhancing the quality of regional and local drains, taking into account the present/future development and settlement pattern in the region. All the related works at the regional level should be coordinated by a single agency. Audit observed that Drainage Master Plans had not been prepared district wise and city wise. Besides, there was lack of integrated planning for drainage of storm water, which was not restricted to local area but had regional impact, covering areas in Haryana, Rajasthan, U.P. and NCT-Delhi sub regions.

(iii) Although drainage was part of the core urban infrastructure development in NCR, low emphasis was accorded to this sector. Since inception (1985-86) out of 300 projects sanctioned and approved by NCRPB, only six drainage projects were sanctioned and approved by NCRPB which constitutes two *per cent* of the total projects funded.

(c) Formulation of Sub-Regional Plans

The Act provides that each participating State/UT shall prepare an SRP for its sub region and delineation of land was one of the critical requirements, prior to the finalisation of each SRP. Further, RP 2021 stipulates that at the regional level, land use may be guided and regulated in selected areas and the other areas in the lower hierarchy of plans, i.e. SRP and Master/Development Plans. The Board in its Special Meeting (April 2014) decided that for precise demarcation, the NCZ be delineated by each participating State, based on detailed ground truthing, along with verification of State revenue record. Audit observed that:

- SRP of Uttar Pradesh (UP) districts falling under NCR, was published in December 2013 i.e. eight years after the date of notification of the RP 2021. In Rajasthan, the SRP for only district in NCR i.e. Alwar was published 10 years after the notification of RP in September 2005. The SRP of another district which was included in Rajasthan under NCR during July 2013, i.e. Bharatpur, was still pending.

- For Delhi, the Master Plan prepared by DDA (February 2007) was treated as the SRP of Government of National Capital Territory of Delhi (GNCTD).

- SRP of the Haryana sub region was published (May 2014) but has not been finalised due to incorporation of contentious provisions relating to

environment (Chapter 14), land use (Chapter 17) and delay in mapping and delineation of NCZ.

- In the case of Rajasthan, the Board considered (June 2015) the draft SRP on the ground that delineation of NCZ was time taking and SRP may be amended once the NCZ is delineated. However, Government of Rajasthan (GoR) notified the SRP even though the work of NCZ ground truthing and delineation was not yet finalised.

- The Project Sanctioning and Monitoring Group (PSMG) approved and granted financial assistance of ₹1648.37 crore **(Annexure-II)** (out of this ₹1562.93 crore was disbursed to Govt. of Haryana) in respect of those projects for which the SRPs were not formulated by the participating states at the time of disbursement. Thus, in the absence of SRPs of the participating states, the sanctioning of loan by the Board was in violation of Clause 22 (1) of Chapter VI of the Act.

The Board and the Ministry in its reply (January/April 2018) confirmed the above facts and added that the SRP of Rajasthan was considered by the Planning Committee (PC) on request of GoR. The Board also stated that as per Section 19 of the Act, the NCR participating states are responsible for preparation of SRP and thereafter, finalisation of their respective SRPs after due consideration of the observations made by the Board. Further, as far as financial assistance in the absence of SRP, NCRPB has been extending financial assistance for the infrastructure development projects which are in consonance with the Regional Plan.

In Audit view, as the NCR is a coordinated planning region, the Board cannot shirk its responsibility of ensuring timely preparation of SRP. As per Chapter III, Section 7 (b) of the Act, the Board is to arrange for the timely preparation of SRPs by the participating states. The Board took more than eight months in requesting (May 2006) the participating states to prepare SRPs and no time frame was prescribed for preparation of SRPs by the participating states. Further, as per Section 17(3) (f) of the Act, a SRP may indicate proposals for the supply of drinking water and for drainage elements to elaborate the RP at the sub-regional level. However, plans for accomplishment of the policies and proposals of RP 2021 in respect of drainage were not elaborated in the SRPs of UP and Rajasthan Sub Region. Thus, the lower levels plans did not elaborate the policies and proposal of the RP 2021. Moreover, the Act stipulates financial assistance to participating states for the implementation of SRP.

(d) Approval of Master/Development Plans

Regional Plan 2021 stipulates that at the regional level, land use may be guided and regulated in selected areas and the other areas in the lower hierarchy of plans, i.e. SRP and Master/Development Plans. As per RP 2021, no development in the controlled/development/regulated zones can be undertaken except in accordance with the Master/Development Plan for the respective controlled areas approved by the Board and duly notified by the State Governments under their respective Acts. The Master/ Development Plans of all the towns were to be prepared within the

framework of the RP 2021 and; as per RP 2021, approval of the Master /Development Plans was the responsibility of the Board.

In this regard, the Hon'ble Allahabad High Court had observed (December 1998) that "the Act is a central legislation and land uses cannot be changed except with the tacit permission and close scrutiny of the Board. Development of industry or urbanisation by purchase of land reserved for conforming uses of agriculture, forests or greens within the area eclipsed by the NCR, is prohibited. Whatever development is permissible must be strictly monitored under the Act by the authorities named and constituted under it".

Audit observed that the Board was not approving the Master Plans submitted by the participating states. Change in land use was being done by the respective NCR participating State under the relevant statutes in that State and not by the Board. Test check of projects financed by the Board revealed that it approved and funded the projects on (i) Water Supply Scheme for Nalhar Medical College and Nuh Town (loan assistance of ₹79.20 crore) and (ii) "four laning of Rewari Kot Kasim Road up to NH-8, Shahjahanpur Rewari road up to six km, Rewari Narnaul Road (NH26), Rewari Mohindergarh Road, Rewari Dadri Road" (loan assistance of ₹79.55 crore) without formulation of Development/Master Plan of Nuh and Rewari town by the participating State of Haryana.

The Board and the Ministry in its reply (January/April 2018) stated that consequent to various court judgments, the provision regarding approval of Master/Development plan was included in the RP 2021 and the same was approved (October 2004) by the Board. However, this was objected by two participating states. Hence, due to the lack of consensus, the Board is not approving any Master/Development Plan. Thereafter, the matter was referred (July 2005) to the Ministry of Law & Justice for examination and their opinion is still awaited (September 2018).

The reply of the Board and the Ministry is not tenable because Audit found that Rajasthan had submitted its Master Plan to the Board for examination and approval, irrespective of consensus. Keeping in mind the hierarchy of plans, in Audit opinion, integration and harmonisation of Master/Development Plan with the RP and SRP can be better ensured by approval of the Master Plan by the Board. The main function of the Board is to control the land use by prescribing the policy and development of infrastructure in NCR, which remained largely unfulfilled. Board itself in its Annual Report (2016-17) has asserted that in view of the rapid urbanisation and growth, the region is facing threat by way of haphazard unplanned development, unauthorised construction, conversion of good agricultural land for non-agricultural uses and encroachments.

(e) Inadequate coordination and monitoring of the implementation of RP

The Board has to ensure coordination and monitoring of the implementation of RP 2021 at various levels through the meetings of the Board**,** Planning Committee (PC), etc. Further, as per NCRPB Rules 1985, the Board is to ordinarily meet at least once in every six months for transaction of business. For effective monitoring and regular implementation of the RP 2021, the State Level Steering Committee (SLSC) is to

meet every quarter to discuss steps to be taken for implementation of the policies and proposal of the RP; to coordinate the preparation of various plans as envisaged in the Act.

Audit observed that in the last six years, ending 31 March 2018, against 12 ordinary Board meetings as mandated in the NCRPB Rules 1985, only four meetings were conducted. There was a gap of more than one and a half years between the 34th and 35th meeting of the Board. During 2012-13 and 2014-15, no meeting of the Board was conducted. Further, although there were no timelines for conducting the PC meetings, during the last five years only seven meetings of PC were conducted.

Moreover, there was no regularity in conducting the meetings of the SLSC. In the last six years ending 31 March 2018, only 10 meetings (three each for Haryana and GNCTD, two each for UP and Rajasthan) were held against the envisaged 96 meetings. This indicates lack of commitment of the participating states in implementing the policies and proposals of the RP 2021 and correspondingly, the objective of effective implementation and regular monitoring of the RP 2021 was not pursued earnestly.

Holding of the Review meetings with the participating states and National Capital Region Planning and Monitoring Cell (NCRPMC) was also irregular. There were no timelines for conducting the Review meetings. In the last six years ending 31 March 2018, only eight meetings were held and all meetings were held between August 2015 and November 2016.

The Board and the Ministry in its reply stated (January/April 2018) that the observation of the Audit as regards to holding of Board meetings is factual. The SLSC is a High Level Committee at State level and the meetings are to be conducted by the Chief Secretaries of the States. The Board regularly follows up with the participating states regarding the lack of regularity in holding the meetings of SLSC. The NCRPB Rules is silent with respect to timelines for holding the meeting of PC. The meeting of the PC was called as and when required.

The reply of the Board and the Ministry is not tenable because holding of Board meetings is a statutory requirement as per NCRPB Rules 1985 and infrequent/non-conduct of meetings as envisaged is bound to have an adverse impact on the implementation of RP 2021. Further, in the absence of regular meeting of the SLSC, coordination and monitoring of the implementation of the policies and proposals contained in RP 2021 could not be ensured.

(f) Delay in delineation of Natural Conservation Zone (NCZ) in NCR

Major natural features, identified as environmentally sensitive areas, like the extension of Aravali ridge in Rajasthan, Haryana and NCTD, forest areas, the rivers and tributaries of major rivers, sanctuaries, major lakes and water bodies were demarcated as NCZ in the RP 2021.

Audit observed that the boundaries of NCZ in RP 2021 were tentative as it was prepared (July 2005) on the basis of satellite imagery of 1999 i.e. without ground

truthing or a delineation study of NCZ. Only when the concern was raised (March 2014) by the MoEF &CC, about the mapping and delineation of forests and other ecologically sensitive areas, the Board in its special meeting held (April 2014), took the decision for delineation of NCZ by each participating State, based on detailed ground truthing along with verification of state revenue records. The work of delineation of NCZ was to be completed within three months, i.e. by October 2014, but the same has not been completed (September 2018).

The Board and the Ministry, in its reply (January/April 2018), accepted that the regional land use as per RP 2021 was prepared through National Remote Sensing Centre (NRSC) on the basis of satellite imageries of 1999 and limited ground truthing was conducted. In the existing land use maps of draft revised RP 2021, the NCZ was tentatively marked. Due to constraints of regional scale, the demarcation of exact land boundary of spatial features such as NCZ could not be precisely carried out in the RP 2021. Further, the matter of delay in delineation of NCZ is being regularly followed up with the participating states and in the 37th meeting (December 2017) of the Board, the States have been directed to expedite and complete the delineation in time.

