सत्यमेव जयते

Report of the Comptroller and Auditor General of India on Civil and Commercial for the year ended March 2011

Government of National Capital Territory of Delhi

Report No. 3 of the year 2012

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Preface

This Report on the audit of expenditure incurred by the Government of NCT of Delhi for the financial year ended March 2011 has been prepared for submission to the Lieutenant Governor under Article 151(2) of the Constitution of India. The report covers significant matters arising out of the compliance and performance audits of various departments including public sector undertakings and autonomous bodies. Audit observations on the Annual Accounts of the Government would form part of a Report on State Finances, which is being presented separately.

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

The cases mentioned in this Report are those which came to notice in the course of audit conducted during 2010-11 as well as those which had come to notice in earlier years but could not be dealt with in previous reports; matters relating to the period subsequent to 2010-11 have also been included wherever necessary.

Chapter 1

INTRODUCTION

1.1 About this Report

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

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

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

This chapter, in addition to explaining the planning and extent of audit, provides a synopsis of the significant audit observations followed by a brief analysis of the follow-up on audit reports. Chapter 2 of this report contains findings/observations arising out of the performance audit of Department of Food Supplies and Consumer Affairs and Manpower audit of Municipal Corporation of Delhi. Chapter 3 contains observations on audit of transactions in Government Departments and autonomous bodies. Chapter 4 contains observations arising out of audit of Directorate of Education. Chapter 5 contains observations arising out of transaction audit of Statutory Corporations and Public Sector Undertakings of Government of NCT of Delhi.

1.2 Profile of audited entity

There are 66 departments in the State at Secretariat level, headed by Principal Secretary/Secretary who are assisted by Directors/Commissioners and subordinate officers. The comparative position of expenditure incurred by the

Government of NCT of Delhi during 2010-11 and in the preceding two years is given below:

Table 1.1: Comparative position of expenditure: Trends by activities

(₹ in crore)

Distribution	2008-09			2009-10			2010-11		
	Plan	Non Plan	Total	Plan	Non Plan	Total	Plan	Non Plan	Total
Revenue expenditure									
General services	89.60	3344.96	3434.56	81.15	3548.52	3629.67	83.09	3645.86	3728.95
Social services	3419.98	3179.39	6599.37	3858.96	4244.62	8103.58	4259.55	4459.25	8718.80
Economic services	434.57	838.13	1272.70	802.66	847.62	1650.28	548.95	843.51	1392.46
Grant-in-aid and contribution	-	455.95	455.95	-	517.36	517.36	-	541.53	541.53
Total	**3944.15**	**7818.43**	**11762.58**	**4742.77**	**9158.12**	**13900.89**	**4891.59**	**9490.15**	**14381.74**
Capital expenditure	3992.21	3.19	3995.40	4713.62	3.65	4717.27	3981.32	3.48	3984.80
Total	**7936.36**	**7821.62**	**15757.98**	**9456.39**	**9161.77**	**18618.16**	**8872.91**	**9493.63**	**18366.54**

1.3 Authority for audit

The authority for audit by the CAG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. Audit of expenditure of Departments of the Government of NCT of Delhi is carried out under Section 13 of the CAG's (DPC) Act. The CAG is the sole auditor in respect of six autonomous bodies under the Departments of Government of NCT of Delhi which are audited under sections 19(3) and 20(1) of the CAG's (DPC) Act. In addition, the CAG also conducts supplementary audit of 51 other autonomous bodies under sections 14 of CAG's (DPC) Act, which are substantially funded by the Government of NCT of Delhi. Principles and methodologies for compliance audit are prescribed in the Auditing Standards and the Regulations on Audit and Accounts, 2007 issued by the CAG. The accounts of the Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors who are appointed by the CAG as per the provisions of Section 619 (2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provisions of Section 619 of the Companies Act, 1956. The audit

arrangements of statutory corporations are as shown below:

Table 1.2: Audit arrangements for statutory corporations

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

1.4 Planning and conduct of audit

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

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

During 2010-11, 1293 audit party-days were used to carry out compliance audit of 130 out of 2565 units of civil Departments/Organizations and 416 days for performance audit, 118 audit party days for conducting audit of 10 out of 98 units of DJB and 570 days for performance audit on Manpower in MCD. 1386 audit party-days were used to carry out compliance audit and performance audit of 35 out of 49 units of the companies and corporations under commercial audit. Our audit plan covered those units/entities which were vulnerable to significant risk, as per our assessment.

1.5 Organisational structure of the office of the Principal Accountant General (Audit), Delhi

Under the directions of the CAG, the Office of the Principal Accountant General (Audit), Delhi conducts audit of expenditure of all departments/

offices of the Government of NCT of Delhi as well as audit of various authorities and bodies receiving grants/loans. The Principal Accountant General (Audit), Delhi is assisted by three Group Officers.

1.6 Significant audit observations

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

1.6.1 Performance audits of programmes/activities/departments

The present Report contains three performance audits. The highlights of the performance audits are given in the following paragraphs:

1.6.1.1 Performance audits of Department of Food Supplies and Consumer Affairs

A performance audit of the department of Food Supplies and Consumer Affairs (the department) was conducted to evaluate the effectiveness of the food management system and the extent to which it achieved its intended purpose of ensuring availability of the specified food articles at the stipulated rates to the intended beneficiaries.

Only 1.01 lakh Antyodaya Anna Yojana (AAY) families were identified against the targeted number of 1.57 lakh AAY families resulting in depriving 0.56 lakh families of the benefits of the scheme. As against a target of 8040 the department could identify only 128 beneficiaries under Annapurna Scheme meant for indigent senior citizens during 2006-11. Moreover, funds available for the beneficiaries remained unutilised. There was delay up to 332 days in issue of ration cards as against the prescribed one month in the PDS Control Order.

The food management system in the Government was not functioning properly as allocated quantities by the GoI could not be utilised in full by GNCTD. Even the quantities allocated by the department were not fully lifted from Food Corporation of India (FCI) outlets and distributed to the beneficiaries.

There was a difference in allocation of wheat and rice by the GoI and the department and also difference in quantity of lifting of food grains by the FCI, Delhi State Civil Supplies Corporation and the Department. The department did not notice or initiate remedial measures to eliminate the causes for these discrepancies. Further, there was a difference in quantity of kerosene in allocation and lifting given by the Oil Sector and the department.

The printing of BPL (Fresh) cards were to be made only from the scanned data, but the department was having scanned data of 54,378 cards only against 1,36,436 cards prepared by the department. Further, allocation and distribution of food grains and kerosene oil on undistributed cards was also observed. Utilisation Certificates for the period October 2009 onwards were not submitted to the GoI.

1.6.1.2 Manpower Audit of Municipal Corporation of Delhi

The Municipal Corporation of Delhi (MCD) created under the Delhi Municipal Corporation Act, 1957 (Act) of the Parliament, is one of the largest municipal bodies in the world.

As per Schedule of Establishment (2009-10) of MCD, the total sanctioned strength of the MCD was 107103 employees, of these 1682 were of Group A, 9316 of Group B and 96,105 of Group C & D. There are 22512 temporary employees in the Multitasking staff cadre. Three departments viz. Department of Environment Management Services (DEMS), Horticulture and Engineering were selected for audit based on the number of temporary employees with them. Temporary employees posted in these three departments are 16,525 in DEMS, 1409 in Engineering and 702 in Horticulture. DEMS has 36,419 (2010-11) regular Safai Karamcharis (SKs) also. DEMS had also maintained a panel of 43489 substitute Karamcharis for deploying them against leave vacancy.

DEMS had not recruited any SK directly for more than 20 years. Instead, MCD resorted to engagement of substitute SKs in terms of the provisions of Resolution No.331 (1986), which has not been notified till date. SKs engaged as substitutes were regularized under MCD resolutions. For this, substitutes were first declared as daily wagers and their service as substitutes was counted for their appointment as regular SKs. From the attendance records and pay bill registers it was seen that 4960 man days of substitute employees, during one month test-checked in 43 wards, were unaccounted for. The unaccounted pay for the test-checked period amounted to ₹ 7.82 lakh[1] in 43 wards. It was seen that 207 employees were unaccounted for i.e. in 188 cases, their names were included in the pay bills but not in the attendance register and in 19 cases, both the substitute as well as the regular employee against whom the substitute was engaged, were shown as present.

Innovative terms and systems like substitutes, Look After Charge (LAC), Current duty charge (CDC), ad hoc appointment beyond one year etc. are used as a general practice in MCD, in the name of exigency of work and operational constraints. Such systems of engagement, recruitment, transfer and promotions have set wrong precedence, which have resulted in

[1] At the rate of ₹ 157.62 per day.

mismanagement of human resources having direct bearing on the economy, efficiency and effectiveness in the functioning of the organization as a whole.

1.6.1.3 Audit of Directorate of Education, Government of NCT of Delhi

An audit of the Directorate of Education (DoE), was conducted by examining records of 160 selected DDOs including 143 schools covering the period from 2008-09 to 2010-11. The audit covered areas of financial management, human resource management, implementation of schemes, development of infrastructure and internal control.

DoE projected budget requirements on the basis of past trends rather than actual requirement and as a result, large scale re-appropriation of funds, some of them unnecessary, was carried out. This was in-spite of having a web based MIS in place. There was also delay in allocation of budget for plan schemes like uniform subsidy and supply of free text books to students. There was lack of proper internal oversight in implementation of plan schemes like VKS and Mid-day-meal. In the implementation of VKS, community involvement in all the day to day activities of the functioning of the schools was not ensured.

The DoE suffered from shortages of manpower in every cadre. Distribution of available manpower was also not optimal with schools bearing most of the shortage in ministerial staff. The pupil teacher ratio in government school varied from 10 to 276 whereas in terms of provisions of Right of Children to Free and Compulsory Education Act, 2009, this should not be more than 40. Further, 106 Schools were upgraded without allocating qualified additional manpower. Distribution of work among various districts was also not done in an equitable manner.

The Department lagged behind in providing adequate infrastructure to schools. There were shortages of class rooms in 61 out of 143 test checked schools. There were delays in construction of school buildings resulting in cost overrun apart from depriving schools from adequate infrastructure. Playgrounds were not available in 33 of the 143 test checked schools.

The Department has not been adequately monitoring the functioning of government aided and private recognized schools through inspections and scrutiny of annual returns prescribed under Delhi School Education Act submitted by these schools.

The internal control mechanism in the Department was deficient. Although every school was required to be inspected at least once a year, only 2-3 *per cent* of unaided schools were being inspected every year whereas aided schools were not inspected at all. Inspection of government schools by teams from the Directorate was also not satisfactory.

1.6.2 Compliance audit

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

(a) Non-compliance with rules and regulations;

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

(c) Failure of oversight/governance.

1.6.2.1 Non-compliance with rules and regulations

- Incorrect working out of justified cost by the Department resulted in irregular award of work amounting to ₹ 234.00 crore. Till January 2012, ₹ 167.10 crore has been paid, which resulted in excess expenditure of ₹ 11.59 crore.

(Paragraph 3.1.1)

- Unlawful rescission of a contract by the department resulted in extra expenditure of ₹ 2.21 crore as the balance work was executed at higher rates under new contract.

(Paragraph 3.1.2)

- Not obtaining security/escrow mechanism while granting loan under Power Stabilisation Fund and not charging penal interest to the tune of ₹ 3.67 crore resulted in undue favour to BSES – Rajdhani Power Limited (BRPL).

(Paragraph 5.2.1)

- Avoidable interest loss of ₹ 0.76 crore due to delay in filing of the Income Tax Return.

(Paragraph 5.2.4)

1.6.2.2 Audit against propriety/expenditure without justification

- Directorate of Information and Publicity (DIP) placed orders for advertisements at higher rates resulting in extra expenditure of ₹1.06 crore and undue benefit to the firm holding exclusive rights on BQSs

(Paragraph 3.2.1)

- Non-levy of compensation / penalty for delay in completion of work led to excess payment of ₹ 80.91 lakh to the Contractor.

(Paragraph 5.2.2)

- The Corporation lost potential revenue of ₹ 33.14 lakh due to delayed action in handing over the 157 Bus Queue Shelters to the concessionaire.

(Paragraph 5.2.5)

1.6.2.3 Failure of oversight/governance

- Absence of proper planning with assessment of actual requirement and lack of coordination among different divisions of PWD resulted in infructuous expenditure of ₹ 1.76 crore.

(Paragraph 3.3.1)

- Loss of ₹ 22.68 lakh due to delay in award of contract for sale and lifting of Dry Fly Ash.

(Paragraph 5.2.3)

1.7 Response of the departments to draft audit paras

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

17 draft paragraphs proposed for inclusion in this report were forwarded to the concerned Departments of GNCTD and Management of concerned Company/ Corporation between June 2011 and December 2011 drawing their attention to the audit findings and requesting them to send their response within six weeks.

Concerned departments/management did not send replies to 6 out of 17 paragraphs. The response of the concerned department/management received in respect of 08 paragraphs, has been suitably incorporated in the paragraphs.

1.8 Follow-up on Audit Reports

A review of outstanding ATNs on paragraphs included in the Reports of the Comptroller and Auditor General of India pertaining to Departments of Government of NCT of Delhi as of December 2011 (details in **Appendix-1.1)** revealed that a total of 82 ATNs were pending from 27 departments/ autonomous bodies as of December 2011.

Chapter 2

Department of Food Supplies and Consumer Affairs

2.1 Performance audit of the Department of Food Supplies and Consumer Affairs

Executive Summary

A performance audit of the department of Food Supplies and Consumer Affairs (the department) was conducted to evaluate the effectiveness of the food management system and the extent to which it achieved its intended purpose of ensuring availability of the specified food articles at the stipulated rates to the intended beneficiaries.

Only 1.01 lakh Antyodaya Anna Yojana (AAY) families were identified against the targeted number of 1.57 lakh AAY families resulting in depriving 0.56 lakh families of the benefits of the scheme. As against a target of 8040 the department could identify only 128 beneficiaries under Annapurna Scheme meant for indigent senior citizens during 2006-11. Moreover, funds available for the beneficiaries remained unutilised. There was delay up to 332 days in issue of ration cards as against the prescribed one month in the PDS Control Order.

The food management system in the Government was not functioning properly as allocated quantities by the GoI could not be utilised in full by GNCTD. Even the quantities allocated by the department were not fully lifted from Food Corporation of India (FCI) outlets and distributed to the beneficiaries.