The Board and the Ministry accepted the audit observation. The fact remains that delay in delineation of NCZ has resulted in non-finalisation of SRP of Haryana and RRP 2021 and adverse implications for environmental issues. As per the analysis done by National Remote Sensing Centre (NRSC), green areas have reduced from 4.26 *per cent* in 1999 to 3.30 *per cent* in 2012 which is much lower than the proposed green areas of 10 *per cent* in RP 2021. Further as per the analysis (June 2015) of the Board, there has been decline in NCZ vis-a-vis figures contained in the RP 2021(notified in September 2005). The decline in respect of NCTD was 15.43 *per cent*, while it was 43.88 *per cent* in case of Uttar Pradesh, 25.97 *per cent* in case of Haryana and 11.18 *per cent* in case of Rajasthan. Evidently, there has been consistent decline in NCZ in NCR. The work of delineation of NCZ was to be completed within three months, i.e. by October 2014; however, despite lapse of more than four years, the same has not been completed so far.

Audit noticed that despite the importance accorded for green buffer and NCZ in a chapter on Regional Land uses incorporated in RP 2021, there has been no improvement in the green area and NCZ in NCR. In fact, the position has deteriorated over a period of time. The lack of effectiveness of the Board is thus self-evident.

(g) Financial management did not assure effective implementation of RP

The Ministry of Housing and Urban Affairs provides plan and non-plan grants to the Board. Plan grants are provided for the implementation of RP whereas Non-Plan grants are provided for meeting expenditure towards salaries and allowance and other office expenses. The Board has also raised funds through floatation of Bonds and loan from Asian Development bank (ADB) and KfW[2]. The Board borrowed funds @ 1.67 *per cent* and 1.83 *per cent* from ADB and KfW, respectively. Loans are granted

[2] ***The German Development Bank (KfW), is a German government-owned development bank.***

to participating states for capital projects at a rate of interest ranging from 7 *per cent* to 8.5 *per cent*. The Board earns interest on the loans granted to the participating state and fixed deposits.

Audit observed that during the period 2012-13 to 2015-16, there was a consistent rise in investment of funds in the Fixed Deposit Receipts (FDRs) and consequent fall in granting of loans to the participating states. As a result, during the period 2012-13 to 2016-17, interest earned from FDRs rose from ₹98.08 crore to ₹220.54 crore while the interest earned from disbursement of loans fell from ₹231.23 crore to ₹158.45 crore. However, during 2016-17, there was a sharp rise in disbursement of loan, due to which less funds were invested in FDRs.

Further, Audit observed that though the Board has raised the funds from KfW on the basis of the projects submitted by the participating states, the Board was not able to disburse the total amount of loan of ₹746 crore received from the KfW fully to the participating states and its Implementing Agencies (IAs) due to inability of the states to comply with the procurement procedures of the banks, time taken by states to adopt environmental & social safeguards as per terms of the loans. As a result, since 2012 onwards, the Board paid commitment charges of ₹6.01 crore on the undisbursed loan from the KfW, as per the term of the agreement, i.e. non-refundable fee of 0.25 *per cent* on the undisbursed loan amount.

The Board and the Ministry in its reply (November 2017/January 2018) stated that during the last four years the loan disbursement went down due to code of conduct for elections in participating states and Centre. The prevailing rate of interest for investment in banks FDR was higher as compared to the rate of interest of financial assistance by the Board. The Board disbursed ₹1,654 crore and ₹1,550 crore in 2016-17 and 2017-18, respectively and the surplus funds have shrunk to ₹1,150 crore. Regarding, commitment charges paid to the international funding agencies Board stated that it is an integral part of the loan agreement. The infrastructure projects are implemented in a phased manner which generally have 3-4 years implementation period. The loan from ADB & KfW is claimed on reimbursement basis. The commitment charges are to be paid till final reimbursement from ADB/ KfW.

The Board and the Ministry's reply is not tenable as code of conduct cannot be applicable for four years continuously in all the participating states and being a non-profit making body, the Board's objective is to provide funds for development projects rather than raising loans at cheaper rate and investing them at higher rates, to earn interest income. Regarding payment of commitment charges, the fact remains that the Board did not identify enough infrastructural projects for availing the complete loan facility.

(h) Irregularities in granting of loans

As per the Act, the Board has "to arrange for, and oversee the financing of selected development projects in the NCR through Central and State Plan, funds and other sources of revenue". The Board provides funds to projects related to land development, transportation, sewerage, drainage, water, power generation, transmission and distribution etc. Audit selected 27 completed (out of 82) and 17

ongoing projects (out of 51) for examination and following was observed in this regard**:**

- In two projects, the Board released loan without fulfillment of terms and conditions of loan sanction letter. In case of Anand Vihar Housing Scheme of Hapur Pilkhua Development Authority (HPDA), Sewerage Treatment Plant (STP) was yet to be constructed, as stipulated, resulting in discharge of untreated sewerage into large drain, which was against the Environmental Protection Act 1986. In case of "Construction of Medical College with Teaching Hospital" in Mewat, Haryana, the Board released (18 November 2010) two instalments of loan amounting to ₹113.33 crore, despite environmental clearance and conversion of land use etc being pending. The project which was to be completed by May 2011 was completed in May 2015.

- In two projects funds were released despite non-availability of land with IAs. In cases of "Alwar Water Supply Upgradation Project" and "Water Supply Scheme for Nalhar Medical College and Nuh Town" the Board did not ensure availability of requisite land prior to releasing the loan of ₹43.72 crore and ₹90.13 crore, respectively. The projects which were to be completed by November 2016 and August 2016, respectively, are yet to be completed (June 2019).

- In two projects, there was absence of agreement/relevant clauses to protect financial interest of the Board. In case of "Improvement by way of four laning of five roads in Rewari" the project which was to be completed by November 2010 was completed in February 2016. However, no liquidated damages were levied as there was no such clause in the loan agreement. In case of "Multi Modal Transit Centre (MMTC) projects at Sarai Kale Khan and Anand Vihar", no agreement was signed by the Board with GNCTD and the project was non-starter due to which commitment charges paid (₹69.96 lakh) to Asian Development Bank (ADB) on undisbursed loan could not be recovered from GNCTD.

- In a case of Construction of Multi-story office building at Karkardooma Institutional Area at Shahdara South in the NCTD, the Board financed (₹76.24 crore) the project for office building which was not covered under any elements of the RP 2021. The Board had released ₹20 crore in September 2014 and the stipulated date of completion of project was September 2016 but the work was awarded in the month of October 2017 and the same is yet to be completed (June 2019).

Delay and non-completion of projects not only highlights poor implementation and monitoring of the projects by the Board but has also denied envisaged benefits to the general public. The details of the audit finding are in **Annexure-III.**

4.1.7 Conclusion

Objectives of the Board include coordinating and monitoring the implementation of the RP; and evolving harmonised policies for control of land uses and developing

infrastructure in the region so as to avoid any haphazard development of the region. Audit noticed that the Board was unable to accomplish either of the two objectives.

A coordinated approach for regional development could not be ensured by the Board as the SRPs were not finalised in time by all participating states. Approval of Master/ Development Plan of various towns in the sub regions was not ensured.

Although the Board has prescribed the land use policy in the RP 2021, it does not have the corresponding powers to enforce these policies. Despite Court directive, the Board was not approving the change of land uses.

The loan disbursement function was not very active as most of the funds were parked as FDRs. While disbursing loans, the Board could not ensure fulfillment of necessary conditions as brought out in the report. As such, the Board could not play an effective role in ensuring harmonised and balanced development of the NCR.

4.1.8 Recommendations

- The Board should review the RP once every five years, as mandated. For an effective and integrated planning, all the plans in the hierarchy should be prepared in a stipulated timeframe and the Board should review, examine and approve the Master/Development Plans for better integration of plans.

- For effective monitoring of the violation of RP, an independent and credible mechanism should be established and all the development projects in the region may be monitored by the Board.

- For better coordination and monitoring of implementation of policies and proposals of RP, statutory meetings of the Board and all consciously constituted committees should be held within the stipulated time frame and the NCRPMCs may be made more performance oriented.

- Delineation of NCZ by each participating State, based on detailed ground truthing along with verification of state revenue records may be conducted in a time bound manner.

- Funds available to the Board should be utilised for the purpose of granting of loans to the participating states and not for investment in FDRs.

Central Public Works Department

4.2 Deficiencies in implementing the work relating to construction of residential quarters for the Staff and Officers of Lok Sabha Secretariat (LSS), R.K. Puram, New Delhi

CPWD accorded various extensions to the work without taking any concrete action to recover penalty despite a delay of more than 29 months in execution of the work. Delay of a substantial part of time was caused due to lapses on the part of CPWD also.

For construction of residential quarters for the Staff and Officers of Lok Sabha Secretariat (LSS) at Sector-II, R. K. Puram, New Delhi, foundation stone laying ceremony was held on 7 April 2008. Central Public Works Department (CPWD) submitted the Preliminary Estimates (PE) for the project amounting to ₹76.39 crore in October 2009 wherein the completion period for the project was stated as 24 months. PE contained estimates for the construction of 32 residential quarters each of Type II and III, 72 residential quarters of Type IV and 48 residential quarters of Type V along with servant quarters etc.

Administrative Approval and Expenditure Sanction (AA&ES) was accorded by the LSS on 18 March 2010 and the composite tender for the main work, containing civil as well as electrical portions, was called for in February 2011. A pre-bid conference was held on 3 March 2011 and the financial bids were opened on 4 May 2011. In June 2011, the tender for the main civil construction work was awarded to M/s Winner Construction Private Limited on their tendered amount of ₹48.05 crore (9.38 *per cent* above the estimated cost of ₹43.93 crore). The stipulated date of start and completion was 7 July 2011 and 6 November 2012, respectively.

Besides the main construction work, 31 agreements under civil and 15 agreements relating to electrical works were also entered into by CPWD for the above project. Out of these, six works of civil and five works of electrical were selected for detailed scrutiny by Audit.

During the scrutiny of records, Audit observed the following:

4.2.1 Delay in achievement of milestones in civil construction work

The main civil construction work was started on 7 July 2011 and was divided into ten milestones, with last milestone proposed for completion within 16 months from stipulated date of start of work viz. 6 November 2012.

Examination of records revealed that there were substantial delays in work and only two of the given milestones, that were to be completed within 6.5 months from start of work, were achieved by the contractor on time and CPWD rescheduled the milestones on 15 May 2012 with the completion of tenth milestone being shifted from 6 November 2012 to 6 March 2013. However, even the revised milestone of March 2013 was not achieved. CPWD kept according time extensions to the contractor without taking any concrete action to levy penalty. Last extension was granted till 30 April 2015. The work was completed on 24 April 2015, more than 29 months late from the initial scheduled completion date.