There was a difference in allocation of wheat and rice by the GoI and the department and also difference in quantity of lifting of food grains by the FCI, Delhi State Civil Supplies Corporation and the Department. The department did not notice or initiate remedial measures to eliminate the causes for these discrepancies. Further, there was a difference in quantity of kerosene in allocation and lifting given by the Oil Sector and the department.

The printing of BPL (Fresh) cards were to be made only from the scanned data, but the department was having scanned data of 54,378 cards only against 1,36,436 cards prepared by the department. Further, allocation and distribution of food grains and kerosene oil on undistributed cards was also observed. Utilisation Certificates for the period October 2009 onwards were not submitted to the GoI.

2.1.1 Introduction

The Government of India (GoI) launched Targeted Public Distribution System (TPDS) in June 1997 under which States were required to formulate and implement arrangements for identification of the poor for delivery of food grains in a transparent and accountable manner. In Delhi, the Department of Food Supplies and Consumer Affairs (the department) manages Public Distribution System (PDS) under the provisions of the Essential Commodities Act, 1955, the Delhi Specified Articles (Regulation of Distribution) Order, 1981, the Delhi Kerosene Oil Control Order, 1962, and various control orders issued from time to time.

2.1.1.1 Salient features of PDS

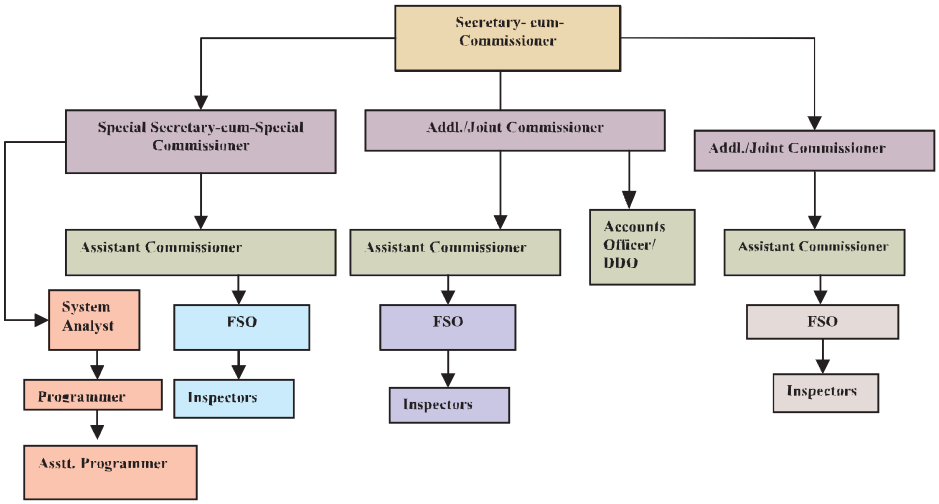
- The GoI procures and allocates to GNCTD essential commodities at fixed Central Issue Price (CIP), which generally involve subsidies borne by the GoI. The allocation is made on the basis of average annual off take of food grains under the PDS during the past ten years.
- Having received the allocation, the department allocates food grains to various Fair Price Shops (FPSs) for distribution to the beneficiaries as per the prescribed quantity on the basis of ration cards issued.
- Delhi State Civil Supplies Corporation (DSCSC) transports food grains from Food Corporation of India (FCI) godowns to FPSs, whereas Public Sector Oil Companies supply kerosene oil to Kerosene Oil Depots (KODs) through authorised agents.
- In Delhi, there are 2500 FPSs catering to 32.28 lakh families and 2356 KODs for 8.57 lakh ration cardholders as of March 2011.

Food grains are also supplied to welfare institutions like beggars homes, nari niketans, homes for destitute, delinquent and abandoned children, etc.

2.1.2 Organisational set up

The department is headed by the Secretary-cum-Commissioner who is assisted by a Special Secretary-cum-Special Commissioner and two Additional Commissioners. An Assistant Commissioner (AC) heads each of the nine zones which are further divided into 70 circles (one for each assembly constituency) each headed by a Food Supply Officer (FSO).

The organogram of the department is given below:



2.1.3 Scope and methodology of audit

The performance audit started with an entry conference held on 27 June 2011 with the Secretary-cum-Commissioner, Department of Food Supplies and Consumer Affairs in which audit scope and methodology were explained. The audit was conducted during June-November 2011 covering the period from 2006-07 to 2010-11. The head office, all nine districts, eighteen circle offices (26 *per cent*), 108 FPSs (four *per cent*) and 108 KODs (five *per cent*) were selected for test check through Simple Random Sampling Without Replacement (SRSWOR) method.

The audit methodology included:

- Scrutiny of records and data of the nodal department and the selected districts/circle offices;
- Sending the audit findings to the department for confirmation of facts and comments; and
- Communication of the audit observations to the department and obtaining their comments while finalising the performance audit report.

Audit findings, conclusion and recommendations were communicated to the Government/Department and also discussed in an exit conference (30 January 2012). The replies of the department had been incorporated in the report at appropriate places.

2.1.4 Audit objectives

The main objective of the performance audit was to evaluate the effectiveness of the food management system and the extent to which it achieved its intended purpose of ensuring availability of the Specified Food Articles (SFAs) at the stipulated rates to the intended beneficiaries. Specific objectives of audit were to assess:

- the effectiveness of the distribution arrangements in ensuring availability of SFA's and Kerosene Oil at stipulated rates to the beneficiaries,
- the extent of benefit of the schemes actually reaching the intended beneficiaries,
- the adequacy and effectiveness of the monitoring system evolved in the scheme,
- the system of periodic evaluation of the implementation of the scheme; and
- System of internal control.

2.1.5 Audit criteria

The criteria adopted for conducting performance audit was as follows:

- Essential Commodity Act, 1955,
- The Delhi Kerosene Oil Control Order, 1962,
- Delhi Specified Articles (Regulation of Distribution) Order 1981,
- Public Distribution System (Control) Order, 2001, and
- Guidelines, strategic goals, objectives and the targets of the department to be achieved.

2.1.6 Financial outlay

Year-wise budget allocation and expenditure incurred by the department

during the period 2006-11 was as given in **Table 2.1** below:

Table 2.1: Budget and actual expenditure

(₹ in crore)

Year	Budget			Expenditure			Savings (percentage)		
	Non-Plan	Plan	Total	Non-Plan	Plan	Total	Non-Plan	Plan	Total
2006-07	14.19	2.96	17.15	13.95	2.94	16.89	0.24 (1.69)	0.02 (0.67)	0.26 (1.52)
2007-08	27.24	4.35	31.59	18.49	4.26	22.75	8.75 (32.12)	0.09 (2.07)	8.84 (27.98)
2008-09	171.07	5.35	176.42	163.23	4.24	167.47	7.84 (4.58)	1.11 (20.75)	8.95 (5.07)
2009-10	201.10	1.00	202.10	195.08	0.74	195.82	6.02 (2.99)	0.26 (26.00)	6.28 (3.10)
2010-11	50.77	1.00	51.77	48.55	0.68	49.23	2.22 (4.37)	0.32 (32.00)	2.54 (4.91)
Total	**464.37**	**14.66**	**479.03**	**439.30**	**12.86**	**452.16**	**25.07**	**1.80**	**26.87**

From the above table, it is evident that the department failed to assess its fund requirements realistically resulting in overall savings of ₹ 26.87 crore during 2006-07 to 2010-11. The percentage of savings under Plan and Non Plan heads ranged from 0.67 to 32.00 *per cent* and 1.69 to 32.12 *per cent* respectively of budget allocation. Moreover, the savings were not surrendered before the end of financial year showing weak budgetary control and monitoring.

While accepting the facts, the department stated (February 2012) that main reasons of savings were (i) non receipt of claim from the concerned branch (ii) non receipt of claims from DSCSC (iii) delay in approval from EFC relating to renovation of circle offices. The reply of the department is not acceptable as it could not prepare its modified budget accurately, which indicates that the budget estimates were not prepared after adequate pre-budget scrutiny.

Audit findings

2.1.7 Planning and identification of beneficiaries

A proper system of food management entails a systematic identification of beneficiaries, timely lifting of the allocations received and its efficient distribution to the intended beneficiaries. This includes timely and correct identification of beneficiaries, providing food grains according to norms, proper co-ordination and arrangement of distribution network, efficient monitoring system and proper quality control. The entire population of NCT

of Delhi has been divided into the following categories for the purpose of proper supply and distribution of SFAs and kerosene oil.

- **Above Poverty Line (APL)**: Families with a total family income above ₹ one lakh per annum are issued un-stamped APL cards and those below ₹ one lakh per annum and above ₹ 24200 per annum are issued stamped APL cards. In May 2007, Delhi Government decided to issue APL Jhuggi Ration Cards (JRC) to those jhuggi dwellers who have not been issued any type of ration card and their names existed in voter list of Delhi published in January 2007.
- **Below Poverty Line (BPL):** As per the estimate of the Planning Commission (February 2001), population below poverty line in Delhi had dropped from 14.69 *per cent* in 1993-94 to 8.23 *per cent* in 1999-2000 and total population below the poverty line was 11.49 lakh. The Ministry of Public Distribution and Consumer Affairs, GoI has not conveyed the latest poverty estimates for the purpose of TPDS. However, as per projection made by the GoI in March 2000, the number of BPL families in Delhi work out to 4.09 lakh. Families with a total family income below ₹ 24200 per annum are entitled to be under this category.
- **Antyodaya Anna Yojana (AAY):** Families with no assured means of subsistence, household with disabled adult, landless labourer, etc. are covered under this category.

In March 2011, total number of beneficiary households under PDS was 1768796, of which there were 1413784 APL (Stamped + JRC/RCRC), 253917 BPL and 101095 AAY cards.

2.1.7.1 Irregularities in issuance of ration cards

(i) The department could not furnish the month/year wise position of ration cards for the period April 2006 to June 2010. As per prevailing system in the department allocation for the particular month was made on the basis of the card position which existed two months back. However, number of cards issued on which allocation was made for the period July 2010 to July 2011

obtained from the record is depicted in **Table 2.2** below:

Table 2.2: Number of cards issued in different categories

Allocation month	Card position of the month	APL (Stamped)	APL (JRC/RCRC)	BPL(Review) +BPL (Fresh)	AAY
September 2010	July 2010	1369846	42803	223302	90072
October 2010	August 2010	1381548	42755	230022	89931
November 2010	September 2010	1197324	211715	237643	91397
December 2010	October 2010	1172578	237894	237669	91530
January 2011	November 2010	1165146	246043	245200	91704
February 2011	December 2010	1156904	253589	245808	91922
March 2011	January 2011	1155522	255607	248311	93404
April 2011	February 2011	1158471	255568	253011	98698
May 2011	March 2011	1158232	255552	253917	101095
June 2011	April 2011	1158014	255697	253867	100715
July 2011	May 2011	1156304	256518	256425	100223
August 2011	June 2011	1156615	258014	259155	102036
September 2011	July 2011	1157258	258709	260534	103047
October 2011	August 2011	1155404	260251	260959	103138
November 2011	September 2011	1154608	260120	260939	102866

From the table, it is revealed that:

- Number of APL (Stamped) cards increased from 1369846 in September 2010 to 1381548 in October 2010 and then reduced to 1154608 in November 2011. As the work of stamping of cards had been completed by the department in the month of February 2008, the increase and decrease in the number of APL cards (stamped) after the closure of scheme needs explanation.
- The work on review of BPL old cards and preparation of BPL (Fresh) cards was completed in June 2010. However, it was noticed that the number of cards increased from 223302 in September 2010 to 260939 in November 2011. Reasons for the sudden increase of 37232 cards were also not furnished to audit. Similarly the review of AAY cards was also completed by the department in the month of June 2010. The reason for increase in the number of cards from 90072 in September 2010 to 103138 in October 2011 was not clarified.
- In May 2007, the department decided that APL ration cards should be issued to those Jhuggi Dwellers who had not been issued any type of ration cards but their name existed in the voter list of Delhi. It was

noticed that number of cards in the categories JRC increased from 42803 to 260959 during September 2010 to November 2011.

Thus, there was a noticeable change in the number of cards even after the prescribed schedule of reviewing of cards was over. However the issue was not flagged as an area of concern either by the Computer Branch or the Distribution Branch of the department, though it forms the only basis for allocation of SFAs and kerosene oil to FPSs and KODs. Under such circumstances, the existence of invalid cards and misappropriation of food grains/kerosene oil under the PDS could not be ruled out.

As regards APL (Stamped) and JRC cards, the department stated (February 2012) that old application software was not able to distinguish between the APL (JRC) and APL (RCRC) cards, as a result APL (RCRC) cards were included in the APL (Stamped) category. It further added that corrections were made in the application software and thus from November 2010 onwards for the purpose of allocation, the ration cards of APL (RCRC) category were excluded from APL (Stamped) category. The reply is not acceptable to the extent that frequent increase/decrease in number of cards was made in respect of APL (Stamped), JRC and RCRC cards even after the correction was made in the software i.e. after November 2010. Further, no instruction/order pertaining to preparation of RCRC cards was provided, hence number of RCRC cards mentioned by the department could not be verified.

The department stated that it has been adding genuine BPL and AAY ration cards after verification either on its own to redress the grievances of the aggrieved persons or on the directions of Public Grievance Commission. It further added that after closure of the scheme in June, 2010, data of biometric review for some of the ration cards was available in the flat files in Circle offices but could not be uploaded on the central server. The department undertook the exercise to get all the flat files uploaded on the central server to get the reviewed BPL and AAY ration cards activated for the purpose of allocation. The reply is not acceptable in view of the circular of the department dated 23.9.2010 that all the flat files of the reviewed BPL/AAY cards in CD, which were not uploaded in the central server, should have been submitted to Computer Branch latest by 24.9.10 alongwith a certificate that the card holders, whose biometric data were genuine and cards were reviewed but the flats files were not uploaded. The certificate to this effect was not shown to audit. The details in respect of number of cards increased/decreased due to verification either on its own or on the directions of Public Grievance Commission as agreed in the exit conference were not provided to audit.

(ii) Irregularity in issuance of BPL (Fresh) cards

In February 2009, GNCTD decided to issue BPL (Fresh) cards to eligible residents of NCT of Delhi from 30 March 2009 onwards. Instructions for issuance of cards clearly stipulated that circle officers should enter the

applications for BPL (Fresh) cards in a separate register and then all details were to be scanned and kept as computerised records. Cards were to be printed only on the basis of scanned data and then issued to the head of the family on biometric identification of thumb impression.