As per communication of CPWD to the contractor, there was an overall delay of 899 days in execution of the Project. Out of these 899 days, a delay of 303 days (33 *per cent*) was termed 'justified' by CPWD which indicates that this was the delay on the part of CPWD. Various delays recorded in hindrance register of CPWD that were attributable to CPWD were delay in the works like non-availability of structural and architectural drawings of basement block from 7 July 2011 to 22 February 2012, non-availability of proper layout of piles for Type-V quarters from 15 July 2011 to 8 September 2011, non-availability of piling caps reinforcement details for Type V/III/II quarters from 1 October 2011 to 4

November 2011, non-availability of budget from 12 November 2012 to 13 February 2013, etc.

As per Clause 2 of the agreement for the main civil construction work, if the contractor fails to maintain the required progress in terms of Clause 5 or to complete the site on or before the contract or extended date of completion, contractor would be liable to pay compensation at the rate of 1.50 *per cent* per month of delay subject to a limit of 10 *per cent* of the tendered value of work. A penalty of ₹4.81 crore was levied by CPWD on the contractor however, the same was turned down by the Arbitrator mainly on the grounds that operation of Clause 2 was possible only when the work remained incomplete on extended date under Clause 5. Hence, when the work was completed within the time as extended by CPWD under Clause 5, no compensation can be levied under Clause 2 and hence, levying of compensation under Clause 2 was held to be illegal.

Scrutiny of records showed that penalty under Clause 2 of the agreement was levied by CPWD only after work was completed and post-inauguration of the building premises instead of levying penalty under Clause 2 of the agreement immediately after it became evident that the contractor was unable to achieve the milestones/revised milestones. CPWD took no concrete action and kept on according extensions till 30 April 2015.

In reply (June 2017) CPWD stated that the work was to be completed by 6 November 2012 but the contractor failed to maintain the progress of work due to poor workmanship, mismanagement, inadequate machineries, labour material etc. CPWD further stated that the civil work was completed on 24 April 2015 against the stipulated date of completion as 6 November 2012. The extension of time was granted with levy of compensation for ₹4.81 crore under Clause 2 of the agreement.

CPWD further stated (November 2018) that there were hindrances from client department and the site conditions. It further stated that design and drawings for covering *Nallah* was the main reason for delay in work.

CPWD also stated (July 2019) that it took immediate action by imposing levy of compensation amounting to ₹4.81 crore. It further took legal advice to challenge the decision of arbitration. However, legal authorities opined that arbitration award is not challengeable therefore, withheld amount had to be refunded.

The reply of CPWD needs to be viewed against the fact that penalty on account of Clause 2 of the agreement had been levied only after inauguration of project which was turned down by the Hon'ble Arbitrator in their judgement as mentioned above. Moreover, arbitration award was not found challengeable. So far as delay due to covering of *Nallah* was concerned, this work was completed much before the start of this project in April 2010[3].

[3] ***Though this project was awarded in June 2011, some pre-construction activities were going on even before that.***

4.2.2 Non-compliance to composite tender norms

As per para 15.4 of CPWD Works Manual 2010, system of composite tendering was to be followed for all kind of building works (irrespective of cost) which would include components of all internal electric installation and some other internal works. In case of works costing up to ₹10 crore, the Additional Director General (ADG) in-charge of the region might dispense with the system of composite tender on case to case basis and on the recommendations of Zonal Chief Engineer. System of composite tendering is to be followed for all kind of building works costing more than ₹10 crore.

Audit scrutiny revealed that the CPWD had split the AA/ES for the Type II to V quarters, amounting to ₹76.39 crore into 18 civil works and 15 electrical works during 2011-12 to 2015-16 though many of these works could have been included within the main work like modular kitchen, steel cup boards, fixing stainless steel railing and floor tiles for sands for physically challenged etc.

The splitting of work shows that the planning for the entire work was not handled effectively. Further, Audit also did not find any records wherein approval of competent authority (ADG), had been taken for splitting the work. Splitting of work not only resulted in violation of codal provisions in the works manual, but may also have delayed the execution of work since these works had overlapping timelines and initialisation of any one work was dependent upon the completion of another related work.

In the reply (June 2017 and November 2018) CPWD stated, that the department had got executed those works which were not in the scope of the agreement and as per site requirement and on requisition/sanction of the client department (LSS). There were no splitting of works and all works were awarded by calling tenders and with no undue benefit given to any contractor.

CPWD also stated (July 2019), that contractor was not able to cope-up with the progress of work. Action was initiated by the department to get the work executed through other agencies at the risk and cost of original contractor. Construction of boundary wall, modular kitchen in servants quarters and covering of remaining portion of *Nallah* behind Ayappa temple were executed against separate AA&ESs.

The reply of CPWD is not acceptable as all the sanctions would have been given by client department (LSS) as per Preliminary Estimate framed by CPWD or on the basis of requirement floated by CPWD. CPWD did not cover all segments required and floated repeated tenders. In respect of electric works also, 15 agreements for electrical work could have been done in one composite tender. Further, executing work at the risk and cost of main contractor has no relation with composite tender system not being followed. Audit has only pointed out non-compliance of composite tendering in respect of 18 civil agreements, which were executed under one AA/ES (₹76.39 crore). The works/agreements cited by CPWD in their reply are beyond 18 civil agreements.

4.2.3 Execution of works as extra items instead of their inclusion in the main agreement

As per para 4.2.1 (2) CPWD Works Manual 2010, detailed estimate should be prepared as comprehensively as possible for all works to be undertaken. However, during the examination of the records, it was seen that many items, which should have been included in the main agreement for construction were got executed as extra items by the contractor, thereby giving undue advantage to the agency by allowing it to claim reimbursement for these additional items at market rates. The details of major extra items are given in **Annexure-IV**.

For carrying out the work related to various extra items such as providing and applying white cement based putty over the plastered wall surface, providing and fixing M.S. grills of required pattern in frames of window, priming coat with approved steel primer all complete, Core cutting on RCC walls, floors and roofs slab etc, a total payment of ₹1.65 crore was made to the contractor at market rates.

CPWD replied (June 2017 and November 2018) that extra items allowed were required to be executed essentially as per site requirement and these were executed vide provisions in Clause 12 of the agreement, which deals with execution of extra items (new items) at market rates. These were sanctioned by the Competent Authority and expenditure on additional items was within AA&ES.

CPWD also stated (July 2019) that estimation of work is always a broad idea. Actual site conditions varies from the estimated, hence need of extra items arises.

The reply of CPWD needs to be viewed against the fact that nature of works mentioned in **Annexure-IV** shows that these could very well have been included in the main agreement, and thereby payment for these items on market rate could have been avoided.

4.2.4 Non-levy of penalty for non-furnishing of progress report by contractor

As per para 16 (v) of General Conditions for Civil Works, of the agreement, contractor was to give the Engineer-in-Charge on fifth day of each month, a progress report in MS Project with base line programme for the work done during the previous month. A recovery of ₹2,000 was to be made on per day basis in case of delay in submission of the above programme.

However, scrutiny of records revealed that since the commencement of work (July 2011) till the actual completion of the work (April 2015), no monthly progress report in MS project was submitted by the contractor to CPWD except for the month of July 2011. There was a delay of 1118 days[4], which attract penalty of ₹22,36,000 (@ ₹2000 per day).

Non-submission of monthly progress report by contractor shows poor monitoring on the part of CPWD especially in view of the fact that there was an overall delay of 899 days in the completion of the project.

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[4] ***Considering number of days in each month after fifth day of every month since September 2011 to April 2015.***

In reply (June 2017 and November 2018) CPWD stated that it appears from the records available that the Programme Chart in MS Project software were submitted by the contractor from time to time as stipulated in the contract. The penalty/levy for delayed completion of work maximum at 10 *per cent* of the tendered amount which works out to ₹4.81 crore was imposed under Clause 2 of the agreement and recovered from the final bill. In their recent reply (June 2019) CPWD stated that no such report is traceable in the record available with this Division office and the information may be treated as 'NIL'.

CPWD replies indicated that the claim that, the contractor provided reports from time to time as per the agreement was not true and was an additional proof that CPWD did not monitor even receipt of these documents.

In further reply (July 2019), CPWD stated that as per terms of the contract, once the progress report is submitted in required format, penalty is not imposable.

The reply of CPWD is not acceptable as document given in support of their reply showed that these only indicate estimated timeline for completion of work and do not include any details of progress made. Besides being in non-conformity of the agreement clause, non-submission of monthly progress reports by the contractor also pointed to lack of proper monitoring on the part of CPWD. Regarding imposing penalty of ₹4.81 crore, this has already been turned down by the arbitrator as already mentioned in para 4.2.1 and legal authorities in CPWD also found that decision of arbitration regarding turning down of levy of penalty was unchallengeable. As progress report only for the month of July 2011 was submitted by the contractor, penalty on account of non-submission of Progress Report for remaining months (August 2011 to April 2015) should have been levied by CPWD.

4.2.5 Award of tenders by electrical division without site clearance

Tender for the work "Providing Sprinkler and Down-Comer System" was awarded on 11 March 2013 to M/s Sai Fire Appliances Pvt. Ltd. at a tendered cost of ₹80.22 lakh. As per site order book, CPWD handed over the site to the contractor on 18 March 2013 and a period of six months was given to the contractor for completing the work with stipulated date of completion being 17 September 2013. CPWD directed the contractor to supply material on site on 27 June 2013 and 19 October 2013 and made part payment to the contractor for this material through first and second running bill of ₹12.03 lakh (8 July 2013) and ₹10.33 lakh (31 August 2013).

Scrutiny of records revealed that the work at site could begin only after a delay of seven months on 16 November 2013 and was completed on 16 December 2014 i.e. 15 months after the stipulated date of completion (September 2013). It was observed by Audit that the work could not begin on time since there were hindrances of 459 days (in five spells) which led to work at site being obstructed. These hindrances were mainly caused due to the contractor for the civil work not being able to complete the work on time.

Thus, without hindrance-free site being available, tender was called for and awarded by CPWD for electrical work and a payment of ₹22.36 lakh (₹12.03 lakh and ₹10.33 lakh) was made to the contractor for bringing material to the site which was not fully available. Besides being financially imprudent, this also showed lack of coordination between the Civil and the Electrical divisions of CPWD.

CPWD replied (June 2017 and November 2018) that the contractor brought the fire-fighting materials to the site but due to non-availability of site, the equipment could not be installed and payment was made to him by CPWD for procuring and bringing materials to the site for installation. CPWD also stated (July 2019) that the tender for the work was floated in anticipation of site clearance.

CPWD accepted that civil contractor failed to maintain the progress of work. Thus, awarding of tenders by Electrical Division much in advance without availability of site was not in order.

Thus, it can be seen that a work which was scheduled to be completed within 16 months took more than 45 months to complete. Despite claims of CPWD that delays were attributable to contractor, it could not recover any penalty from the contractor. Deficiencies on the part of CPWD included delays in providing of drawings, non-compliance to various provisions of CPWD manual, deficient monitoring of work, lack of co-ordination in works of different divisions etc. Hence, CPWD needs to improve its system of execution as well as monitoring of works, so that timely action is taken to impose penalties in case of delays/laxity on the part of contractors and to take mid-course corrective actions to avoid recurrence of cases of such delays in future.

4.2.6 Recommendations

- Tender should be floated/awarded after getting site clearance for better financial management.
- Provision of CPWD manual regarding composite tendering should be followed scrupulously, to avoid delays and overlapping timelines.
- CPWD provisions relating to preparation of detailed comprehensive estimate should be adhered to strictly, to avoid excess payment at market rates.
- Monitoring of work of contractors should be done continuously and action to recover penalties, wherever applicable, should be initiated in time.

The matter was referred to the Ministry in October 2018; their reply was still awaited (September 2019).

4.3 Excess payment of ₹1.36 crore to the contractor

An excess payment of ₹1.36 crore was made to the contractor due to adoption of wrong price index for calculation of escalations on cement and steel.

Clause 10 CA of the Central Public Works Department (CPWD) Works Manual, provided for varying the amount of contract due to increase or decrease in prices of various materials pertaining to the work. This clause is applicable for allowing adjustment in cost of work due to variation in prices of costly materials constituting substantial part of the work. The authority inviting tenders, could consider bringing material like cement, steel reinforcement bars, structural steel, etc. under the ambit of this clause.

As per Office Memorandum (OM) dated 14 October 2008, issued by Director General of Works (DGW), CPWD, the base price for calculating escalations in respect of cement, steel reinforcement bars and structural steel would be the price index as issued by the

DGW, as valid on the last date of receipt of tenders including extension, if any. Further, OM dated 31 December 2008 issued by the DGW, made it mandatory to mention the base price of all materials covered under Clause 10 CA at the time of approval of Notice Inviting Tender (NIT).

CPWD approved (November 2008) an NIT for the work 'Construction of 400 Type III quarters including internal water supply, sanitary installations and internal electrical works' at Dev Nagar, New Delhi. After evaluation of the financial bids, three firms were declared qualified (January 2009) by the competent authority. The firms were asked to submit modified financial bids as the earlier financial bids, which were lying unopened, were received prior to issue of OM dated 31 December 2008. Last date for submission of modified financial bids was 7 February 2009. The lowest bidder M/s Unity Infra Projects Limited was requested (August 2009) to take possession of site and start the work. The negotiated cost of the project was ₹72.20 crore. The stipulated date of completion of work was 18 August 2011. Cost escalations in this NIT were covered under Clause 10 CA.

Scrutiny of records in audit revealed that subsequent to the issuing of the OM dated 31 December 2008, a modified NIT was issued (21 January 2009) for the work. This modified NIT specifically mentioned the base price of items to be covered under the ambit of the escalation clause for cement, steel reinforcement bars and structural steel.

Scrutiny of records in audit revealed that while the base prices mentioned in the modified NIT were as per the base prices issued by the DGW on 12 January 2009 which were prevailing on the last date of receipt of tender, however, the price indices considered for calculating the escalation were those prevailing on 13 February 2009 i.e. after last date of receipt of tenders. The price index issued by the DGW for these base prices, although not mentioned in the NIT was different from the price index on which escalations were worked out by CPWD as shown in the Table 4.1 below:

Table 4.1: The Price Index on last date of receipt of tender and Price Index considered for escalations by CPWD

Material	Price index issued by the DGW and prevailing at the time of last date of receipt of tenders	Price index considered by the CPWD for computation of escalations
Cement	95.00	94.53
Steel Reinforcement Bars	112.00	103.00
Structural Steel	105.00	104.00

The work was completed on 23 November 2013. Based on the escalation statements (August 2009 to May 2013), CPWD paid ₹3.08 crore[5] to the Contractor for escalations on account of increase in the prices of Cement and Steel for the work. However, in October 2014, CPWD revised the escalations to ₹3.05 crore[6] and ₹3.53 lakh was adjusted (January 2015) in the final bill.

[5] ***Cement ₹79,65, 072 + Steel Reinforcement Bars ₹2,03,52,463 + Structural Steel ₹25,10,542***
[6] ***Cement ₹78, 33,677 + Steel Reinforcement Bars ₹2,07,64,745 + Structural Steel ₹18,76,019***

Audit calculated the escalation and observed that as per the applicable index on the last date of receipt of tender, only ₹1.69 crore was payable to the contractor. Therefore, by considering a price index, not prevailing at the time of last date of receipt of tender, in contravention of the OM dated 31 December 2008, an excess payment of ₹1.36 crore was made to the contractor on account of wrong calculation of escalations on cement and steel.

Accepting the audit observations, CPWD stated (September 2017/July 2018) that all efforts were being made to recover the said amount from the contractor.

However, after reporting the matter to the Ministry of Housing and Urban Affairs in July 2018, CPWD contrary to their earlier replies, stated (November 2018) that indices of February 2009 have been correctly adopted since the last date of receipt of tender was 7 February 2009 and indices of material issued on 13 February 2009 were applicable for the whole of the month of February 2009 i.e. from 1 February 2009.

Above reply is not acceptable in view of the following:

- Considering a price index, not prevailing at the time of last date of receipt of tender, is in contravention of the OM dated 31 December 2008 as per which price index as valid on the last stipulated date of receipt of tenders has to be considered. An index issued on 13 February 2009 cannot be said to be valid on 7 February 2009, which was last date of receipt of tender.
- In the subsequent years, CPWD has defined the index which has to be considered as the base for working out the escalation as the price index for cement, steel reinforcement bars, structural steel and POL as issued by the DG, CPWD and corresponding to the time of base price of respective material indicated in Schedule 'F'. As base prices mentioned in that Schedule were corresponding to price index issued on 12 January 2009, adopting price index of 13 February 2009 was not correct.

Hence, adoption of a wrong price index for working out escalation by the CPWD resulted in excess payment of ₹1.36 crore to the contractor.

The matter was referred to the Ministry in July 2018; their reply was still awaited (September 2019).

Directorate of Printing

4.4 Avoidable payment of electricity charges - ₹1.88 crore

It was observed that actual consumption of electricity in terms of the Contract Demand during the period 2007-08 to 2017-18 was persistently lower, in Government of India presses (Minto Road and Mayapuri) than the Contract Demand agreed upon. As a result, the above two presses had to incur avoidable expenditure of ₹1.88 crore.

As per Delhi Electricity Regulatory Commission (DERC) (Performance Standards – Metering & Billing) Regulations 2002, the application for load reduction shall be

accepted after two years from the original sanction. Subsequently, modified Regulations in April 2007 also contained a similar provision for load reduction in respect of connections having load above 100 Kilo Watt (KW). These regulations defined 'Contract Demand' as the demand in KVA (Kilo Volt Ampere) as provided in supply agreement, for which the licensee makes specific commitment to supply from time to time subject to the governing conditions. The Demand Charges meant the amount chargeable for the billing cycle or billing period based upon the Billing Demand in KVA where Billing Demand for the purpose of billing meant the highest of (i) the Contract Demand (ii) the Maximum Demand Indicator (MDI) by the meter during the billing cycle, or (iii) the sanctioned load wherever Contract Demand had not been provided in the supply agreement. Thus, in cases where actual utilised Contract Demand was lesser than the agreed Contract Demand, the payment was to be made for the full Contract Demand as per the agreement entered upon.

During audit of two Government of India Presses (GIPs) situated in New Delhi, GIP, Minto Road and GIP, Mayapuri, it was observed that actual consumption of electricity in terms of the Contract Demand during the period 2007-08 to 2017-18 was persistently lower, in both the Presses, than the Contract Demand agreed upon, as a result of which GIPs had to incur avoidable expenditure of ₹1.88 crore as per details given below:

4.4.1 Government of India Press, Minto Road, New Delhi- (GIP, MR)

An electricity supply agreement was entered by the GIP, MR on 28 September 1985 with M/s Delhi Electric Supply Undertaking, Municipal Corporation of Delhi (distribution transferred to M/s BSES Yamuna Power Limited from 2004) for supply of electricity of Contract Demand of 1000 KVA (HT 11KV). The connection at the GIP, MR was sanctioned in the tariff category of Non-Domestic-HT (High Tension) with supply type "HT (11KV)".

Audit analysis of electricity bills made available by the GIP, MR for the period April 2007 to March 2018 revealed that consumption ranged between 132 KVA to 396 KVA only. Hence, Contract Demand ranging between 604 KVA to 868 KVA out of 1000 KVA remained unutilised. Consumption was less than 350 KVA in 127 months out of 132 months of the period audited. Therefore, on a conservative basis, 350 KVA of Contract Demand was sufficient, for the GIP, MR. Thus, Contract Demand of 650 KVA remained unutilised in each month. However, as per the rules of DERC, the avoidable charges had to be paid for the entire Contract Demand resulting in avoidable payment of ₹1.16 crore.

The issue was referred to the Management of GIP, MR in July 2017 and again in August 2018. In reply, the Management stated (June 2018) that they had written (August 2017) to the Executive Engineer (Electrical) of CPWD and requested for re-assessment of load.

In November 2018, the Management replied that contract demand could not be utilised due to less number of operative staff and frequent breakdown of machinery. They further stated that after being brought into notice by the Audit, action was initiated in August 2017 and application for reduction of load to 250 KW/KVA has been submitted to M/s BSES Yamuna Power Ltd. in October 2018. In the subsequent reply (January 2019), the Management stated that the sanctioned load has been reduced from 916 KW to 250 KW from the month of November 2018.

4.4.2 Government of India Press, Mayapuri, New Delhi

The Government of India Press, Mayapuri (GIP, MP) had also taken a Contract Demand of 802 KVA from M/s BSES Rajdhani Power Limited. Scrutiny of electricity bills for the period April 2007 to March 2018 revealed that the actual consumption was between 120 KVA to 456 KVA only. Actual consumption was less than 400 KVA in 120 months out of 132 months. Therefore, around 50 *per cent* Contract Demand remained unutilised during the period of audit analysis from April 2007 to March 2018. However, as per the rules of DERC, the avoidable charges had to be paid for entire Contract Demand resulting in avoidable payment of ₹0.72 crore.

The issue was brought to the notice of GIP, MP in September 2017, June 2018 and October 2018. In reply, the Management stated (March 2018) that after approval from the Directorate of Printing, Ministry of Housing and Urban Affairs, (the Ministry) M/s BSES Rajdhani Power Limited had been requested (March 2018) to grant approval for reduced Contract Demand of 400 KVA. In October 2018, the Management replied that Contract Demand had been reduced to 400 KVA.