Scrutiny of records of scanned forms revealed that scanned data of only 54378 applicants was available with the department whereas it had prepared 136436 BPL (Fresh) cards. Thus, the circle officers did not follow the prescribed instructions while preparing new BPL (Fresh) cards. The department could not explain excess printing of 82058 cards which were not supported by scanned data as stipulated in the instruction. Zonal office also did not maintain the stock registers for blank ration cards received, ration cards issued and the closing balance at the end of each month. Neither, was there a system of physical verification of stock of blank ration cards to maintain a check on probable mis-utilisation of cards.

The department stated (February 2012) that scanned data of 82058 new BPL cards is not available as the data captured in zonal offices got corrupted by virus or failure in disc management or any other unforeseen circumstances. The reply is not acceptable as the department is not aware of the actual reasons for non availability of scanned data. Further it was clearly stipulated in the condition agreed to with the agency that bidder shall ensure that the data base in respect of each customer is stored on the server at the zonal office and immediately accessible to the Government and also hold the data base in trust with the Government. The bidder shall update the central database on daily basis and carry out monthly comparison of data to the satisfaction of the Government. However, it was observed that no database was stored in the server.

2.1.7.2 Delay in issue of ration cards

The PDS Control Orders envisage that no eligible applicant should be denied a ration card and that the designated authority should issue the same within one month of the date of receipt of the application after necessary checks and verifications. However, a test check of records related to the issuance of BPL (Fresh) cards maintained in the circle 65 and 67 revealed that there were delays in issue of ration cards ranging from 69 days to 332 days in 100 cases. In other 16 selected circles, audit could not work out the delay as the diary number at the time of receipt of application was not recorded in the card issue registers.

The department stated (February 2012) that delay in issue of ration cards was due to various reasons such as relaxation in eligibility criteria, delimitation of areas and delay in approval of application by the vigilance committee. The reply is not acceptable as it is clearly stipulated in the Control Order that the ration card should be issued to the beneficiaries within one month from the date of receipt of application after necessary check and verification.

Moreover, cases of delay as pointed out by audit, belong to those applicants whose applications were received and cards issued from the same circle offices.

2.1.7.3 Shortfalls in identification of beneficiaries under the Antyodaya Anna Yojana (AAY)

The GoI launched (January 2001) the AAY scheme to provide food security to the poorest of the poor who were not in a position to buy food grains even at BPL rates. In March 2007, it was decided that 38 *per cent* of the families in the BPL category would qualify for the AAY. The target for Delhi was 1.57 lakh families out of the total BPL families quota fixed by the GoI. As against this, the department could identify only 1,01,095 families under AAY scheme as of March 2011. Thus, there was still a shortfall of 55905 families (35.61*per cent*) against the targeted beneficiaries resulting in these families being deprived of benefits of the AAY scheme.

The department stated (February 2012) that it achieved the targets in July 2007 and due to exit of migratory population from Delhi, the cards were reduced. It further added that during the review process, more than 26000 cards were reduced. The reply is not acceptable as no efforts were made by the department to include that population who migrated to Delhi during that period.

2.1.7.4 Identification of beneficiaries under Annapurna

In April 2000, a scheme called 'Annapurna' was launched for providing food security for the aged destitute. Under the scheme, 10 kg of food grains per month is to be provided free of cost to all indigent senior citizens who are eligible for old age pension under National Old Age Pension scheme but are not presently in receipt of the same. The GoI fixed a limit of 8040 beneficiaries for NCT of Delhi and released an amount of ₹ 53.87 lakh to the GNCTD under this centrally sponsored scheme during 2000-01. However, the funds remained unutilised as of 31 March 2011 inspite of the advice of Planning Department (July 2009) to make efforts to locate the beneficiaries entitled for Annapurna Scheme in consultation with Samajik Suvidha Sangam, Mission Convergence, GNCTD which conducted a survey of vulnerable and most vulnerable households. In January 2010, the department requested Mission Convergence to provide database of information of vulnerable and most vulnerable households in NCT of Delhi. However, it was noticed that the number of beneficiaries reduced from 128 to 72 during the years 2006-11. No further progress was observed by audit and funds received for poorest of poor continue to remain unutilised.

The department stated (December 2011) that no fresh request of preparation of ration cards is being received because any person who is getting benefit from another department is not entitled to avail the benefits under this scheme.

The reply is not acceptable as no efforts were made by the department for identification of the beneficiaries and the funds allocated for this purpose remained unutilised since 2000-01 till 2011. Moreover, the matter of identification of beneficiaries was taken up after 9 years of receipt of funds from GoI. The department also stated (February 2012) that it requested (January 2010) the Mission Convergence to provide such data so that the scheme can expand but no data was provided by it.

2.1.7.5 Review of households

As per the PDS Control Order, 2001, GNCTD was required to get the lists of BPL and AAY families reviewed every year for the purpose of deletion of ineligible families and inclusion of eligible families in the lists. It was, however, noticed that the prescribed review was conducted only in 2007 and 2009 instead of every year. The results of these reviews were not made available to audit for examination.

The department stated (February 2012) that this review was conducted in August 2009 to weed out multiple cards/bogus ration cards from the database. The reply is not acceptable because as per the PDS Control Order, 2001, GNCTD was required to get the lists of BPL and AAY families reviewed every year for the purpose of deletion of ineligible families and inclusion of eligible families in the lists.

2.1.8 Allocation, lifting and distribution of food grains

The GoI allocates food grains through FCI for GNCTD. After receiving the allocation from the GoI, the distribution branch of the department allocates food grains to nine zonal offices for further allocation to circles under their jurisdiction. In circles, FSOs allocate the food grains to various FPSs for distribution to the beneficiaries. As per instruction (July 2010) the allocation of food grains was to be made on basis of card issued as per central database from September 2010 onwards.

2.1.8.1 Difference in allocation by the GoI and by the department

The year wise allocation of wheat and rice for APL, BPL and AAY categories

as per the records of the GoI and the department is as given in **Table 2.3** below:

Table 2.3: Allocation by the GoI and the department

(figure in MT)

Year	Category	Allocation of wheat			Allocation of rice		
		By the GoI	By the department	Difference	By the GoI	By the department	Difference
2006-07	APL	365720	301777	(-) 63943	298956	112719	(-) 186237
	BPL	103920	103920	0	44544	44544	0
	AAY	16656	16656	0	6660	6660	0
	Total	**486296**	**422353**	**(-) 63943**	**350160**	**163923**	**(-) 186237**
2007-08	APL	384237	379237	(-) 5000	187164	187164	0
	BPL	91010	91011	(+) 1	39379	39323	(-) 56
	AAY	29566	29565	(-) 1	11825	11826	(+) 1
	Total	**504813**	**499813**	**(-) 5000**	**238368**	**238313**	**(-) 55**
2008-09	APL	319564	318954	(-) 610	101204	100784	(-) 420
	BPL	75516	66105	(-) 9411	33180	26142	(-) 7038
	AAY	45060	41279	(-) 3781	18024	16512	(-) 15122
	Total	**440140**	**426338**	**(-) 13802**	**152408**	**143438**	**(-)8 970**
2009-10	APL	367714	323975	(-) 43739	108694	95416	(-) 13278
	BPL	75516	58534	(-) 16982	33180	23411	(-) 9769
	AAY	45060	37998	(-) 7062	18024	15199	(-) 2825
	Total	**488290**	**420507**	**(-) 67783**	**159898**	**134026**	**(-)25872**
2010-11	APL	362157	324972	(-) 37185	105905	95602	(-) 10303
	BPL	97306	68766	(-) 28540	42754	27504	(-) 15250
	AAY	45060	31470	(-) 13590	18024	12588	(-) 5436
	Total	**504523**	**425208**	**(-) 79315**	**166683**	**135694**	**(-) 30989**
Grand total		**2424062**	**2194219**	**(-) 229843**	**1067517**	**815394**	**(-) 252123**

(Source: FCI and department)

During 2006-11, the GoI allocated 2424062 Metric Tonne (MT) of wheat and 1067517 MT of rice for Delhi, whereas the department allocated 2194219 MT and 815394 MT of wheat and rice respectively. Thus, the department made overall short allocation of 229843 MT of wheat and 252123MT of rice during last five years. Thus, the allocation of food grains was not based on any concrete and reliable criteria. The food management system in the Government was not functioning properly as allocated quantities by the GoI

could not be utilised in full by GNCTD. Even the quantities allocated by the department were not fully lifted from FCI outlets and distributed to the beneficiaries as brought out in the subsequent paragraphs.

The department stated (February 2012) that it issued food grains on the basis of actual number of ration cards registered with the concerned FPSs. Reply is not acceptable as the department had never submitted any details regarding actual card position to the Government of India in order to reduce the allocation accordingly.

2.1.8.2 Short/excess lifting and distribution of food grains against allocation

Delhi State Civil Supplies Corporation (DSCSC) transports wheat and rice from the FCI godowns located at Mayapuri, Shakti Nagar, Ghevera, CTO Pusa, Narela and Okhla for supply to a network of 2500 FPSs. The position of allocation, lifting and distribution of food grains under schemes of APL, BPL and AAY was as given in **Table 2.4** below:

Table 2.4: Allocation, lifting and distribution of food grains

(figures in MT)

Year	Category	Allocation by the department		Opening balance		Lifting		Total stock		Distribution		Shortfall/excess in lifting w.r.t. allocation		Shortfall/excess in distribution w.r.t. total stock	
1	2	3		4		5		6 (4+5)		7		8 (5-3)		9 (7-6)	
		Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice
2006-07	APL	301777	112719	3588	1626	274527	92585	278115	94211	275737	93305	(-)27250	(-)20134	(-)2377	(-)906
	BPL	103920	44544	1043	165	102280	43217	103323	43382	102664	43297	(-)1640	(-)1327	(-)659	(-)86
	AAY	16656	6660	90	34	16392	6545	16482	6579	16444	6554	(-)264	(-)115	(-)38	(-)25
2007-08	APL	379237	187164	2377	906	355094	165687	357471	166592	352736	165841	(-)24144	(-)21478	(-)4735	(-)751
	BPL	91011	39323	658	86	90248	38747	90906	38833	90763	38691	(-)763	(-)576	(-)143	(-)142
	AAY	29565	11826	35	24	28268	11267	28303	11291	27877	11184	(-)1297	(-)559	(-)426	(-)108
2008-09	APL	318954	100785	4736	751	312454	95854	317190	96605	311853	96131	(-)6501	(-)4931	(-)5336	(-)475
	BPL	66106	26142	143	142	66498	26985	66641	27127	66131	26962	392	843	(-)510	(-)165
	AAY	41279	16512	426	108	41189	16732	41615	16840	40815	16691	(-)90	220	(-)800	(-)149
2009-10	APL	323975	95416	5336	476	328618	100564	333955	101040	327902	97839	4643	5148	(-)6052	(-)3201
	BPL	58535	23411	510	165	61551	25234	62061	25399	61550	25226	3016	1823	(-)511	(-)173
	AAY	37998	15199	890	149	38400	15768	39200	15917	38637	15752	402	569	(-)563	(-)165
2010-11	APL	324972	95602	6248	1362	337724	123115	343972	124477	331670	113457	12752	27513	(-)12302	(-)11020
	BPL	68766	27504	347	150	81487	35934	81834	36084	76574	33958	12721	8430	(-)5260	(-)2126
	AAY	31470	12588	491	123	33734	13882	34225	14005	32104	13419	2264	1294	(-)2121	(-)586
														(-)19683	(-)13732

The above table shows the following trends

- **APL scheme-** There was a major shortfall in lifting of food grains ranging from 6501MT to 27250 MT for wheat and 4931MT to 21478 MT for rice vis-a-vis allocation by the department during 2006-07 to

2008-09 and excess lifting of 4643 to 12752 MT of wheat and 5148 to 27513MT of rice respectively in 2009-11.

- **BPL category**- There was excess lifting ranging from 392MT to 12721MT for wheat during 2006-11 and 843MT to 1327MT for rice during 2008-09, 2009-10 and 2010-11 whereas short lifting was noticed in the range from 576MT to 1327MT for rice in the years 2006-07 and 2007-08.
- **AAY scheme**- There was short lifting ranging from 90 MT to 1297 MT for wheat and 115MT to 559 MT for rice during 2006-2008 and excess lifting of rice ranging from 220 MT to 1294 MT during 2008-11.

Thus, there was a general trend of short lifting of food grains vis-a-vis allocation by the department except a few instances of excess lifting particularly during 2008-09 and 2009-10. This indicated that the department did not assess the requirement of food grains for beneficiaries realistically and consequently allocated quantities in excess of actual requirement. Not only that, the department even failed to ensure distribution of the total stock of food grains, that was lifted from the FCI outlets, among the beneficiaries. At the end of 2010-11, the closing stock of 19683 MT of wheat and 13792 MT of rice was lying undistributed with the owners of the FPSs indicating that the government did not take appropriate steps for publicising the Food Schemes for creating awareness among the intended beneficiaries.

The department stated (December 2011) that lifting of food grains was being looked after by DSCSC where as it was clearly mentioned in the PDS Control Order, 2001 that State Governments should make arrangements for taking delivery of essential commodities issued by the Central Government by their designated agencies or nominees from the FCI depots/godowns and ensure further delivery to the FPSs. It was further stated that SFAs were distributed to those ration card holders who came for collecting the SFAs. The department stated (February 2012) that the reason for shortfall/excess in lifting with reference to allocation was non-depositing of draft for SFAs with FCI which had not released the food grains. The reply is not acceptable as per Delhi Specified Articles Order, 1981 every application for the issue of an authorisation is to be considered with due regard to the financial position or capacity of the applicant in performing the functions of an authorised FPS holder. Further, no evidence was furnished to audit to bear out the contention of non depositing of drafts. It further stated that FPS holders showed the SFA as closing balance which has been received in advance. The reply is not acceptable as the department had not deducted the closing balance of food grains lying with the FPS holder at the time of making the allocation for subsequent month.