The replies of the Management confirmed the fact that excess Contract Demand existed in both the GIPs for more than 10 years. This resulted in avoidable recurring expenditure of ₹1.88 crore (₹1.16 crore plus ₹0.72 crore) during the period April 2007 to March 2018 as per details in **Annexure-V.** The instances of avoidable payment mentioned in the audit observation are those which were observed in two GIPs located in Delhi. Besides these, the Ministry has 10 other GIPs located in Delhi and elsewhere in India. The Ministry may ensure that occurrences of similar instances are examined and verified again to obviate the possibility of similar irregularities.

The matter was referred to the Ministry in October 2018; their reply was still awaited (September 2019).

4.5 Non-recovery of dues of printing charges amounting to ₹94.74 crore

Due to lack of effective monitoring mechanism for recovery of dues, the Directorate of Printing could not recover printing charges which had accumulated to the extent of ₹94.74 crore as on 31 March 2018 and were outstanding for a period up to 41 years.

The Directorate of Printing (DoP), an attached office of the Ministry of Housing and Urban Affairs (the Ministry) is responsible for executing printing jobs of all the Ministries/Departments of Government of India along with printing of publications and forms of various Ministries/Departments. Presently, 12 Government of India Presses including Government of India Press, Ring Road, Mayapuri, New Delhi (GIP) are functioning under the administrative control of DoP. After executing the printing job, the cost of printing is realised from the indenters by raising printing cost bills on the basis of costing system based upon Proforma Accounts approved by the DoP. GIP caters to the printing requirement of various Government Ministries and Departments including State Government of National Capital Territory of Delhi (GNCTD), various autonomous bodies, Public Sector Undertakings etc.

Audit of the GIP is taken up regularly and the issue of non-recovery of printing charges has been raised in audit many times. This audit was undertaken to derive an assurance that GIP was effectively pursuing the cases of non-recovery of dues. Scrutiny of the records of GIP revealed as under:

4.5.1 Increasing trend in outstanding printing charges year by year

As of March 2018, GIP had to recover printing charges of ₹94.74 crore from various entities. It was noticed that the outstanding amount at the end of the year had been increasing (except in 2017-18) as shown in Table 4.2:

Table 4.2: Outstanding printing charges during the period 2012-13 to 2017-18

(₹ in lakh)

Sl. No.	Year	Opening Balance	Bills raised	Less/add bills revised during the year for previous/ current year	Total amount recoverable	Amount recovered	Outstanding printing charges
1.	2012-13	4,628.83	4,032.62	-11.82	8,649.63	2,905.30	5,744.33
2.	2013-14	5,744.33	3,914.42	-7.43	9,651.32	2,703.80	6,947.52
3.	2014-15	6,947.52	4,790.46	-53.31	11,684.67	2,699.15	8,985.52
4.	2015-16	8,985.52	3,469.27	4.51	12,459.31	3,048.32	9,410.99
5.	2016-17	9,410.99	2,106.71	0.25	11,517.95	1,863.33	9,654.62
6.	2017-18	9,654.62	2,756.86	-2.69	12,408.79	2,934.62	9,474.17

Further, year-wise details of outstanding printing charges as on 31 March 2018 are given in **Annexure-VI**. Age-wise analysis of the outstanding printing charges revealed that ₹2.05 crore and ₹2.70 crore pertained to the period 1976-77 to 1989-90 and 1990-91 to 1999-2000 respectively and was therefore more than 18 years to 41 years old.

4.5.2 GIP failed to recover recent as well as old printing charges

Out of total outstanding printing charges of ₹5.35 crore up to the year 2000-01, the GIP failed to recover any amount till 2015-16 to 2016-17. Similarly, against the outstanding printing charges of ₹3.12 crore for the period 2001-02 to 2004-05, an amount of ₹0.10 lakh i.e. 0.03 *per cent* was recovered. Further, recovery of outstanding printing charges during 2015-16 to 2016-17 in respect of printing charges pertaining to the period 2005-06 to 2014-15 was also not very satisfactory as against the outstanding amount of ₹81.37 crore, an amount of ₹39.05 crore was recovered during 2015-16 to 2016-17. During 2017-18 also, GIP could not recover dues for the period upto 2003-04 except ₹3,714 for the year 1997-98. Nothing was recovered out of ₹1.66 crore due for the year 2012-13 and meager amount of ₹0.19 crore (0.69 *per cent*) was recovered out of ₹28.49 crore due for 2015-16.

Thus, GIP not only failed to recover the long outstanding printing charges pertaining to 11 years to 41 years ago but also failed to recover printing charges pertaining to a comparatively recent period of less than 10 years old.

4.5.3 Non-achievement of targets set for recovery of outstanding dues

Though targets were fixed for recovery of printing charges, the achievement there against always remained low since 2012-13, as shown in Table 4.3 below:

Table 4.3: Targets and achievements in respect of recovery of printing charges

(₹ in crore)

Sl. No.	Year	Target	Achievement	Achievement in percentage
1.	2012-13	37.31	29.05	78
2.	2013-14	45.73	27.03	59
3.	2014-15	52.06	26.99	52
4.	2015-16	66.95	30.48	46
5.	2016-17	Not furnished	18.63	-
6.	2017-18	59.00	29.34	50

4.5.4 Long outstanding printing charges of ₹5.01 crore from GNCTD

Entity-wise details of printing charges to be recovered as of 31 March 2018 are shown in **Annexure-VII**. A perusal of Annexure VII revealed that ₹5.01 crore was outstanding from the GNCTD as on 31 March 2018. Audit noticed that printing charges of ₹0.31 crore pertained to a period ranging from 28 years to 41 years ago while ₹0.77 crore pertained to those of 7 years to 27 years ago as shown in **Annexure-VIII**. This indicates that GIP failed to recover huge amount for a very long period from the Government/Department which does not directly come under any Ministry/Department.

4.5.5 Lack of pursuance for recovery of outstanding printing charges

In April 2016, DoP conveyed to all Government of India Presses that the Ministry had directed that some extra efforts should be made to recover the huge old outstanding amount by personally contacting the indenting departments/offices. The Head/Officer-in-charge of GIP was, therefore, advised to depute two officials from the present strength of the Press who may efficiently perform the job of making the recoveries from the indenters by visiting their places and sorting out the problems/ difficulties in making the payment by them to fast track the recoveries. DoP further desired that the status report/ progress may be intimated to DoP on a fortnightly basis.

Accordingly, GIP constituted (June 2016) a team of two officials and a sub-team for recovery of outstanding printing charges from various indenters. However, despite constitution of team there was no considerable reduction in the outstanding dues. Further, audit scrutiny revealed that though GIP was forwarding the fortnightly status report/ progress, no action was being taken on these reports in DoP and these were simply being filed. In the absence of any further action or intimation to higher authorities, these reports didn't serve any fruitful purpose.

The matter was referred to DoP in August 2018. While admitting that due to non-availability of old records, the Press was unable to provide duplicate bills to Ministries/ Departments from 1976 to 2006, DoP in its reply (October 2018) stated that:

(a) Up to the year 2006, the Press adopted dual system of bill raising i.e. 'Provisional Bills' (raised on the approved rate available in the Press at that time to all Ministries/ Departments for their current indent year) and Final Bills (as per revised approved 'Common Hourly Rates' of the concerned year, based on audited 'Proforma Accounts' of the Press when such work was executed). It further stated that the Ministries/ Departments were reluctant to make payment of their printing indents twice, hence no recovery was made of final bills raised on the Ministries/Departments and this resulted in accumulation of huge printing charges.

(b) The total amount of bills raised in a year was not fully recovered from different Ministries/Departments due to non-availability of adequate funds for payments with them, which had resulted in accumulation of printing charges amount every year.

(c) Due to continuous steps taken by the Press, the outstanding printing charges from GNCTD had come down from ₹5.32 crore as on 31 March 2017 to ₹5.01 crore as on 31 March 2018.

(d) The efforts to recover the printing charges were still continuing and the Press had constituted a fresh team of officials by allocating Ministries/Departments. The raising of the printing charges bills and its realisation was a continuous process and the Press and DoP was making all efforts to recover the outstanding printing charges.

The reply of the DoP is not acceptable since:

(a) The dual system of billing was stopped/ discontinued after 2006. Despite that, the Press failed to recover the printing charges for the subsequent years and the amount recovered always remained less than the amount of bills raised, as brought out by Audit.

(b) It was the responsibility of the indenting Ministries/Departments to obtain the budget provision for their printing needs. Non-availability of funds with them cannot be accepted as a valid justification for non-recovery of the printing charges by DoP.

(c) The marginal recovery of ₹0.31 crore made during 2017-18 from GNCTD cannot be considered as a substantial achievement in recovery of outstanding dues.

Thus, due to lack of an effective mechanism for monitoring of the recovery of printing charges, the DoP could not recover printing charges of ₹94.74 crore as of March 2018 which were outstanding for a period up to 41 years.

The matter was referred to the Ministry in October 2018; their reply was still awaited (September 2019).

4.6 Avoidable expenditure on account of payment of water charges

Avoidable expenditure of ₹1.65 crore on account of payment of water charges on behalf of occupants of quarters during April 2012 to March 2018 and its irregular payment from the head 'Office Expenses' by Government of India Press, Mayapuri.

The Government of India Press (GIP), Ring Road, Mayapuri, New Delhi, under the administrative control of Directorate of Printing (DoP), Ministry of Housing and Urban Affairs (the Ministry), had 601 quarters under Type I to IV, and one Manager Bungalow since 1972. In July 2005, 182 quarters[7] were declared surplus and surrendered to Directorate of Estates (DoE) for allotment under "General Pool" Category.

GIP colony had a single water connection from Delhi Jal Board (DJB) and water was supplied to all quarters through pump house/overhead tank of GIP.

During audit, records pertaining to the period 2012-13 to 2017-18 were examined though GIP continues to pay water charges to DJB since 1972. In this regard, Audit observed the following:

- Water charges were paid by GIP in respect of all the 601 quarters under the head 'Office Expenses'. GIP paid ₹2.09 crore to DJB as water charges during April 2012 to March 2018 in respect of all the 601 quarters. Of this, an amount of ₹0.63 crore[8] (approx.) was paid in respect of the 182 quarters that were surrendered to DoE in 2005 and no amount could be recovered from the occupants of the surrendered quarters.

- GIP fixed the rate of charges to be recovered from allottees of staff quarters without taking into consideration the actual payment made to DJB. Thus, of the amount of ₹1.46 crore[9] approx. on account of 419 quarters allotted to the staff of GIP, only an amount of ₹0.44 crore could be recovered from the staff during April 2012 to March 2018. Thus, there was under recovery of ₹1.02 crore approx. from the staff on account of water charges.

- Delegation of Financial Powers Rules (DFPR) (Rule 8) stipulates that 'Office Expenses' will include all contingent expenses for running an office and Rule 26 (ii) of General Financial Rules (GFR) 2005 and 2017 prescribed that funds be used for the purpose for which they were provided. In view of these, the payment of ₹2.09 crore on account of water charges for staff quarters from the head 'Office Expenses' was unauthorised and in violation of the provisions of DFPR and GFR.

The Directorate of Printing (DoP) stated (October 2018) that consolidated water charges bill for bulk supply was raised by DJB in the name of GIP and therefore, payment had to be made even in respect of the 182 quarters surrendered in 2005 to avoid penalty/disconnection. It also stated that despite correspondence with DoE and CPWD, no fruitful result could be achieved regarding non-recovery of water charges in respect of the 182 surrendered quarters. Similarly, separate water meters could not be installed by

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[7] *(122 Type-I and 60 Type-II)*

[8] *In the absence of details of actual payment made to DJB for each type of quarter, total amount of payment made has been apportioned uniformly to 601 quarters. (₹2.09 crore/601)*182 quarters= ₹0.63 crore.*

[9] *(₹2.09 crore/601)*419 quarters = ₹1.46 crore*

DJB despite taking up the matter time and again. DoP also stated that rates of water charges were revised in respect of occupants of GIP w.e.f. July 2018 and recovery was enhanced. DoP further stated that matter was being taken up with DoE/CPWD at Headquarters level and that the Resident Welfare Association of GIP colony also had now taken up the issue of installation of individual meters.

The reply of the DoP may be viewed in light of the following:-

a. Despite surrendering quarters in 2005, no arrangement for recovery from allottees could be made even after a lapse of 13 years since the surrender. In this regard, a joint meeting of Resident Welfare Association, Union representatives and Manager GIP was held in November 2011, to recover water charges from General Pool allottees or their respective offices. Despite this, no recovery from allottees of surrendered quarters was made.

b. GIP, fixed the rate of recovery of water charges from its own staff without taking into consideration the actual payment made to DJB. Despite revision of rate of recovery of water charges from allottees in July 2018, there remained a gap between amount paid to DJB and the amount recovered. During the period July 2018 to January 2019, this gap entailed a loss of ₹9.55 lakh to GIP.

c. GIP took up the issue of installation of individual water meters at the level of Office in-charge and only once at the level of Deputy Director. It is only in 2018 that DoP had decided to take up the matter at Headquarters level. Thus, though the matter was taken up through correspondence with DJB, CPWD and DoE, adequate efforts were not made by GIP to escalate the issue at appropriate higher level in DoP with DoE/the Ministry.

d. The payment of water charges for staff quarters from the head 'Office Expenses' was in contravention to DFPR and GFR rules, but GIP continued to incur the expenditure which was irregular.

Thus, GIP incurred avoidable expenditure of ₹1.65 crore on account of payment of water charges on behalf of occupants of staff quarters due to inadequate action and follow up at appropriate higher levels in DoP with DoE/the Ministry, to make arrangements for installation of individual meters or recovery of charges from the occupants. The incurring of such expenditure from the head 'Office Expenses' was also irregular.

The matter was referred to the Ministry in September 2018; their reply was still awaited (September 2019).

4.7 Reimbursement of fraudulent LTC claims

Employees of Government of India Press, Minto Road claimed and were reimbursed higher amount than they had actually paid for air travels by forging the tickets and misrepresentation of facts. This resulted in reimbursement of non-entitled amount of ₹56.98 lakh to 87 employees test checked in audit. After being pointed out by Audit, an amount of ₹55.59 lakh (including penal interest of ₹13.19 lakh) was recovered from 64 employees out of 87 cases pointed out by Audit. Further a recovery of ₹1.01 crore was made by Department from 143 other employees working in five GoI Presses after re-verifying LTC claims at the instance of Audit.

In terms of an Office Memorandum (OM) issued (June 2010) by the Ministry of Personnel, Public Grievances and Pensions, Government employees were permitted to visit Jammu & Kashmir (J&K) against conversion of Home Town Leave Travel Concession. This OM also allowed non-entitled employees to travel by air from Delhi/Amritsar to any place in J&K by any airline, subject to their entitlement being limited to LTC-80 fare of Air India. Further, OM dated 16 September 2010, allowed the Government employees to avail the services of private airlines for travel to J&K but stipulated that the tickets were to be purchased either directly from airlines or through authorised agents only i.e. M/s Balmer Lawrie & Company, M/s Ashoka Travels & Tour Limited and Indian Railway Catering and Tourism Corporation (IRCTC). Further, in terms of OM dated 26 September 2014, the non-entitled employees were also allowed to travel by air by Air India to (i) Port Blair from Chennai/Kolkata/Bhubaneshwar and (ii) any place in North Eastern Region (NER) from Kolkata/Guwahati.

During test check of 190 out of 634 Leave Travel Concession (LTC) claims raised, during the period 2012-2017, in respect of the employees of Government of India Press (GIP), Minto Road, New Delhi (the Press), it was found that in 87 cases, employees succeeded in receiving non-entitled amount of ₹56.98 lakh from the Government by adopting fraudulent practices whereas in such cases LTC claims were to be rejected. Details of the cases observed in audit are given below:

- **In sixty-nine (69) of the eighty-seven (87) cases, the employees submitted air tickets claiming an amount of ₹50.03 lakh with their LTC bills for reimbursement from the Government. Against these claims Government reimbursed an amount of ₹44.84 lakh to these employees. The air tickets submitted by these employees were cross checked by Audit with the airlines concerned (Air India, Spice Jet, Go Air and Indigo). Examination of details received from the airlines, revealed that these employees had changed the original amounts totaling to ₹24.44 lakh mentioned in the original tickets, to higher amount of ₹50.03 lakh. Further, while submitting these air tickets for reimbursement, the names of unauthorised travel agents through which tickets were booked were found to be deleted. Due to such falsified claims, these employees succeeded in getting reimbursement of ₹44.84 lakh from the Government.**
- **Further, in another five (5) cases out of the eighty-seven (87) cases test checked in audit, although the air tickets were booked through authorised mode, the actual amount of ₹2.43 lakh paid to the airlines was found to be altered to a higher amount of ₹4.35 lakh and the concerned employees succeeded in getting reimbursements which amounted to ₹4.12 lakh against actual payment of ₹2.43 lakh.**

- **As regards remaining 13 employees, air tickets amounting to ₹8.23 lakh were actually booked through unauthorised travel agents but while submitting the LTC claims for reimbursement, the name of unauthorised agents were found to be deleted from the tickets. An amount of ₹8.02 lakh was consequently reimbursed to these employees.**

Thus, forging of the documents and misrepresentation of the facts led to reimbursement of non-entitled amount of ₹56.98 lakh (₹44.84 lakh+₹4.12 lakh+₹8.02 lakh) to 87 employees test checked in audit.

Though the air tickets had sufficient indications that these tickets were forged viz. absence of mode of payment, absence of name of booking agency, amount of service tax not tallying with the base fare shown on the ticket, absence of break up air fare on the tickets, mention of words "under LTC 80 Fare" in the tickets of private airlines etc., but the officials responsible for passing and paying the bills, reimbursed the amount without applying due diligence.

The matter was brought to the notice of the Press and the Directorate of Printing (DoP), controlling office of GIP, Minto Road on 21 May 2018. In response, DoP on 25 May 2018, directed the Press to take immediate action against these LTC fraudulent claimants as per the rules and also to make recovery as pointed out by Audit from the salary of the concerned employees for the month of June 2018. Further, GIP Minto Road intimated (July 2018) that after receipt of audit observation necessary action has been initiated to recover the LTC claims. It further intimated that some employees have approached Hon'ble Central Administrative Tribunal, New Delhi and have obtained stay orders in June 2018. GIP also requested Audit to make available all the documents collected from the airlines so that further necessary action may be initiated at their end. Accordingly, copies of all the documents available with Audit were made available to GIP (31 July 2018).

In October 2018, the DoP intimated that an amount of ₹38.11 lakh[10] out of ₹56.98 lakh had been recovered from 63 employees out of 87 employees and an amount of ₹18.87 lakh (excluding interest) was yet to be recovered. No amount could be recovered from 24 retired employees. Two employees from whom recovery was made and three from retired category approached Hon'ble CAT (Principal Bench), New Delhi and obtained stay order on 29 June 2018 against the recovery of any amount from their salary. However, efforts were stated to be made to recover the balance amount from all the officials including retired officials. DoP also stated that it had issued an Office Memorandum to all the Officers/Officials who were involved in passing such fraudulent claims during 2012-2017 and appropriate action under the relevant Rules would be taken against them in due course. DoP also intimated that it had issued instruction to the Manager, GIP, Minto Road, New Delhi to make an enquiry and to take action against the fraudulent claimants as per CCS (Conduct) Rules as well as under LTC Rules. As per the direction of DoP, the Manager, GIP, Minto Road decided to recover entire amount from fraudulent claimants with penal interest from the date of reimbursement.

As the fraudulent payment of LTC claims were noticed during test check of records therefore, the possibility of other similar cases could not be ruled out. Thus, with a view to obviating the possibility of similar irregularities, Audit suggested that the Department might examine all the LTC claims paid during 2010-11 onwards. Moreover, instructions regarding verification of actual air fare charged by the

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[10] ***As per reply, amount of recovery was ₹48.23 lakh which included principal of ₹38.11 lakh and interest of ₹10.12 lakh.***

airlines concerned before passing of the claims might also be issued to the officials involved in passing the LTC/TA claims.

In September 2019, DoP intimated that an amount of ₹55.59 lakh (including penal interest of ₹13.19 lakh) against ₹56.98 lakh (excluding interest) had been recovered from 64 employees out of 87 employees and an amount of ₹14.58 lakh (excluding interest) was yet to be recovered from 18 retired employees and five employees who had approached the Hon'ble CAT (Principal Bench), New Delhi and obtained stay order on 29 June 2018 against the recovery of any amount from their salary. The DoP also stated that as per advice of Audit, it had issued instructions to all the GIP/GOI Text Book Presses/Units regarding re-examination of all the LTC claims from 2010-11 onwards and take appropriate action as per the LTC Rules as well as CCS Conduct Rules. During re-examination, Department found 893 number of suspicious LTC claims out of which 382 cases have been got verified from concerned Airlines. Consequently, ₹1.01 crore from 143 numbers of employees of five GIPs[11] were recovered in cases apart from cases pointed out by Audit. It was further intimated, that 35 employees from three Presses[12] had obtained stay order from the CAT against the recovery from their salary. Accordingly, no amount could be recovered from these employees and some of the employees who were either retired or terminated from their services. It was also stated that residual amount of un-entitled claims of LTC would be recovered from on roll employees by December 2019 and instruction (August 2019) had already been issued to all Presses/units to recover the un-entitled amount of LTC claims from these fraudulent claimants.