2.1.8.3 Allocation and lifting of food grains for welfare institutions

The GoI decided (January 2001) to make available food grains (wheat and rice) at BPL rates to the indigent people living in welfare institutions at the rate of 5 kg per head per month. The department released food grains to 20 welfare institutions **(Appendix-2.1)** during 2010-11 as per norms. The year wise break up of food grains allocated and distributed during the years 2006-07 to 2010-11 was as given in **Table 2.5** below:

Table 2.5: Allocation and distribution of food grains to welfare institutions

(figures in ton)

Year	Food grains allocated by the GoI		Distribution by the department as per utilization certificate		Percentage of shortfall in distribution against allocation	
	Wheat	Rice	Wheat	Rice	Wheat	Rice
2006-07*	328.32	209.40	75.67	27.46	(-)77	(-)87
2007-08	335.64	211.20	335.64	124.32	-	(-)41
2008-09	335.64	211.20	335.62	186.17	-	(-)12
2009-10	335.64	211.20	327.85	206.59	(-)2	(-)2
2010-11	335.64	211.20	331.73	205.37	(-)1	(-)3

**No allocations were made by the GoI from April to August 2006.*

From the above table, it is evident that there was shortfall in distribution against the allocation ranging from one to 77 *per cent* in the case of wheat and two to 87 *per cent* in the case of rice during the years 2006-11.

The department stated (November 2011) that shortfall in lifting against allocation was due to non-depositing of drafts by the FPS. The reply is not acceptable because as per Delhi Specified Articles Order, 1981 every application for the issue of an authorisation is to be considered with due regard to the financial position or capacity of the applicant in performing the functions of an authorised FPS holder. Further, the department stated (February 2012) that a main reason of short lifting was late receipt of allocation from GoI. Moreover, this issue was never taken up with the GoI to get the allocation in time.

2.1.8.4 Allocation and lifting of food grains under Annapurna Scheme

The details of beneficiaries, allocation and lifting of food grains for the years

2006-2011 under Annapurna Scheme were as given in **Table 2.6** below:

Table 2.6: Year-wise number of beneficiaries, allocation and lifting of food grains

(Quantity in MT)

Year	No. of beneficiaries	Food Grains (Wheat)		Shortfall in lifting (quantity) (%)
		Allocated (quantity)	Lifting (quantity)	
2006-07	128	18.48	5.73	12.75(68.4)
2007-08	128	18.48	5.14	13.34(72.2)
2008-09	72	18.48	2.06	16.42(88.9)
2009-10	72	18.48	0.59	17.89 (96.8)
2010-11	72	09.24	Not available	

From the table, it can be seen that the number of beneficiaries decreased from 128 in 2006-07 to 72 in 2010-11. Moreover, the food grains were short lifted to the extent of 68 to 97 *per cent* of the allocation during 2006-11. This indicated the department's lackadaisical approach in implementation of centrally sponsored scheme in the right earnest.

The department stated (February 2012) that it had not received any application from NGOs and from other welfare organizations to issue ration card under the scheme. The reply is not acceptable as no efforts were made by the department to identify the beneficiaries.

2.1.8.5 Differences in quantity of food grains lifted as per records of FCI, DSCSC and the department

As per PDS Control Order, State Governments shall ensure that stocks of essential commodities under the PDS as issued from the FCI godowns are not replaced by stock of inferior quality during storage, transit or at any other stage till delivery to the ration cardholder. Further, State Governments should exercise necessary checks to ensure that full quantity lifted by them reaches their godowns and in turn the fair price shops. Under food management system in Delhi, owners of FPSs deposit the demand drafts for the cost of food grains to DSCSC. The DSCSC in turn deposits all the demand drafts so collected to FCI and lifts the food grains from the FCI godowns for further distribution to FPSs. Audit compared the figures of lifting as provided by FCI, DSCSC and the department for the period 2006-11. Though there should not be any reason for differences in these three sets of figures, these were

varying significantly as depicted in the**Table 2.7:**

Table 2.7: Quantities lifted as per the records of FCI, DSCSC and the department

(figures in MT)

Year	Quantities lifted by DSCSC as per FCI		Quantities as per records of DSCSC		Quantities delivered by DSCSC to the FPSs as per department's records		Difference of lifting figures between department and DSCSC		Difference of lifting figures between department and FCI		Quantity distributed by the FPSs		Short distribution w.r.t. lifting from FCI	
	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice
1	2	3	4	5	6	7	8(6-4)	9(7-5)	10(6-2)	11(7-3)	12	13	14(12-2)	15(13-3)
2006-07	400893	145986	400076	145355	393198	142348	(-)6878	(-)3007	(-)7695	(-)3638	394846	143156	(-)6047	(-)2830
2007-08	486042	215548	481924	213091	473619	215701	(-)8314	2610	(-)12432	153	471376	215716	(-)14666	168
2008-09	421495	140138	421592	142309	420140	139571	(-)11452	(-)2738	(-)1355	(-)567	418798	139784	(-)2697	(-)354
2009-10	436537	147082	421896	134659	428569	141565	6673	6906	(-)7968	(-)5517	428089	138817	(-)8448	(-)8265
2010-11	491060	155758	454943	145637	452944	172932	(-)1399	27295	(-)38116	17174	440347	160834	(-)50713	5076
Total							(-)21970	(-)31066	(-)67566	7605			(-)82571	(-)6205

Source: FCI, DSCSC and department

As is evident from the above table, stark differences can be noticed in the figures of lifting provided by three agencies. Going by the figures of FCI, 67566 MT of wheat was short delivered and 7605 MT of rice was delivered in excess at FPSs by DSCSC during the period 2006-07 to 2010-11. As far as distribution by FPSs to beneficiaries is concerned, 82571 MT of wheat and 6205 MT of rice were distributed less than the quantities lifted from FCI outlets during last five years. The department, responsible for proper functioning of food management system in Delhi either did not notice or initiate remedial measures to eliminate the causes for these discrepancies. Further, the department had never reconciled the figures of lifting of SFAs with the FCI and DSCSC during the review period i.e. 2006-07 to 2010-11. Under such circumstances, it cannot be safely concluded that food management system in Delhi was functioning in a transparent and credible manner and the scope for unauthorised diversion of food grains either from FCI or DSCSC or FPSs possibly always remains.

On being pointed out in Audit, the department stated (December 2011) that the matter of difference in quantity of lifting of food grains as per the records of the FCI, DSCSC and the department was being taken up for reconciliation. Further, the department stated (February 2012) that it has been decided to compile the figures with FCI and DSCSC on regular intervals to avoid any discrepancies at later stage.

2.1.8.6 Discrepancies in Utilisation Certificates (UCs)

According to the PDS Control Order, 2001, future allocation of food grains was to be linked with the regular furnishing of UCs by the State within a period of two months from the month for which the earlier allocation was made. Scrutiny of records revealed that the department was not regular in submitting UCs as it had submitted UCs only up to September 2009 as of

December 2011. An appraisal of the reports of UCs submitted for April 2006 to September 2009 and the other relevant records/ information is given in **Table 2.8** below:

Table 2.8: Discrepancies in utilisation certificates

(figures in qtls)

	APL		BPL		AAY	
	Rice	**Wheat**	**Rice**	**Wheat**	**Rice**	**Wheat**
Opening balance	16256	35880	1649	10428	343	896
Quantity lifted during April2006 to Sept.2009	4025923	11046591	1218035	2910424	426605	1056614
Total	**4042175**	**11082471**	**1219684**	**2920852**	**426948**	**1057510**
Less: Quantity distributed during April2006 to Sept.2009	4033096	11012497	1216673	2908747	424567	1047520
Closing balance as worked out by Audit	9079	69974	3011	12105	2381	9990
Less: Closing balance as shown in UCs	9766	67247	2850	11558	2302	9820
Difference	**(-) 687**	**2727**	**161**	**547**	**79**	**170**

There was a difference in the closing balances of rice and wheat to the extent of (-) 687 quintals (qtls) and 2727 qtls under APL scheme, 161 qtls and 547 qtls in BPL scheme and 79 qtls and 170 qtls in AAY scheme. The above table makes it apparent that the department had not placed a true picture of utilisation of food grains before the GoI.

The department stated (February 2012) that due to delimitation of boundaries of Assembly Constituency in July 2009, area of particular circle was merged with other circle and FPSs were also shifted from one circle to another circle due to which figures of September 2009 could not be compiled correctly. The reply is not acceptable as more than two years had since elapsed but the department neither furnished the UCs to the GoI since October 2009 nor reconciled the figures of differences.

2.1.8.7 Allocation and lifting of kerosene oil

With a view to rationalise distribution of Superior Kerosene Oil (SKO) among the kerosene oil users of various categories, it was decided (July 2005) to distribute 22 litres of SKO at the rate of ₹ 9.05 per litre to BPL/AAY and APL beneficiaries. The Oil Sector Companies (IOC, BPCL & HPCL) depots supply SKO to 100 authorised agents who distribute it further to beneficiaries through 2356 KODs. The details of allocation and lifting of kerosene oil for

the period 2006-11 were as given in **Table 2.9** below:

Table 2.9: Allocation and lifting of kerosene oil

(figures in KL)

Year	Allocation	Lifting	Shortfall
2006-07	216492	206640	9852
2007-08	216485	211546	4939
2008-09	206785	180228	26557
2009-10	173863	167000	6863
2010-11	138896	135556	3340
Total	**952521**	**900970**	**51551**

The above table shows short lifting of kerosene oil ranging from 3340 Kilo Litre (KL) to 26557 KL during the years 2006-11. Thus due to lackadaisical approach of the department, the benefits could not reach all the intended beneficiaries.

The department stated (February 2012) that the reasons of short lifting were variation in number of ration cards at the time of allocation and lifting. The reply is not acceptable as department had never intimated the actual card position to the GoI. However, the fact remains that the kerosene oil allocated on subsidized rates to the poor families could not be utilized by GNCTD.

2.1.8.8 Difference in figures of allocation and lifting given by oil sector companies and the department

Allocation of SKO for distribution under PDS is decided by Ministry of Petroleum and Natural Gas, GoI on quarterly basis whereas the department may decide monthly allocations based on the quarterly allocation. The details for allocation and lifting of SKO for period 2006-07 to 2010-11 are given in **Table 2.10** below:

Table 2.10: Difference in figure of allocation and release as per State Level Coordinator and the department

(figures in KL)

Year	As per State Level Coordinator (SLC) of oil companies		As per the department		Difference	
	Allocation	Release	Allocation	Release	Allocation	Release
1	2	3	4	5	6(4-2)	7(5-3)
2006-07	197448	188100	216492	206640	(+) 19044	(+) 18540
2007-08	211724	206906	216485	211546	(+) 4761	(+) 4640
2008-09	206767	180584	206785	180228	(+) 9	(-) 356
2009-10	173812	167900	173863	167000	(+) 51	(-) 900
2010-11	138848	135592	138896	135556	(+)48	(-) 36
Total					**21888**	**21876**

From the above table, it is evident that departmental figures of oil release are on higher side than those of oil companies by 18540 KL and 4640 KL during

2006-07 and 2007-08 respectively. Whereas departmental figures of release are on lower side than the figures of oil companies ranging from 36 KL to 900 KL for next three years i.e. 2008-09 to 2010-11. Also, there were differences in allocation of oil by the GoI (oil companies) and allocation by the department ranging from 9 KL to 19044 KL for the period under review. Reasons/justification for the differences in the figures were not furnished.

The department stated (February 2012) that it allocated the kerosene oil quota to KOD holders for the distribution to card holders in litres after considering the quota converted into KL by the State Level Coordinator. Reply is not specific to the audit finding of difference in allocation as well as release of kerosene oil.

2.1.8.9 Allocation on undelivered BPL (Fresh) cards lying in zonal/circle offices

In May 2010, all Assistant Commissioners/Circle Officers were directed to issue individual notice to all applicants who did not turn up for bio-metric identification and collection of BPL (Fresh) cards which were lying undelivered in their offices. The last date for collection of such cards was fixed as 30 June 2010 after which it was to be inferred that either applicant did not reside at the given address or was ineligible for BPL card. The distribution of cards printed prior to 21 May 2010 by the process of biometric identification was stopped after 30 June 2010 and all undelivered cards were to be treated as cancelled.

As per the status of BPL (Fresh) cards provided by the department, 136436 cards were printed of which 121989 cards were distributed. Out of 12447 undistributed cards, details of only 5359 cards were provided to audit. Audit scrutiny revealed that out of it, 250, 4324, 4261, 3305, 3427, 4259, 4268, 4301, 4298, 749, 1044, 1268 and 1310 number of cards were found active during thirteen months from September 2010 to September 2011 respectively as an allocation of 926.60 MT of Wheat, 370.64 MT of Rice and 765142 Litres of kerosene oil was made against these undelivered cards.

The department accepted (February 2012) that it was decided to keep these cards in the office of respective Zonal Assistant Commissioners and claimed that there was no question of Specified Food Articles being issued against these cards and also provided the list of about 12500 undistributed cards. However, the reply was silent about the allocations made against the undistributed cards for the period September 2010 to September 2011 which was pointed out by audit.

2.1.9 Loss of ₹ 3.19 crore due to non-fixing of norms for the benefit of storage gain

The GoI fixed (October 2003) norms relating to gain in weight of wheat due to absorption of moisture after storage in open/covered space, which were

adopted by the FCI also. As per norms, storage gain in wheat procured from the State Government and its agencies was passed on to the FCI at the rate of one *per cent* and 0.7 *per cent* for the wheat stored in covered and open godown respectively.

During scrutiny of records, it was observed that FCI was recovering storage gain from the procurement agencies but the same was not passed on to the department at the time of delivery of food grains in the rainy season. Details of wheat lifted during the last five years are given in **Table 2.11** below:

Table 2.11: Quantity lifted by department during rainy reasons

Month and Year	Qty. lifted (in quintals)	Qty. of storage gain to be given by FCI at the rate one *per cent*	Loss to the exchequer (as per CIP @ ₹ 610/- per qtl)
July 06	248238	2482.38	1514252
August 06	264085	2640.85	1610919
September 06	315173	3151.73	1922555
July 07	381508	3815.08	2327199
August 07	388945	3889.45	2372565
September 07	343694	3436.94	2096533
July 08	388759	3887.59	2371430
August 08	429526	4295.26	2620109
September 08	360350	3603.50	2198135
July 09	382741	3827.41	2334720
August 09	329861	3298.61	2012152
September 09	304038	3040.38	1854632
July 10	454718	4547.18	2773780
August 10	346599	3465.99	2114254
September 10	285784	2857.84	1743282
Total	**5224019**	**52240.19**	**31866516**

Thus, failure of the department to fix norms to properly account for the storage gain resulted in a loss of 52240.19 quintals of wheat amounting to ₹ 3.19 crore to the department during the years 2006-07 to 2010-11.