As such, an amount of ₹1.56 crore (₹0.55 crore + ₹1.01 crore) had been recovered at the instance of Audit and ₹14.58 lakh (out of ₹56.98 lakh) was yet to be recovered along with applicable interest.

The matter was referred to the Ministry in October 2018; their reply was still awaited (September 2019).

Delhi Development Authority

4.8 Short realisation of ₹94 lakh from flat owners on account of electrical and maintenance services

As stipulated, maintenance charges for operation and maintenance of electrical and mechanical services of ₹2.50 lakh from every occupant was to be taken. 47 allottees deposited ₹0.50 lakh each which resulted in short realisation of ₹94.00 lakh.

Delhi Development Authority (DDA) launched Housing Scheme 2014 (the Scheme) from 1 September to 9 October 2014 and invited applications for allotment of some old and some newly constructed flats under various categories viz. Janta, LIG, MIG and HIG. Prior to the launching of the Scheme, it was decided by DDA that one-time maintenance charges also called Seed money, would be collected from the allottees for the purpose of

[11] *GIP, Minto Road, New Delhi – 20, GIP, Faridabad – 111, GIP, Ring Road, New Delhi – 07, GIP, Nilokheri – 01 and GIP, Rashtrapati Bhavan - 01.*

[12] *GIP, Minto Road – 13, GIP, Faridabad – 13 and GIP, Ring Road - 9*

operation and maintenance for Electrical & Mechanical (E&M) services. The one-time maintenance charges so collected would be invested in long-term deposit and the annual maintenance expenditure would be met out from the interest accrued/earned on the deposit. The balance expenditure, if any, in excess of the interest earned was to be contributed by the flat owners. The brochure of the Scheme stipulated that for maintenance of common areas, in respect of new housing pockets constructed after October 2010, a maintenance fund would be created. For this purpose, for a period of 30 years, the civil and electrical maintenance charges were added to the disposal cost of the flats. For MIG flats having lifts, the Seed money was fixed at ₹2.50 lakh per flat.

Scrutiny of records revealed that DDA had put to sale 384 MIG flats with lift at Sector A-9, Narela Delhi. In these flats, one-time maintenance charges of ₹2.50 lakh per flat, were to be levied. Of these, 384 MIG flats, 53 allottees accepted the flats.

Audit checked 50 Demand-cum-Allotment letters and it was noticed that an amount of only ₹0.50 lakh as one-time maintenance charges for electrical maintenance was included in total cost of the flat. Out of these, in 47 cases the amount demanded by DDA in the Demand-Cum-Allotment letter was paid by the allottees. In respect of remaining three cases, no documentary evidence regarding the payment made by the allottees was found in the records. This resulted in less demand and short realisation of one-time maintenance charges to the tune of ₹94.00 lakh from 47 allottees.

DDA while accepting the audit observation stated (November 2018) that the demand letters were issued by including the electrical and maintenance charges @ ₹0.50 lakh inadvertently. The balance electrical and maintenance charges of ₹2.00 lakh each shall be demanded from the allottees at the time of execution of conveyance deed of the concerned flats. The Ministry endorsed (June 2019) the reply of the DDA.

The Ministry/DDA may, however, ensure that all the allotments under the scheme as well as subsequent allotments are examined and verified thoroughly to obviate the possibility of similar irregularities.

4.9 Undue benefit to the lessee of ₹62.32 lakh

Application of a wrong clause of policy for levying misuse charges resulted in non-recoverability of dues amounting to ₹62.32 lakh.

Delhi Development Authority (DDA) allots land for public utilities, community facilities, open spaces, parks, playgrounds, residential purposes, industrial and commercial uses and such other purposes as may be specified from time to time by the Central Government by notification. All leases are governed by terms and conditions contained in the lease agreement. Any violation of these terms and conditions viz. unauthorised construction, change of purpose etc. results in levy of Misuse Charges.

Policies applicable for levying Misuse Charges were revised from time to time and scheme in vogue now was brought out in May 2016 which was in supersession of all the previous policies on the subject.

During test check, Audit observed that clauses of this Policy were not implemented correctly while working out Misuse Charges to be levied in case of DDA residential plot no. 8, Block C-6, Safdarjung Development Area, New Delhi. This plot of 727.42 square meter was leased out (January 1975) to Shri Satya Mohan Sachdev and others (lessee). This building was constructed in November 1982 and the occupancy certificate was issued in February 1983.

DDA served (June 1986) notice to the lessee that the said land was being used for the purpose of running of a hospital[13], which was contrary to the conditions of the lease and asked for its discontinuation within a period of 30 days from receipt of that notice. Similar notices were served in September 1986, March 1988, June 1988, October 1988, November 1988 and February 1989. Ramlal Mahajan Charitable Trust (Trust) on behalf of lessee replied (March 1989) to DDA stating that the notice of DDA had already been replied by them in October 1988. In their reply, they had stated that in January 1984, an agreement of collaboration was executed between the Trust and Shri R.N.Sachdev, attorney of the lessee for establishing and running a Nursing Home at the said premises. As per the agreement, Trust was to pay the charges by way of share to the lessee at 20 *per cent* of the gross receipts subject to a minimum of ₹2.40 lakh per annum and under no circumstances the premises would be considered as taken on rent nor any right of tenancy could be claimed by the lessee. The agreement of collaboration depicted that the Trust had commenced operation of the Nursing Home with effect from 1 January 1983. Agreement was made initially for a period of 39 months which was subject to renewal as per mutual consent. They also stated that running of a hospital did not contravene the Master Plan because even in a residential zone, public utilities were permitted. In December 1999, the lessee applied for conversion of lease hold rights into free hold. DDA again served (June 2000) a show cause notice to the lessee for misuse of premises and directed the lessee to remove the breaches within 15 days from the issue of the notice otherwise action would be initiated without further notice. In response, the lessee stated (August 2000) that property was given on rent to the Trust and the same was misused without their knowledge. The lessee further stated that property had been evicted through Hon'ble Court on 5 July 2000 and requested the DDA to carry out the inspection.

The lessee also wrote (November 2000) to DDA, in response to the letter issued by DDA in June 2000 stating that running of a hospital did not contravene the Master Plan because even in a residential zone, Nursing Home/Hospitals were permitted.

In 2005, the lessee filed a writ petition in Hon'ble High Court of Delhi, which was dismissed by the Hon'ble Court in August 2011 on the reasons that there was no merit in the petition.

While working out Misuse Charges for this plot under the revised Policy issued in May 2016, DDA calculated Misuse Charges at ₹6.24 lakh (details of calculation given in **Annexure-IX**). Prior to this, lessee had deposited ₹10.99 lakh *suo motu* after notification of above scheme.

Audit observed that this calculation was done by applying category 5 given under the Policy notified in May 2016 which pertained to cases where property was misused by

[13] ***Interchangeable used for the Nursing Home.***

tenant without connivance or knowledge of the owner. However, the application of category 5 case was not correct in the instant case as the agreement with the Trust (tenant) clearly stipulated that it was a collaboration, with earnings there-from being shared between the lessee and their tenant. Further, DDA considered only 25 *per cent* of the area in calculation on the basis of the fact that lessee had disputed and represented (December 2004) that only ground floor of the area was used as a Nursing Home. However, during inspection conducted by DDA in the year 2000 entire premises was found to be used for running the Nursing Home.

Thus it was observed that there was clear misinterpretation of misuse Policy to give favour to the lessee not only in terms of application of a wrong category but also the incorrect area of misuse; despite the fact that collaboration agreement between the lessee and the tenant was available in records and the entire premises being misused was itself inspected and confirmed by DDA.

As per Audit, the case should have been dealt with under category 2 of the revised Policy which pertained to the cases where report about the misuse was available on file and show cause notices had been issued and allottee informed about removal of violations and during inspection removal of violation had been confirmed by the DDA. According to this category Misuse Charges were to be levied for the period from initial date of detection upto the date of removal of violation. The Misuse Charges so calculated under category 2 worked out to ₹73.31 lakh and hence the balance amount recoverable by DDA amounted to ₹62.32 lakh (details of calculation given in **Annexure-IX**).

Thus, wrong calculation by DDA under new Policy deprived it of recoverable dues of ₹62.32 lakh. The matter was initially taken up with DDA in August 2018, wherein undue benefits to the lessee was pointed out. In its reply, DDA accepted (October 2018) the contention of Audit and intimated that corrective action was now being taken for recovery of the amount from the lessee. Subsequently, it was observed by Audit that DDA had issued notices for recovery to the lessee in February 2019 and March 2019. As the instant case was noticed during test check of records, therefore, the possibility of similar irregularities cannot be ruled out. Thus, the DDA may examine all cases of Misuse Charges after notification of above Policy to verify the correctness of Misuse Charges worked out by them.

The matter was referred to the Ministry in November 2018; their reply was still awaited (September 2019).

4.10 Recovery at the instance of Audit

The bidder had not completed the work within the stipulated time and was liable for penalty as per the tender conditions but no action was taken by DDA to encash the Bank Guarantee relating to Performance Security. On being pointed out by Audit, DDA made a recovery of ₹141.24 lakh (₹85.60 lakh on account of Bank Guarantee along with ₹55.64 lakh as interest).

Delhi Development Authority (DDA) invited bid for auction of a Hotel Plot for providing tourist accommodation in the Common Wealth Games in Mangolpuri

Industrial Area[14] in October 2008. The work was awarded to M/s Sita Kiran Inn Pvt. Ltd for ₹17.12 crore.

Allotment-cum-demand letter was issued on 23 December 2008. As per para 3.14 of the tender document, the stipulated period for completion of the hotel was 24 months from the date of issue of allotment-cum-demand letter i.e. 22 December 2010. Further, the purchaser was required to deposit Performance Security to the tune of five *per cent* of the bid amount before the execution of the Conveyance Deed, in the nature of a Bank Guarantee valid for four years from the date of allotment-cum-demand letter. Accordingly, a Bank Guarantee was furnished by the bidder on 7 October 2009 in favour of DDA for ₹85.60 lakh. This Bank Guarantee was valid till 22 December 2012.

The conditions of the tender specified that the Bank Guarantee amount was to be encashed as per the schedule laid out in the tender to the extent there was delay in completion of hotel. The date of completion was to be considered as the date on which completion certificate was obtained by the intending allottee/purchaser. Completion cum occupancy certificate for the hotel was issued on 20 February 2018.

Audit observed (June 2016) that although the bidder had not completed the work within the stipulated time and was liable for penalty as per the tender conditions; no action was taken by DDA to encash the Bank Guarantee relating to Performance Security.

On being pointed out by Audit (June 2016), recovery of ₹141.24 lakh (₹85.60 lakh + ₹55.64 lakh as interest thereon) was made by DDA in December 2017. The Ministry of Housing & Urban Affairs stated (March 2018) that non-renewal of Bank Guarantee and delay in encashment was an inadvertent mistake, responsibility for which would be fixed separately.

Thus, a recovery of ₹141.24 lakh was made by DDA at the instance of Audit.

4.11 Corrections/rectifications at the instance of Audit

Actual consumption of the Contract Demand (CD) was persistently lower than the CD taken from the electricity supplying companies. Although there was a provision for reduction of Contract Demand after two years from the date of original energisation for connections above 100 Kilowatt (KW), the same was not availed by DDA in respect of three Sports Complexes, resulting in avoidable loss of ₹59 lakh. On being pointed out by Audit, Contract Demand was reduced in respect of the three Sports Complexes.

During audit of three of the Sports Complexes of Delhi Development Authority (DDA), namely, Rohini Sports Complex, Major Dhyan Chand Sports Complex, Ashok Vihar and Poorvi Delhi Khel Parisar, Dilshad Garden, it was observed that actual consumption of the Contract Demand (CD) was persistently lower than the CD taken from the electricity supplying companies. As per Delhi Electricity Regulatory Commission (DERC) Performance Standards- Metering & Billing Regulation 2002, from 2002 onwards, DDA

[14] ***Plot No. A-2, Community Centre, Pitampura, Road No. 43 Mangolpuri Industrial Area Phase II.***

had to pay fixed Contract Demand charges on Billing Demand[15] basis i.e. in case the actual utilisation was less than the Contract Demand taken, the fixed charges were to be paid for the full Contract Demand taken. Although there was a provision for reduction of Contract Demand after two years from the date of original energisation for connections above 100 Kilowatt (KW), the same was not availed by DDA, resulting in avoidable loss of ₹59 lakh. Details are as under:

4.11.1 Rohini Sports Complex (RSC)

M/s TATA Power Delhi Distribution Limited (M/s TPDDL) was providing electricity supply to RSC, for a sanctioned load of 250 KW and Contract Demand of 295 KVA in the Tariff Category of Non-Domestic (HT), Supply Type HT (11KV). The connection was energised in May 2002. A test check of electricity bills for the period from June 2004 to March 2018 revealed that as against the Contract Demand of 295 KVA, the CD utilised in actual did not exceed 155 KVA. As such at least 140 KVA of the CD remained unutilised during each month and RSC continued to make payment of avoidable fixed charges towards the non-utilised CD without taking any action to get the excess CD reduced. Thus, non-reduction of CD by 140 KVA by DDA has resulted in avoidable expenditure of ₹32 lakh from June 2004 to March 2018 (details as per **Annexure-X**).

4.11.2 Major Dhyan Chand Sports Complex (MDCSC), Ashok Vihar

M/s TPDDL also provided electricity supply to MDCSC for a sanctioned load of 270 KW and Contract Demand of 191 KVA in the Tariff Category of Non-Domestic (HT), Supply Type HT (11KV). The connection was energised in May 2002. A review of electricity bills for the period April 2010 to March 2018 revealed that as against the Contract Demand (CD) of 191 KVA taken by MDCSC, the demand utilisation in actual did not exceed 130 KVA. As such at least 61 KVA of the CD remained unutilised during each month and MDCSC continued to make payment of avoidable fixed charges towards the non utilised demand without taking any action to get the excess CD reduced. Thus, non-reduction of CD by 61 KVA by DDA resulted in avoidable expenditure of ₹8 lakh during the period April 2010 to March 2018 (details as per **Annexure-X**).

4.11.3 Poorvi Delhi Khel Parisar (PDKP), Dilshad Garden

M/s BSES Yamuna Power Limited was providing electricity supply to PDKP for the sanctioned load of 235 KW and CD of 276 KVA in the Tariff Category of Non-Domestic (HT), Supply Type HT (11KV). The connection was energised in June 2002. A test check of electricity bills for the period from May 2013 to March 2018 revealed that as against the CD of 276 KVA, the demand utilised in actual did not exceed 102 KVA during the above referred period. As such at least 174 KVA of the CD remained unutilised during the above referred period. Thus non-reduction of CD by 174 KVA by DDA resulted in avoidable payment of ₹19 lakh (details as per **Annexure-X**).

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[15] ***Billing Demand for the purpose of billing meant the highest of (i) Contract Demand (ii) Maximum Demand Indicator (MDI) by the meter during the billing cycle utilised during the billing cycle and (iii) sanctioned load where ever Contract Demand has not been provided in the supply agreement.***

Had the Management of the above referred Sports Complexes taken timely action to reduce the Contract Demand to a level adequate for meeting their requirements, extra expenditure of ₹59 lakh could have been avoided by DDA.

The issue was reported to DDA in July 2018 and again thereafter in October 2018. DDA replied (August 2018) that Sports Complexes were of great importance to DDA and infrastructure must always remain ready for any national or international event, which may cause imposition/requirement of higher load suddenly. Hence, it was considered not to reduce the Contract Demand in all of the above referred Sports Complexes. DDA also stated that it was initiating appropriate action to get the Contract Demand reduced to adequate level of requirement.

The Ministry of Housing and Urban Affairs replied (December 2018) that DDA had been advised to be more careful and vigilant in deciding the Contract Demand/Load of electricity so that unnecessary expenditure may be avoided.

However, further examination of electricity bills, in respect RSC, MDCSC and PDKP from September 2018 onwards, revealed that Contract Demand in respect of all the three Sports Complexes had been reduced to 162 KVA, 150 KVA and 110 KVA from 295 KVA, 191 KVA and 276 KVA respectively, indicating that the reply of DDA was contradictory to the action initiated by them.

Reduction of Contract Demand clearly established that DDA was having excess Contract Demand and action to reduce the Contract Demand had been initiated by DDA only after the issue was reported by Audit. While appreciating the corrective action taken by DDA at instance of Audit, a similar review needs to be made by DDA in respect of its other establishments.

4.12 Recovery at the instance of Audit- ₹4.49 crore

Government of India (GoI) had released an amount of ₹3.33 crore to Government of Assam in March 2007/March 2010 for two projects. Government of Assam neither implemented the Projects nor refunded the amount. After issue being raised by Audit, GoI worked out amount to be recovered at ₹6.76 crore (including interest) out of which an amount of ₹4.49 crore was recovered.

As per Rule 212[16] of General Financial Rules, 2005 (GFR) in respect of non-recurring grants to an institution or organisation, a certificate of actual utilisation of the grants received for the purpose for which it was sanctioned, should be submitted within 12 months of the closure of the financial year by the institution or organisation concerned. Further, Rule 209(6) (ix)[17] of GFR 2005 stipulates that before a grant is released, the members of the executive committee of the grantee should be asked to execute bonds in a prescribed format. In the event of the grantee failing to comply with the conditions or committing breach of the conditions of the bond, the grant is to be refunded in whole or a part amount of the grant, with interest at 10 *per cent* per annum thereon or the sum specified under the bond.

[16] ***Rule 238 (i) in GFR 2017***
[17] ***Rule 231 (2) in GFR 2017***

In July 2009, the Government of Assam (State Government) submitted a Detailed Project Report(DPR) for construction of Multi-utility Building for Urban Poor at Moranhat, Assam to the erstwhile Ministry of Housing and Urban Poverty Alleviation, now M/o Housing & Urban Affairs (the Ministry) under the 10 *per cent* lump sum pool fund for the North Eastern States including Sikkim. The aim of the project was to improve the quality of life of the urban poor population of the region by creation of planned infrastructure and generation of employment with special reference to the socio-economically backward section. The objectives of the project were i) to construct a multi-utility building for the urban poor of the town including vendors and hawkers by providing them stalls in a scientifically planned market complex; ii) to generate additional employment for the people which will lead to socio-economic and physical development of the town; and iii) to create infrastructure for professional training for the urban poor.

The project was sanctioned at a cost of ₹7.20 crore by the Central Sanctioning Committee of the Ministry in their meeting on 17 March 2010. It was decided that the Central Government was to provide 90 *per cent* while the State Government was to provide the balance 10 *per cent* of the project cost. The central share was to be released in four instalments of 25:25:20:20 to the State Government.

The first instalment of ₹1.80 crore was released to the State Government on 26 March 2010. The Moranhat Town Committee, Moranhat, Assam was the executing agency for the project and the Directorate of Town & Country Planning, Government of Assam was the monitoring agency. The monitoring agency was to furnish Utilisation Certificate (UC) in respect of each instalment as per the provisions of GFR and a consolidated UC in respect of the full amount of the grant after the completion of the project, besides submitting a Monthly Progress Report of the project to the Ministry.

Scrutiny of records in audit revealed that in respect of funds released in March 2010, neither the State Government had furnished the UCs which became due in March 2011, nor the Ministry had asked for the same till June 2015. An observation on lack of monitoring on the part of the Ministry was made by Audit in March 2016. In July 2016, the Ministry requested the State Government to refund the entire amount of first instalment along with interest. Reminders to this were issued by the Ministry in February 2017, June 2017 and December 2017.

Meanwhile, the Government of Assam submitted revised DPR (March 2017) as the site which was earlier available for the project was converted to children's playground due to pressure from different social organisations. The proposal of the Government of Assam was, however, not agreed to by the Ministry in view of its instructions (17 May 2017) regarding withdrawal of the scheme w.e.f. 1 April 2017.

The Ministry stated (May 2018) that despite repeated reminders, reply of the State Government was still awaited. The reply of the Ministry was not tenable as the Ministry did not consider the option of adjusting recoverable funds from the amount released to the Government of Assam in respect of other projects under the scheme as was being done in some other schemes (e.g. National Heritage City Development and Augmentation Yojana (HRIDAY) scheme in which unspent balances were adjusted in subsequent releases).

Thus, due to poor monitoring by the Ministry, funds of ₹1.80 crore not only remained blocked for more than eight years but also the aim and objectives of the scheme remained unachieved. Besides, interest at the rate of 10 *per cent* is also required to be recovered as per provisions of the GFR.

In another similar case, Audit had earlier pointed out blockade of funds of ₹1.53 crore for a project of construction of multi-utility building for rehabilitation of vendors at Jorhat in Assam.

The Ministry further stated (April 2019) that an amount of ₹6.76 crore had been calculated after including interest of ₹1.60 crore and ₹1.83 crore upto February 2019 in respect of, "Blockage of funds of ₹1.80 crore for the project Construction of Multi-utility Building for Urban Poor at Moranhat, Assam" and "Blockade of funds of ₹1.53 crore for Construction of Multi-utility Building for the rehabilitation of vendors at Jorhat", respectively. Out of this, an amount of ₹4.49 crore had been recovered by adjusting from the next instalments for the three projects from the Government of Assam approved by the Ministry and the State Government has been requested to refund the balance amount of ₹2.27 crore at the earliest. Hence, the Ministry made a part recovery of ₹4.49 crore at the instance of Audit and an amount of ₹2.27 crore was yet to be recovered.