The department accepted (November 2011) that it had not received any benefit of storage gain from the FCI and assured that this matter would be taken up with the FCI. It was further stated (December 2012) that they had not received any complaints relating to absorption of moisture in wheat. Reply of the department is not acceptable as the audit point relates to the passing of

benefits of storage gain to the department at the time of delivery of food grains in the rainy reasons.

2.1.10. Monitoring and evaluation

With a view to ensuring proper functioning of the scheme, the PDS Control Order emphasised the need for adequate monitoring through different mechanisms such as inspection of shops, formation of vigilance committees, prescription of periodical returns, monitoring the functioning of PDS at FPS level, etc.

2.1.10.1 Functioning of Fair Price Shops and Kerosene Oil Depot

The success of the PDS depends considerably on efficient functioning of the FPSs. The PDS (Control) Order, 2001 stipulated that the FPS owners should display details such as the stock position along with prevalent issue prices, number of beneficiaries, scale of ration admissible to different categories of consumers and sample of food grains. Audit inspected 157 out of 216 FPSs/KODs and observed that:

- stock position in 25 FPSs/KODs was not displayed,
- in 86 FPSs/KODs number of beneficiaries under each scheme BPL/APL/AAY was not displayed,
- in 15 FPSs, scale of ration allowed was not displayed,
- in 114 FPSs, samples of food grains were not displayed, and
- in 89 FPSs, signature/ thumb impression of beneficiaries were not obtained.

The above irregularities/deficiencies in functioning of the FPS were indicative of poor monitoring of the FPSs.

The department stated (February 2012) that the monitoring of functioning FPSs/KODs was a continuing process and the department was taking all measures to improve the PDS in the interest of beneficiaries.

2.1.10.2 Non-adherence to orders relating to transportation timelines for SFAs and Kerosene Oil

Food grains and kerosene oil are transported from godowns of FCI and depots of oil companies to FPSs and KODs respectively which further distribute these items to the beneficiaries. As per the order of Joint Commissioner (P&C) issued in May 2008, DSCSC should deliver SFAs at the concerned FPS on the same day within three hours of issue or departure of transporting vehicle from the godown of FCI. The order also applies in the case of delivery of kerosene oil from oil companies' outlets to KOD. In case, the transporters of SFA or the distributing agents of kerosene oil are not able to deliver the goods within specified time, they should immediately inform the

DSCSC. In case of breakdown of vehicles etc., the concerned transporters should intimate such exigencies immediately to the FSO/Inspector concerned and also to the control room in the department where a separate record of such calls should be maintained.

Scrutiny of the sale opening register/movement registers of four circles (circle 16, 32, 65 and 67) revealed that vehicles carrying SFAs and kerosene oil reached at FPSs and KOD with delays upto 43 hours. Moreover, information relating to the delays in supply was neither intimated to the FSO/Inspector concerned nor to the control room of the department. The unaccounted delay leaves ample scope for possible diversion or misappropriation of supplies.

The department stated (February 2012) that delay in supplying of SFAs was due to various reasons such as break down of vehicle, traffic congestion etc. The reply of the department is not acceptable as it was clearly stipulated that any breakdown of vehicles etc. should be reported to the FSO/Inspector immediately and also to the control room. However, no complaint was made by any transporters to the department.

2.1.10.3 Non-testing of quality of food grains

To ensure the prescribed quality of food grains, the PDS (Control) Order, 2001 stipulates that before making the payment to FCI, the representatives of the State Government or their nominees and FCI should conduct joint inspection of the stocks of food grains intended for issue. The order also provides that FCI should issue to the State Government stack wise sealed samples of the stock of food grains supplied to them for distribution. However, it was observed in audit that no such joint inspection to ensure the quality of food grains was conducted by the department during the period 2006-11. Thus, the distribution of quality food grains to the beneficiaries could not be verified in audit.

The department stated (February 2012) that neither the DSCSC nor the department had technical staff to check the quality of food grain. The testing of quality of food grain was done by the technical staff of the FCI as the lab facility was available with the FCI only. The reply of the department is not acceptable as it is clearly stipulated in the control order that before making payment to FCI the representatives of the State and FCI should conduct joint inspection to ensure that the stock confirms to the prescribed quality specification which was never carried out by the department at their own level.

2.1.10.4 Non-formation of vigilance committees

PDS (Control) Order, 2001 provides for setting up of a network of vigilance committees at the state level, district level, block level and FPS level. The State Government was also required to notify the periodicity of meetings of various vigilance committees subject to mandatory holding of at least one

meeting in a quarter at all levels. The main objective of the vigilance committees are to report black marketing and diversion of SFAs/K.Oil, to attend the complaints of non availability of wheat, rice etc. to the FPS/KODs and to monitor the day to day schedule prescribed by the department for opening/closing of the PDS outlets, etc. Test check of records in nine districts revealed that vigilance committees were constituted only at block level but no such committees were constituted at state, district and FPS level due to which the basic objectives could not be achieved.

The department stated (February 2012) that the matter would be placed very soon before the higher authorities to constitute the multi level Vigilance Committees.

2.1.10.5 Impact assessment

The department had not conducted any evaluation or impact study to assess the extent to which the various schemes intended to ensure availability of subsidized food grains at household level for the poor were successful. In reply (July 2011) the department stated that no evaluation studies of PDS had been conducted by any external agency or by the department. The department also stated (February 2012) that matter would be brought to the knowledge of higher authorities.

2.1.11 Internal control

2.1.11.1 Inspection of PDS outlets

Under control orders, officials of the department are required to inspect the PDS outlets on a regular basis to ensure their smooth and efficient functioning. Targets for monthly random inspection of PDS outlets were fixed for Inspectors, FSOs and Assistant Commissioners (AC) at fifteen, ten and seven, respectively. The ACs was required to send the summary of monthly inspections conducted by the Inspectors/FSOs as well as themselves to the Deputy Commissioner who would in turn submit a consolidated report to the Commissioner by the seventh of every month. However, there was no evidence on record that such reports had ever been submitted to the Commissioner.

A total of 1813 surprise checks were to be conducted at the level of AC/FSO/Inspectors in all the districts every month. However, no surprise check in any of the districts was conducted during the period from 2006-07 to 2010-11.

Thus, the objective of ensuring effective control and oversight of the working of PDS was defeated due to slackness on the part of departmental officials in conducting the surprise checks.

The department stated (February 2012) that the sale in PDS outlets was opened by the Food Inspectors after visiting the premises of PDS outlets. It further stated that Circle FSO and concerned Zonal Assistant Commissioner invariably visited the PDS outlets and recorded their visit in the inspection book of the PDS licensee. The reply is not acceptable as the visit of the inspectors was for verification of stock and quality before opening of the sales on fresh arrival of commodities and there was no element of surprise or randon inspection. Further, no records relating to visits of FSO/AC were furnished. Moreover, the figure provided by the department belongs to the cases where department acted on the compliant basis.

2.1.11.2 Delay in submission of reports

The PDS (Control) Order 2001 provided for submission of a monthly report to the GoI by the end of the month following the month for which allocation was made, showing the utilisation of food grains allotted to ensure regular allocation of food grains to the state. It was, however, revealed that there were delays in submission of reports of utilisation of food grains ranging from 18 days to 14 months. Reports for the period October 2009 onwards were not submitted to the GoI.

The department accepted that there was delay in submission of UCs and stated that they were collecting UCs from the circle/district offices and same would be sent to the GoI as early as possible. The department stated (February 2012) that the matter of sending UC to the GoI was being sorted out with the help all concerned offices.

2.1.11.3 Non-submission of monthly return

As per Delhi Kerosene Oil (Control) Order, 1962, every dealer is required to submit monthly returns to Commissioner showing stock of kerosene oil received and sold during the month within three days from the close of month to which they related. Scrutiny of records revealed that during the period 2006-07 to 2010-11, no such monthly returns were submitted by any dealer to the Commissioner. As such, the genuineness of the distribution of kerosene oil to the beneficiaries could not be verified in audit.

The department stated (February 2012) that every KOD licensee submitted its report to Circle office which was forwarded to Zonal Assistant Commissioner offices. These reports were further transmitted to the concerned branch of Food and Supplies headquarter. The reply is not acceptable as no such type of reports were furnished to the headquarter as stipulated in the Control Order. Neither, such reports were provided to audit.

2.1.11.4 Absence of Internal Audit

Internal audit is an integral part of Internal Control Mechanism. To obtain reasonable assurance about its functioning, the department is required to

establish a free and independent internal audit. The department did not have an internal audit wing of its own, as it is under the audit jurisdiction of Directorate of Audit of GNCTD. It was, however, noticed that 22 Inspection Reports (IRs) containing 440 observations of the Department of Food Supplies and Consumer Affairs were outstanding for settlement as of March 2011.

The department stated (February 2012) that all the concerned officers had been directed to take necessary steps for settlement of the outstanding audit paras.

2.1.12 Manpower management

The manpower of an organisation should be so utilised that maximum possible output is derived from the available manpower. Adequate administrative and field staff in key posts is essential for the effective functioning of an organisation. Overall, manpower management in the department was not found to be commensurate with the programme implementation work. As against the sanctioned strength of 1141 ministerial and Group D posts in the department, only 648 persons were in position as of March 2011 with 493 posts lying vacant. Shortfall of field staff who were responsible for distribution of food grains and essential commodities and also for the implementation of the scheme ranged from 32.8 to 49.4 *per cent.* Shortage of staff was one of the reasons for internal control measures not working properly.

The department stated (February 2012) that they were facing shortage of staff/manpower and regularly taking up the matter with the GNCTD.

2.1.13 Conclusion

Public Distribution System (PDS) is one of the most important functions of the State Government which helped in providing food security to a large number of consumers. The implementation of PDS in the State, however, suffered due to irregularities and delay in issue of ration cards, shortfall in identification of beneficiaries under AAY and Annapurna scheme. The food management system in the Government was not functioning properly as there was difference in allocation of food grains made by the GoI and by the department. The department has not put in place a system of reconciliation of figures of food grains and kerosene oil released and lifted which resulted in difference in quantity allocated and lifted between the FCI and the State Government. Quality of food grains distributed remained questionable due to absence of quality control mechanism. Monitoring system was deficient due to absence of mandatory checks by vigilance committee, non adherence of orders relating to the transportation timelines for food grains and kerosene oil. No evaluation was ever carried out by the department to assess the impact of implementation of PDS in a timely manner.

Recommendations

- Reconciliation of the department's allocation figures with those of the Government of India should be made at the end of every year.
- The appropriate corrective measures should be taken to remove the discrepancies in the figures of food grains lifted as per records of Food Corporation of India, Delhi State Civil Supplies Corporation and the department.
- Identification of beneficiaries under AAY should be expedited so as to ensure that all the eligible beneficiaries were brought within the purview of the scheme. Timely availability of ration cards should also be ensured.
- The department should ensure accuracy of facts and figures depicted in the utilisation certificates and strengthen its machinery for their prompt submission to the Government of India.
- The monitoring mechanism should be strengthened and the inspections prescribed under control orders should be conducted at each level so as to ensure better delivery of benefits to the intended beneficiaries.

Municipal Corporation of Delhi

2.2 Manpower Audit of MCD

Executive Summary

The Municipal Corporation of Delhi (MCD) created under the Delhi Municipal Corporation Act, 1957 (Act) of the Parliament, is one of the largest municipal bodies in the world.

As per Schedule of Establishment (2009-10) of MCD, the total sanctioned strength of the MCD was 107103 employees, of these 1682 were of Group A, 9316 of Group B and 96,105 of Group C & D. There are 22512 temporary employees in the Multitasking staff cadre. Three departments viz. Department of Environment Management Services (DEMS), Horticulture and Engineering were selected for audit based on the number of temporary employees with them. Temporary employees posted in these three departments are 16,525 in DEMS, 1409 in Engineering and 702 in Horticulture. DEMS has 36,419 (2010-11) regular Safai Karamcharis (SKs) also. DEMS had also maintained a panel of 43489 substitute Karamcharis for deploying them against leave vacancy.

DEMS had not recruited any SK directly for more than 20 years. Instead, MCD resorted to engagement of substitute SKs in terms of the provisions of Resolution No.331 (1986), which has not been notified till date. SKs engaged as substitutes were regularized under MCD resolutions. For this, substitutes were first declared as daily wagers and their service as substitutes was counted for their appointment as regular SKs. From the attendance records and pay bill registers it was seen that 4960 man days of substitute employees, during one month test-checked in 43 wards, were unaccounted for. The unaccounted pay for the test-checked period amounted to ₹ 7.82 lakh[1] in 43 wards. It was seen that 207 employees were unaccounted for i.e. in 188 cases, their names were included in the pay bills but not in the attendance register and in 19 cases, both the substitute as well as the regular employee against whom the substitute was engaged, were shown as present.

Innovative terms and systems like substitutes, Look After Charge (LAC), Current duty charge (CDC), ad hoc appointment beyond one year etc. are used as a general practice in MCD, in the name of exigency of work and operational constraints. Such systems of engagement, recruitment, transfer and promotions have set wrong precedence, which have resulted in mismanagement of human resources having direct bearing on the economy, efficiency and effectiveness in the functioning of the organization as a whole.

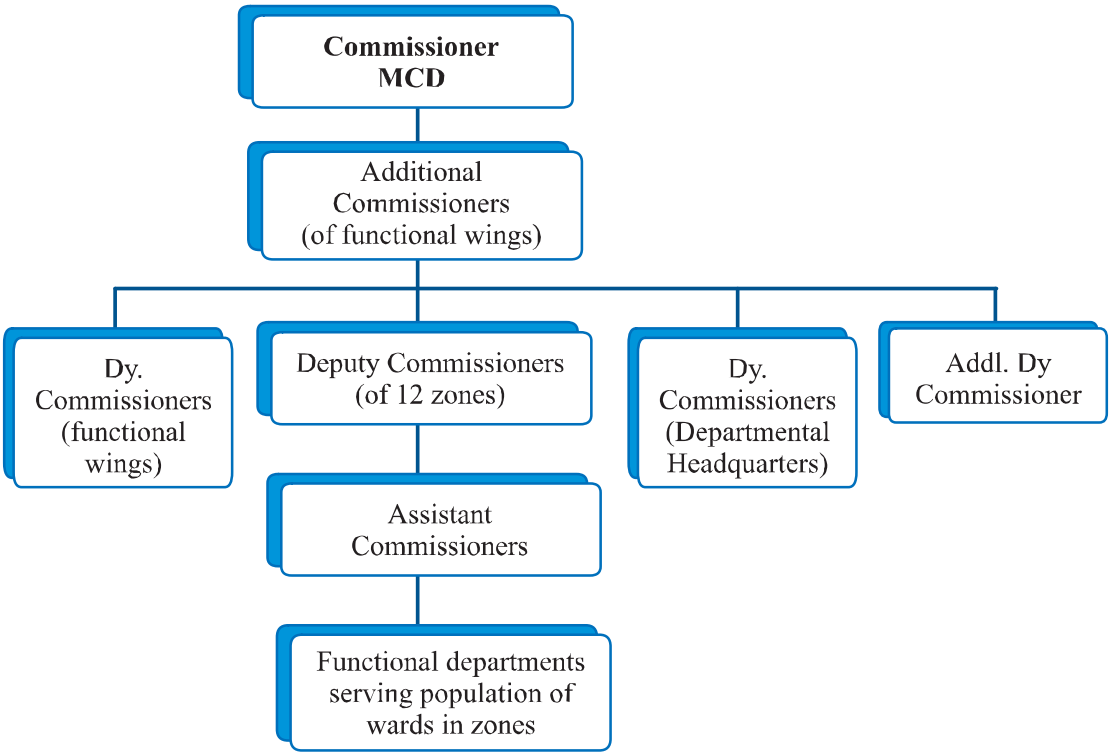
[1] At the rate of ₹ 157.62 per day.

2.2.1 Introduction

The Municipal Corporation of Delhi (MCD) created under the Delhi Municipal Corporation Act, 1957 (Act) of the Parliament, is one of the largest municipal bodies in the world. It caters to a vast population of 1.37 crore people, living in an area of 1397.29 Sq Km, which forms approximately 94 per cent of the area of Delhi. MCD performs its designated municipal and civic functions through 23 departments such as Horticulture, Property Tax Department, Engineering Department, Building Department, Conservancy and Sanitation (now Department of Environment Management Services or DEMS), Health Department, Slum and JJ Department etc. Its activities are financed by its own revenue resources and grants-in-aid from the Government of NCT of Delhi. In April 1988, the President of India approved audit of accounts of MCD by the Comptroller and Auditor General of India under Section 14 (2) of the Comptroller & Auditor General (DPC) Act, 1971.

Manpower audit of MCD was taken up to assess whether an effective, sufficient and reliable system was in place for employment, deployment and control of manpower to ensure its efficient and effective utilization.

2.2.2. Organisation set up



At the apex of the Executive Wing is the Municipal Commissioner who is appointed by the Central Government for a term of five years in the first instance. The Commissioner is assisted by seven Additional Commissioners, 16 Deputy Commissioners and Additional Deputy Commissioners as well as Assistant Commissioners along with heads of different departments.

MCD is divided into 12 zones, each headed by a Deputy Commissioner who is vested with the power to take major decisions at the zonal level. He is assisted in the various functional departments by an Assistant Commissioner, Superintending Engineer, Deputy Health Officer, Joint Assessor & Collector, and Deputy Chief Accountant.

Employees of MCD are grouped into three categories viz.(i) Group A,(ii) Group B and (iii) Group C&D. The last group includes following types of employees particularly in case of DEMS where they are employed in the largest number:

- **Regular employees**:- These include regular *Safai Karmacharis* (SKs) who draw their pay as per prescribed pay band.
- **Temporary employees**- They are further divided into following categories:

  (i) Daily wagers- They are employed on day-to-day basis at the prescribed rate and engaged against existing vacant posts.

  (ii) Piecemeal employees- They are engaged for 89 days on expiry of which, fresh sanctions are issued after giving a gap of one day in their employment. These employees draw the salary of daily wagers.

  (iii) Substitutes- They are also like daily wagers but are engaged against leave vacancies of regular employees and daily wagers.

2.2.3 Audit sample and scope

As per Schedule of Establishment (SOE) (2009-10) of MCD, the total number of permanent posts in MCD was 107103 (1,682 Group A, 9,316 Group B and 96,105 Groups C and D) and the number of temporary employees excluding substitute employees was 22,192.

Out of the 23 departments of MCD, three departments viz. Department of Environment Management Services (DEMS), Horticulture and Engineering were selected for audit based on the number of temporary employees engaged by them. These departments employed approximately 84 *per cent* of the total

number of temporary employees in MCD. Details are given in **Table 2.12** below:

Table 2.12:Temporary employees in selected departments

Sl. No.	Name of the department	No. of temporary employees
1	DEMS	16,525
2	Engineering	1,409
3	Horticulture	702
	Total	**18,636**

DEMS employes 36419 regular SKs and 16525 temporary employees. Accordingly, DEMS had also maintained a panel of 43489 substitute karmcharis for deploying them against leave vacancy. Thus, DEMS was considered a major risk area for conducting the audit. Further, three zones, viz. Shahdara (South), West and Rohini were selected based on the largest number of temporary employees including substitutes employed by DEMS in these zones. In each selected zone, three wards were selected, on random basis. Besides these three departments, the Accounts department where pay bills of regular, temporary and substitute staff are passed for payment, was also subjected to audit scrutiny.

2.2.4 Audit objectives

The main objectives of the audit were to examine whether:

The assessment of manpower had been carried out systematically; a recruitment policy for various categories of employees was in place and being implemented without deviation;

Attendance registers, pay bills and service records were properly maintained and this information was duly conveyed to the accounts branch and whether the substitute SKs were verifiable through physical check;

Promotions and assignments of charge of higher posts were governed by existing rules and regulations.

2.2.5 Audit findings

2.2.5.1 Assessment of requirement and employment of Safai Karmcharis

The Office & Method (O&M) section is responsible for conducting studies to assess staff requirement for various departments of MCD. These studies use scientific methods of evaluation taking into account prescribed yardsticks and accordingly propose increase/decrease in sanctioned strength. The MCD

resolved in 1988 to dispense with O&M study and regularize persons engaged on daily wages/muster rolls on the basis of requirement as worked out by each department.

However, the MCD did not conduct any study to assess either its manpower requirement or additional sanitation areas as well as citizens needs in upcoming and existing areas. In order to ascertain and control the expenditure on substitutes, the Finance Department asked DEMS in November 1998 to work out the strength for different heads of account so as to charge the expenditure on leave reserve to respective heads of account. It was observed during the audit that DEMS Headquarters had made no headway in this direction till December 2010. As DEMS did not work out the staff strength till December 2010, the Finance Department allocated a separate head of account for booking expenditure on substitute employees from the revised Budget of 2008-09. However, DEMS continued to book the expenditure on substitutes under the head salary. Thus, there was no clarity on the expenditure incurred on regular and substitute employees and the intention to control expenditure under this head was also lost sight of.

In September 2011, MCD stated that the requirement of Safai Karmacharies was worked out on the basis of yardstick/norms developed by the DEMS in 1984. Based on the Resolution of the Corporation, the DEMS in May 2009 decided to adopt the said yardstick/norms for working out the requirement of SKs and hence no separate study to assess the man-power requirement is being done. As and when an additional sanitation area comes under the jurisdiction of MCD, piecemeal sanction on the basis of norms is taken and staff is engaged on temporary basis out of the panel of substitute SKs. Further, department stated that now in order to streamline and standardize the system, the determination of required strength of Category 'C' and 'D' employees was being done by a professional agency. However, no details and time frame to complete the study was given to audit. Department also stated that since there was no payment to substitute employees unless they were engaged, there was no question of booking of expenditure under separate head as they got salary from salary head.

The reply is not acceptable as MCD adopted the norms of 1984 to work out its requirement of SKs in May 2009. Thus, there was no definite policy to assess the requirement of SKs during the period from 1984 to May 2009. Further, the reply of MCD regarding booking of salary of substitute employees is not acceptable as it had not followed the instructions of their own Finance department.

After 1992, the practice of engaging substitute SKs gained momentum in DEMS. This was evident from the fact that in DEMS, a batch of 2406 substitutes engaged during 1992-94 was considered for regularization in 2005-06. This was despite the fact that there are no rules for the engagement of

substitute employees in MCD. The practice can be traced back to April 1989, when the Commissioner allowed engagement of substitute SKs, drain sweepers and water carriers etc. against leave vacancies during harvesting season. The orders were to automatically relieve them in the afternoon of 30 June 1989. However, the practice that was resorted to for engaging substitutes during the harvesting season only became a general practice in subsequent years.

Discrepancies noticed in the engagement of substitutes are as under:

a) Engagement and Regularisation of SKs

As per the Recruitment Rules of MCD, SKs in DEMS can be appointed only through direct recruitment. However, scrutiny of recruitment/promotion files revealed that the DEMS had not recruited any SKs directly for more than 20 years. Instead, MCD resorted to engagement of substitute SKs in terms of the provisions of Resolution No.331 (1986), which has not been notified till date. SKs engaged as substitutes were regularized under MCD resolutions. For this, substitutes were first declared as daily wagers and their service as substitutes was counted for their appointment as regular SKs.

Even this practice of regularization of substitutes was not free from discrepancies. Scrutiny of records of regularization of substitutes (engaged during 1992-94) revealed that the total numbers of substitutes proposed for appointment changed thrice (2406, 2636 and 2736). In one instance, the West Zone proposed 736 cases for regularization in 2006-07 but withdrew the same in July 2008 as reliability of cases was doubtful. Following this, the Commissioner formed a committee in January 2009 to scrutinize these cases which found 658 out of 736 cases bogus or tampered with. In another instance in Shahdara (South) zone, DEMS Headquarters terminated services of nine regular SKs in February 2010 as their service had not been regularized by it. In other words, these SKs had been employed at the zonal level by unilateral authorization. This indicated that the process of regularization of substitutes at zone level was not transparent and not reliable.

MCD in its reply accepted (March 2010 and September 2011) that there was no practice of direct recruitment on regular basis and stated that the Group 'D' employees like Safai Karamcharis, Malis, Beldars etc. were being engaged on daily wage basis and regularized under the Phased Manner Regularization Policy of the Corporation. It further stated that a revised policy had been formulated for filling up Group 'D' vacant posts on contract basis through a Selection Board. However, fact remains that even after creation of the Selection Board; MCD would find it difficult to do away with substitutes until they had clearly identified their sanitation area and assessed the requirement of staff.

b) Unreliable database for manpower planning

As per the Schedule of Establishment (SOE), the number of temporary employees including daily wagers in DEMS increased from 1431 in 2006-07 to 16525 in 2007-08. The steep increase of 1055 per cent was attributed to the increase in sanitation area under MCD. However, the steep increase is not justified as DEMS neither identified the sanitation area within its jurisdiction nor assessed its staff requirement. Moreover, the DEMS does not have a reliable centralized database of the basic information such as sanctioned strength, men-in-position, sanitation area etc. As and when required, the information is called for from zones, compiled at the DEMS headquarters and forwarded to Central Establishment Department (CED). In the absence of a centralized database there is no consistency in figures regarding manpower in DEMS. For instance, the number of temporary employees of DEMS in 2009-10 as per SOE was 16525 whereas this number as per DEMS was 19407.

MCD in its reply stated (September 2011) that the SOE was unreliable because the figures in the SOE were not updated regularly to include/delete number of sanctions granted during the year due. However, the reply was not supported with documents showing the reconciliations of differences observed by Audit.

c) Discrepancies in attendance and payments to substitute SKs

The attendance registers and pay-bills in respect of substitute SKs were test-checked in three randomly selected zones viz Shahdara (S), Rohini and West Zones, with a view to verify whether payment made to substitute SKs was linked with their attendance marked in the attendance register. Audit examined records made available to it in 43 wards of the three zones. One month was covered for each ward. In five wards 6 extra months were also test-checked. Scrutiny revealed cases where excess payment to substitutes

was made. Details are given in **Table 2.13** below:

Table 2.13: Excess man days paid to substitute employees

Zone/ ward	Excess man days paid as compared to attendance register	Excess man days of substitutes who per paid in lieu of regular employees who were not on leave	Man days of substitute employees whose names are not available in attendance register but found in pay bills (No. of substitutes)
Shahdara (S): Wards 209 to 239 + RR division	1678	Nil	445 (97)
Rohini: Wards 38, 39, 40, 45, 61,65 66, 67,	788	116(19)	1402(91)
West Zone: Wards 57, 101, 104	531	Nil	Nil
Total	**2997**	**116(19)**	**1847(188)**

Note: The excess man days have been worked out after deducting – (i) the number of days of leave of regular employees, (ii) the number of days of leave of daily wagers and piece meal employees and (iii) the total man days for vacant posts.

It is evident from above that the unaccounted amount paid to substitutes for the test-checked one month, worked out to ₹ 7.82 lakh[2] in 43 wards. In 188 cases, employees were unaccounted for i.e. their names were included in the pay bills but not in the attendance register and in 19 cases, both the substitute as well the regular employee against whom the substitute was engaged, were shown as present.

The Deputy Commissioner, Rohini Zone stated that in few wards, attendance could not be marked in attendance register with a presumption of having the names of substitute SKs already in respective muster rolls. It was also mentioned that due to frequent inspection by MPs/MLAs/Mayor/ Municipal Councilors, additional substitute SKs were engaged at very short notice to meet the requirement of cleanliness during such visits and their attendances were got marked only in the muster-roll and not in the attendance register. The reply is in fact an acceptance of audit observation that there existed discrepancies in two sets of figures/information.

[2] @₹.157.62 per day

Shahdara (S) zone in its reply stated that in wards 209, 210 and 219 some of the employees had inadvertently not marked their attendance and some of the employees had marked their attendance in registers which were not scrutinized by Audit. The reply in this case also does not contradict the audit observation.

d) Attendance marked as present in attendance register but pay not released

Test check of attendance registers and pay bills in respect of ward nos. 209, 210 and 219 of Shahdara (S) zone revealed that during February 2009, 104 substitute employees marked 487 ½ days attendance in the attendance register which were not included in the pay bill. Similarly, during November 2009, 101 substitute employees marked 514 ½ man days attendance in the attendance register which were also not included in the pay bill

MCD in its reply stated (September 2011) that there were beats on which the substitute SKs were engaged in an entire ward in the morning, against vacancies due to absenteeism. These substitutes mark their attendance in the register and once it was calculated that more than 10 per cent of such employees have marked their attendance, they are sent back and the pay bill is restricted to 10 per cent. As a matter of fact, their attendance on such days should have also been cancelled but in practice it was not done which has resulted in more names in attendance register than in pay bills.

This is obviously not an efficient system where attendance register linked to pay bills and is fraught with risk of undue payments as there is no check or accountability of the supervisory staff when they enjoy so much of discretion with regard to hiring of employees.

e) Postal survey of temporary employees

A postal survey of 5000 temporary employees of MCD was conducted by Audit to verify their addresses. Out of these 5000 employees, 914 employees have replied and 463 letters were returned by the postal department due to incorrect/incomplete addresses. Thus, the probability of fake employees being on the rolls is very high.

Department in its reply has stated (September 2011) that the Crime Branch is investigating the case and hence any substantive conclusion should not be drawn based on the survey done by audit.

f) Physical verification of temporary employees

A physical verification of 1000 temporary employees (other than regular) working in DEMS, Horticulture and Engineering department of MCD was carried out by Audit during March and April 2011. The employees were

chosen out of a sample of 5000 on a random basis. Details of physical survey are given in **Table 2.14** below:

Table 2.14: Result of physical survey

Total	Correctly verified	Address not found	Address incomplete	Employees not residing at address	Employees found at different address	Employees expired	Employees not working in MCD
1000	744	76	71	58	36	7	6

Thus, MCD needs to investigate 147 cases (76+58+7+6) where addresses were not found or employees were not residing at the address provided by MCD or were found to be not working in MCD.

MCD in its reply stated (September 2011) that this aspect was being looked into by the Crime Branch of Delhi Police.

Audit survey/physical verification is only indicative of the possibility of fake employees. This has to be finally established by the department or Crime Branch whether fake employees are existing or not. Also, the department needs to look into irregular payments made to substitutes as pointed out in this report.

2.2.6 Implementation of bio-metric attendance system

Under the e-governance project, MCD had implemented a biometric attendance system from August 01, 2008 to ensure accountability of staff. In November 2009, all accounts departments were instructed to link the salary with the biometric attendance. However, the system had not stabilized even as of March 2011. From the scrutiny of records in the West zone it was seen that the DEMS had allotted more than one biometric ID to 17 SKs which was stated to be a software problem of which the MCD was aware.

MCD in its reply stated (September 2011) that all employees except teachers and other staff of the schools were marking their attendance on the bio-metric machines. Other aspects of bio-metric system like linking of payrolls with attendance, updating leave record of employees electronically etc. are under process.

2.2.7 Discrepancies in attendance of regular employees

(i) The examination of pay bills and attendance registers for the test-checked two months revealed that 1207 days of absence of 220 employees on sanctioned medical or earned leave, was not reported to the accounts branch. It also include 75 employees had been marked absent without permission for 425 days in the attendance register. The absence was thus unauthorized for which pay should not have been released. Department wise and zone wise details are given in (**Appendix-2.2).**

MCD in its reply stated (September 2011) that the actual bill cycle was from 1st of a month to 30th of the month whereas in the absentee statement attached with pay bill and forwarded to accounts branch, it is from 16th of the month and thus in the bill, leave granted were not reported for the period 15th to 30th and these were reported in bill of the ensuing month. The reply was not acceptable as this aspect was taken into account while scrutinizing the pay bills and attendance register of a particular month.

Moreover, the attendance register and leave records were not being maintained properly and information of unauthorized absence was not being provided to accounts department which led to payment of salary for period of unauthorized absence.

(ii) In case of Shahdara(S) Zone, certain records like absentee statement, attendance register etc. relating to ward nos. 214, 225 and 239 were not provided to Audit. In April 2011 MCD stated that these records were lost and an FIR had been registered with the police.

2.2.8 Discrepancies in service records of SKs, malis and beldars

As per Central Civil Service(CCS) Rules[3] every person newly appointed to a service or a post under Government shall, at the time of the appointment, declare the date of birth by the Christian era with as far as possible confirmatory documentary evidence such as a Matriculation Certificate, Municipal Birth Certificate and so on. This date of birth should be recorded in the service book. The date on which a Government servant attains the age of sixty years shall be determined with reference to the date of birth declared by the government servant at the time of appointment and accepted by the appropriate authority. Also, every step in the official's career should be recorded and each entry attested by the Head of office that will ensure that the entries are correct and that there is no erasure, overwriting etc. in the Service Book.

Date of birth is the record that determines the length of service and incorrect entries can increase or decrease the age of retirement. Test check of service books revealed 13 cases where date of birth was not correctly entered in the service books resulting in increased age of retirement of employees in a range of 4 months to 11 years 1 month. **(Appendix-2.3).**

It was seen that in 368 cases out of 681 test checked cases, up to date leave availed were not debited in the leave account. In some cases, updating of leave accounts was not done since 2001 and in most cases; entries were not countersigned by the competent authority (**Appendix-2.4**).

[3] Adopted by MCD as per its Act

Police verification report was not found in a large number of cases in the service book / personnel file. Also, documents like proof of date of birth and proof of caste certificate etc. were found missing.

MCD in its reply stated (September 2011) that discrepancies in date of birth would be taken care of through the Employee Information System under implementation from 2008-09 and getting fresh medical done in such cases. Further, department stated that leave accounts had also been updated in the service book now.

2.2.9 Recruitment and deployment

2.2.9.1 Non-recruitment of direct recruit Section Officers

The Recruitment Rules of Section Officer stipulate that 25 per cent of the vacant posts should be filled up by promotion and 75 per cent through direct recruitment. The Directorate of Horticulture sent in January 2008 a requisition to the Delhi Subordinate Service Selection Board (DSSSB) to sponsor 47 candidates for the regular post of Section Officer. It was, however, seen that the ensuing three years were spent by MCD in providing complete information/ clarifications to the DSSSB relating to its requisition. Simultaneously in the same month, the department assigned the 'look after charge' (LAC)[4] of Section Officers (Horticulture) to 32 Choudharies from feeder cadre. MCD again issued a fresh requisition on 5 April 2011 to DSSSB for filling up the vacancies of Section Officers (Horticulture) without giving any reference to its earlier requisition of January 2008. As on March 2011, there were only two directly recruited Section Officers (Horticulture) and all other 31 Section Officers (Horticulture) were holding LAC from the feeder cadre for more than three years.

MCD in its reply stated (September 2011) that they had pursued the case with DSSSB regularly and that the matter was pursued at the Additional Commissioner level.

Recruitment rules provided for direct recruitment of Section Officers for 75 *per cent* of the post. The Department should ensure compliance with their own rules for a better human resource utilization.

2.2.9.2 Ad hoc appointments for Groups A, B, and C

As per CCS rules, adhoc appointment should be resorted to only in cases when posts cannot be kept vacant and until regular candidates become available. Total period of ad- hoc appointment/promotion should be for one year. For extension beyond one year, approval of Department of Personal &

[4] Look After Charge/Current Duty Charge of a post are given to a employees of junior post on temporary basis as a stop gap arrangement

Training is needed. If the approval is not received, adhoc appointment is treated as terminated on the expiry of a term of one year. Also, persons appointed on ad hoc basis are to be replaced by regular appointment by direct recruitment, promotion or transfer (absorption), at the earliest opportunity. The service rendered on ad-hoc basis in the grade concerned would not count for the purpose of seniority in that grade and for eligibility for promotion to the next higher grade.

During the scrutiny of records in the DEMS, Engineering and Horticulture departments, it was observed that employees appointed on ad-hoc basis were continued beyond the one year ceiling for many years. The department wise details are given in **Appendix-2.5**. The problem arose because MCD has not been filling vacant post through direct recruitment for many years. The continuation of employees on ad-hoc posts for many years, in some cases upto 26 years, has also created a lot of litigation for the MCD.

Analysis of the data indicated that out of 199 test-checked cases, 119 employees had been assigned ad hoc posts in their entire service and in 110 cases they remained on the ad hoc post for more than the permissible period of one year. Details are given in **Table 2.15** below:

Table 2.15: Details of ad hoc appointments

Sl. No.	Department	No. test-checked	No. of ad-hoc	Ad-hoc > 1 year
1	Engineering	57	36	33
2	DEMS	77	57	52
3	Accounts	21	13	13
4	Horticulture	44	13	12
	Total	**199**	**119**	**110**

Further, 27 employees were promoted from one ad hoc post to higher ad hoc post implying that even the ad hoc service in lower post was considered for promotion to the next post overlooking the extant rules. This is further discussed in a later paragraph (paragraph 2.2.10).

Violation of Service Rules is only leading to confusion and mismanagement. As a person promoted on ad hoc basis still holds a lien on the previous post, previous post cannot be considered as vacant for recruitment on regular basis. The vacancy is then again filled on ad -hoc or LAC basis. Thus, a vicious circle of filling up posts through irregular systems has been created.

MCD in its reply stated (September 2011) that in order to provide uninterrupted essential services to the citizens some ad hoc appointments were continued beyond one year as the regular appointments were not completed within one year due to various reasons. In case of Group A posts, it was

stated that the regular appointments/promotions were made by UPSC which normally takes a long time and thus some Group A posts were filled on ad hoc basis beyond one year. However, sincere efforts were on to fill up all these posts on regular basis. Action had been initiated to conduct regular DPCs to fill up the vacant Group A posts through UPSC. Similarly, DPCs were being conducted to fill up Group B and Group C posts on regular basis. It was stated that in the last two years, a number of Group B and Group C posts had been filled up on regular basis by convening regular DPCs.

However, Audit noted that the practice of ad hoc appointment was in vogue throughout the department and spread over long periods of time. Details of Group B and C posts filled on regular basis in the last two years had not been furnished to Audit.

2.2.9.3 Operation of LAC for Groups A, B and C

Scrutiny of service books and promotion files in DEMS, Horticulture, Engineering and Accounts departments revealed that officers/employees were assigned Look After Charge/Current Duty charge (LAC/ CDC) of a next higher post. For instance, a Junior Engineer is assigned LAC of Assistant Engineer in addition to his own duties against direct recruitment quota while holding lower post. This stopgap arrangement was extended from time to time which became necessary as no fresh recruitment was being made.

It was also seen that the assignment of LAC was being considered as promotion against promotional quota which is not permissible. LAC can only be resorted to as temporary arrangement to fulfill short term manpower needs and promotion entails assignment of higher responsibilities with higher pay after due appraisal as per rules in the matter. The office order making the promotion has a foot note on terms and conditions wherein LAC is referred to as a stopgap assignment only and that the period of look after service will not count towards eligible period for regular appointment to the post occupied. However, as employees started holding posts for long periods it would not have been possible to ignore their service rendered on these posts. From the scrutiny of records it was seen that LAC posts after being operated for two to three years were converted as ad-hoc posts through promotion. Thus, the period of LAC was also counted for promotion to the next higher post which could be an LAC or an adhoc or a regular post.

The Commissioner had objected to the practice of assigning LAC in 2002. Nevertheless, the practice continues till date, as was seen in the test-checked departments. The details are given in **Appendix-2.6**.

The MCD stated (September 2011) that the CDC/LAC of higher posts was assigned to officers in the exigency of public services as per a Circular of 14 December 1973 issued by the then Deputy Commissioner, MCD in such cases where the concerned officials did not fulfill the requirements of the

Recruitment Rules. As such, CDC/ LAC is assigned only in unavoidable circumstances where it was absolutely necessary to fill up these promotional vacancies to provide essential services to the citizens as the posts could not be kept vacant for a long time. However, as and when the officers became eligible for promotion to the next higher post as per the notified RRs their cases were considered for promotion by convening regular DPC/Screening Committee meeting.

The reply is not tenable as giving CDC/ LAC of a higher post to an employee who is not eligible and competent as per Recruitment Rules is not only violation of Service Rules but such practices also vitiate the working culture of an organization. CDC/LAC should be given only to persons who are otherwise qualified for the post as per the rules. Recruitment Rules or eligibility conditions for a post cannot be changed by merely issuing a circular at the level of Deputy Commissioner.

2.2.9.4 Filled up posts more than the sanctioned posts

Scrutiny of files in the Central Establishment Department revealed that in case of Deputy Commissioner's Cadre, 23 posts had been filled up against 16 sanctioned posts. The excess posts were stated to have been filled up in the name of physical vacancies. This term has no sanctity under the existing rules and regulations. It has been introduced merely to accommodate more officers, as was found in one of the cases given below:

The case relates to deputation of an officer from Government of NCT of Delhi in MCD as Deputy Commissioner. It was observed that against a sanctioned strength of eight posts (50 per cent of total strength of DCs), 11 Deputy Commissioners had already been working on deputation basis. Despite this fact, MCD had to adjust 12 officers on deputation to comply with the orders of Government of NCT of Delhi.

MCD in its reply stated (September 2011) that in addition to 16 sanctioned posts, 03 retired Defense Personnel were re-employed and were assigned the charge of Deputy Commissioner. However, they were drawing their salary against the post of Assistant Commissioner/Deputy Assessor & Collector. However, the observation of Audit was accepted and it was assured that in future the Deputy. Commissioners would be appointed on deputation basis as per the sanctioned strength.

2.2.10 Promotion

As per the Recruitment Rules (RR) of MCD, all the sanctioned posts should be filled either by direct recruitment or promotion of departmental candidates. Service rendered by an employee on ad hoc basis cannot be counted for promotion purposes. DPCs should be convened at regular annual intervals to draw panels which can be utilized for making promotions against the vacancies occurring during the course of a year. For this purpose, it is

essential for the concerned appointing authorities to initiate action to fill up the existing as well as anticipated vacancies well in advance of the expiry of the previous panel. The requirement of convening annual meetings of the DPC should be dispensed with only after a certificate has been issued by the appointing authority that there is no vacancy to be filled by promotion or no officer is due for confirmation during the year in question.

Audit scrutiny of promotion files in Engineering, Horticulture and DEMS departments revealed the following irregularities and discrepancies:

- Employees were promoted to a higher post from a CDC/ LAC or ad hoc charge, details as given in **Appendix-2.7 & 2.8**;
- More than the stipulated percentages of posts were filled up by promotion as direct recruitments were not done;
- DPCs were not convened at regular intervals;

The details of these deficiencies are given in **Appendix-2.9**. MCD in its reply stated that (September 2011) the ad hoc appointments against various posts were made on the basis of functional requirements in MCD as regular appointments which are made by UPSC or by DSSSB take a long time. The appointment/promotion on ad hoc basis was made in the public interest due to exigency of work. Similarly CDC/LAC assignments became necessary when the official concerned did not fulfill the conditions of the RRs.

Extending ad hoc appointment beyond one year and assigning CDC/LAC of a higher post to an employee/official who is not eligible as per RRs of MCD is a regular practice and is against rules. Further an employee who is given CDC/LAC charge does not attend to the regular duties of the post he held originally. Further neither ad hoc service nor CDC/LAC service can be considered for any type of promotion. As the Engineering department kept on considering the ad hoc period for promotion purposes which was not acceptable to the UPSC, vacancies belonging to the years 1974-84, 1985 and 1998 could not be filled until February 1998 when the DPC of the UPSC recommended five names of AEs without counting the period of ad hoc service as per rules.

On non-holding of DPCs, the MCD (September 2011) stated that DPCs were not convened at regular intervals due to delay in submission of service books, personal files and Currency of Punishment (CoP) reports by zonal offices and vigilance report from the Vigilance Department of the Corporation. The fact remains that there has been undue delay in holding DPCs with delays ranging from four years to 11 years. MCD confirmed that DPC for the post of Assistant Engineer for the year 2006 had to be postponed twice due to non availability of documents/non-clearance from vigilance department of MCD. The DPC was finally convened in August 2007 with a delay of 1½ year. Even then, the proposals for promotion put up before the DPC were meant for

existing vacancies only and anticipated vacancies were not assessed and considered at all as required under rules. In another instance Draftsmen of Grade III awaiting promotion for the past 18 years were given ad hoc promotion against 12 vacancies in March 2010 after initiating action in 2005.

2.2.11 Conclusion

MCD employs a lot of substitute employees without any justifiable basis and without assessing the actual requirement. The result of the test audit shows that there is a high possibility of existence of fake Safai Karamcharis in MCD. The problem is partly due to lack of strong central control leaving too much of discretion with the zonal officers. While the emergent situation needs to be handled, there is a need to have a stricter and firmer control on the number of temporary/substitute employees engaged and the delegation of power allowed to the field officers.

There was practically no direct recruitment of staff in Group A, Group B and Group C categories. This has led to adoption of unhealthy practices like ad hoc appointment beyond one year and assigning of Look After Charge/Current Duty Charge to ineligible employees in contravention of existing rules and regulations. Such adhocism does not augur well for the organisation and leads to avoidable cost escalation and poor manpower management. Irregularity in appointment of Deputy Commissioners is indicative of violation of rules at the highest level.

In case of Group D employees there was no direct recruitment of staff for more than 20 years which had resulted in adoption of a non transparent system of engagement and regularisation of substitute/temporary employees. This system provides discretionary power to officers in matters of engagement, payment and regularization.

Recommendations

- *The MCD should prepare a human resources manual and integrate human resource functions pertaining to all departments under the overall charge of a Director (HRD). It should develop an effective manpower information system to facilitate proper planning and deployment of human resources.*
- *MCD should assess its manpower requirement (including leave reserve) and recruit Safai Karamcharis directly by adopting a uniform policy spelt out clearly.*
- *The MCD should complete the installation and commissioning of bio-metric system in a time bound manner in each zone and link it with the pay bills.*
- *The MCD should maintain leave records properly and leave entries should be attested regularly by the competent authority.*

- *The MCD should evolve policy guidelines for recruitments specifying procedures to be followed in assessing manpower requirements; fixing the qualifications and skill sets required for different jobs and time periods for the various stages in the process of recruitment for timely availability of manpower. The policy should help the organisation to review the staff position in its different units and to create or abolish posts based on the changing scenario.*
- *Seniority list may be prepared as and when gradation list is updated.*

Chapter 3

Audit of transactions

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

3.1 Non-compliance with rules and regulations

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

Public Works Department

3.1.1 Irregular award of work and excess expenditure of ₹11.59 crore

Incorrect working out of justified cost by the Department resulted in irregular award of work amounting to ₹ 234.00 crore. Till January 2012, ₹ 167.10 crore has been paid, which resulted in excess expenditure of ₹ 11.59 crore.

Para 18.12.1 of CPWD Works Manual, 2003 stipulates that 'it is not enough to accept the lowest tender, but the tendered rates should be reasonable considering the market condition and other factors pertaining to the particular work. Variation upto five *per cent* in amount over the amount worked out at prevalent market rates may be ignored. However, in case of greater emergency, variation upto plus 10 *per cent* might be allowed but in no case rate higher than 10 *per cent* should be accepted. Further, as per schedule 'F' of the agreement, while evaluating the cost of works and for preparation of analysis of rates for DSR items, element of contractor's profit and overhead charges (CP&OH) @ 10 *per cent* was to be adopted.

The Executive Engineer F-112 awarded (May 2007) work of 'Corridor Improvement for Outer Ring Road from IIT Gate to NH-8 intersection' to M/s Afcons at a tendered cost of ₹ 234.00 crore against the estimated cost of ₹ 164.83 crore with stipulated dates of start and completion being May 2007 and February 2009 respectively. As the tendered cost was 41.97 *per cent* above the estimated cost, the department worked out justified cost at ₹ 223.87

crore and accepted the tender on the basis that the work was 4.52 *per cent* above justified cost.

Audit scrutiny revealed (May 2009) that while preparing the justification statement, the Department adopted the CP&OH @ 37.5 *per cent* (25 *per cent* overhead charges on material and labour and further 10 *per cent* as contractor's profit over and above the material plus labour plus overhead charges) in 38 out of 73 items. However, a maximum of 10 *per cent* CP&OH was allowable as mentioned in schedule 'F' of the agreement. The correct justified amount worked out in Audit by applying 10 *per cent* CP&OH was ₹ 197.98 crore and thus the tender should not have been accepted beyond ₹ 217.77 crore. Thus, preparation of incorrect justification statement resulted in justified amount being exaggerated by ₹ 25.89 crore and due to such incorrect calculation, the tendered amount was worked out to be within 5 *per cent* of justified amount, which was actually 18 *per cent* above the correct justified amount.

The matter was referred to the Department in May 2009. The Department stated (June 2009) that while preparing detailed estimates; the items, which were not available in DSR[1] were adopted from MORTH[2] standard data book, which provides for 25 *per cent* overhead charges and 10 *per cent* contractor's profit. The reply was not tenable in view of the fact that the standard clause 2(x) of GCC[3] provides that all overheads and profits to be added to arrive at the market rates have to be specified in schedule F to the NIT[4], which in this case were 10 *per cent*. Thus, if certain items have to be adopted from MORTH, the overheads and profits should not have exceeded 10 *per cent*.

The department had paid ₹ 167.10 crore to the contractor as of January 2012. Thus, working out of incorrect justified rates by the Department resulted in irregular award of work amounting to ₹ 234.00 crore and excess expenditure of ₹ 11.59[5] crore (January 2012).

3.1.2 Extra expenditure of ₹ 2.21 crore due to illegal rescission of contract

Unlawful rescission of a contract by the Department resulted in extra expenditure of ₹ 2.21 crore as the balance work was executed at higher rates under new contract.

Clause 15.2.1.3 of CPWD Manual stipulates that before issue of NIT, availability of site, funds and approval of local bodies to plans and

[1] Delhi Schedule of Rates
[2] Ministry of Road Transport and Highways
[3] General Conditions of Contract
[4] Notice Inviting Tender
[5] 16.23/234x167.10 = 11.59

arrangement for issue of drawing above slab at level 2 well in advance of actual requirement, at site as per program of construction, should be ensured.

The Executive Engineer, B-122, PWD, erstwhile Executive Engineer (Civil-I), Delhi College of Engineering (Project) awarded a work namely 'Construction of general pool office building, near Metcalf House' to Contractor-I in April 2004 at a tendered amount of ₹ 16.43 crore. The stipulated dates of start and completion were 03 June 2004 and 02 June 2006 respectively.

A test check of records revealed that the Department could supply only partial structural design for excavation on 23 July 2004 and structural drawings for foundation were issued on 21 September 2004 i.e. after over three months of awarding the contract. As the progress of work was not being maintained by the contractor, the Department issued a notice on 1 June 2005 to the contractor for not maintaining the progress of work without reasonable cause, failure to submit time and progress chart, not-obtaining a labour licence, failure to submit fortnightly labour report and withdrawal of technical staff from site etc. As the contractor did not take any remedial action on issues raised in the notice, department rescinded the contract on 8 July 2005. However, the contractor represented against their order and the same was withdrawn and a fresh show cause notice was issued on 26 July 2005 followed by a fresh rescission order on 5 September 2005. Audit observed that till the date of rescission of contract, the drawings upto ground level only had been issued to the contractor. He had also been paid ₹ 4.59 crore for the work executed upto the stage of rescinding the contract.

It was further noticed that the Chief Engineer, PWD, Zone-3 appointed an arbitrator in May 2005 for this case. In pursuance of Hon'ble High Court's order arbitrator was changed in October 2005, who gave his award (April 2008) for ₹ 46.72 lakh plus interest in favour of the Contractor-I. The Arbitrator in his award held the department responsible for breach of contract as it had failed to supply design and drawings and to sanction the rates for deviated items in stipulated time. The arbitrator held the contractor responsible for delay of only 35 days out of a total delay of 196 days. The remaining delay was held against the department or beyond the control of the Contractor-I. These lapses on the part of the department were the deciding factors for the arbitrator to declare the rescinding of the contract bad in law and to set aside the decision. The arbitrator also ordered the release of performance guarantee and security deposit to the contractor on these very grounds. Consequently, the department accepted the award and in its compliance, paid to the contractor ₹ 56.97 lakh which included ₹ 10.25 lakh as interest.

The department re-invited tenders and awarded the balance work to Contractor-II in August 2006 at tendered amount of ₹ 18.62 crore. The schedule of quantity of new contract had 286 items, out of which 127 items were common in both the contracts. The dates of start and completion were 19

September 2006 and 18 March 2008 respectively. The rates of items received this time were much higher than the rates of the first contract. The work was completed on 30 June 2010. The audit worked out the difference between the cost of common items of the work executed by contractor-II and the cost at rates of contractor-I to be ₹ 2.11 crore.

Thus, the failure of the department in honouring the provisions of the agreement framed by itself and unlawful rescission of contract resulted in extra cost of ₹ 2.11 crore paid to Contractor-II, apart from payment of interest of ₹ 10.25 lakh. It also delayed the schedule of completion of an office building. The building, which was originally scheduled to be completed on 2 June 2006, was actually completed on 30 June 2010 as a result of unjustified rescission of contract.

The department stated (January 2012) that after recession of work, the balance quantity of work of contractor-I did not match with the quantity of contractor-II. The design and scope of several items also changed on higher side. It was also stated that an amount of ₹ 46.30 lakh was paid under clause 10CC to Contractor-I and proportionate amount payable on whole amount of old contract, in case it was not rescinded, worked out to ₹ 2.11 crore.

The reply of the department is not tenable as the Audit considered only those similar items which were left out by contractor-I and executed by contractor-II to calculate the amount of excess expenditure incurred. The contention of the department regarding 10CC is also not acceptable as payment against price escalation is made or recovered considering the stipulated date of completion of work and actual work done up to that date and is not calculated on proportionate basis. Moreover, contractor-II was also entitled for price escalation under clause 10CA as applicable to a contract of a period of 18 months or less.

3.2 Audit against propriety/expenditure without justification

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

Directorate of Information and Publicity

3.2.1 Extra expenditure of ₹ 1.06 crore due to fixation of unreasonable rates for advertisement on Bus Queue Shelters (BQSs)

Directorate of Information and Publicity (DIP) placed orders for advertisements at higher rates resulting in extra expenditure of ₹ 1.06 crore and undue benefit to the firm holding exclusive rights on BQSs.

Directorate of Information and Publicity (DIP) is the nodal agency of the Government of National Capital Territory of Delhi (GNCTD) for releasing advertisements on behalf of the Government. DIP undertakes publicity campaigns of GNCTD under various media modes on Directorate of Advertising & Visual Publicity (DAVP), Government of India rates or on its own rates in case DAVP rates are not available.

The Delhi Transport Corporation (DTC) invited tenders in 2007 for construction of Bus Queue Shelters (BQSs) under Built Operate and Transfer (BOT) scheme I and II for 625 BQSs. Under BOT scheme I, M/s Green Delhi (the H-1 bidder) was awarded the contract who constructed 248 BQSs. As per the terms and conditions of the agreement of July 2007, M/s Green Delhi was required to pay a concession fee of ₹ 93800 per BQS per month to DTC and in turn had exclusive advertisement rights on BQSs constructed by it. On the similar pattern, New Delhi Municipal Council (NDMC) also got constructed BQSs in its area under an agreement with M/s JC Decaux. In this case, M/s JC Decaux was required to pay to NDMC a concession fee of ₹ 9260 or 16 *per cent* of net revenue per BQS per month whichever is more and in turn had exclusive advertisement rights on these BQSs.

In March 2008, DIP decided to mount its public interest advertising campaigns at strategic sites on BQSs in Delhi and requested M/s Green Delhi, the sole proprietor of DTC BQSs having advertisement rights, to offer its rates alongwith break-up of the cost components. In response, M/s Green Delhi offered its rate as ₹ 1.55 lakh per month. DIP examined the reasonableness of the rates in consultation with the DTC, taking into account the concession fee, printing/flex charges, mounting, installation etc. and submitted the proposal to the Finance Department of GNCTD. The Finance Department concurred to the proposal of the DIP for fixing rate of ₹ 1.50 lakh per BQS per month for BOT scheme I only. However, audit noticed that besides getting its advertisement mounted on BQSs of M/s Green Delhi, DIP placed orders (May 2008 to June 2010) through its empanelled advertising agencies for advertisement on BQSs located in NDMC area, on which M/s JC Decaux had exclusive rights. The orders were placed at the same rates i.e. ₹ 1.50 lakh per BQS per month without examining the reasonableness of the rates as was done in the case of BQSs of M/s Green Delhi Audit further noticed that DIP

had paid ₹ 2.27 crore to its empanelled advertising agencies[1] on account of its advertisements mounted on BQSs in NDMC area during the period May 2008 to June 2010.

The averment of the audit is that giving advertisement at the rate of ₹ 1.50 lakh on BQSs of M/s JC Decaux in NDMC area was not justified. Had DIP examined the reasonableness of rates, as was done in the case of M/s Green Delhi, it would have considered all the cost elements *viz.* concession fee, printing/flex charges, mounting, installation etc. The element of concession fee of ₹ 24000 (16 *per cent* of ₹ 1.50 lakh) was less in this case as compared to ₹ 93800 in case of M/s Green Delhi. DIP, thus, ignored the rule of financial propriety and incurred an excess expenditure of ₹ 1.06 crore[2].

Thus, placing order for mounting advertisements on BQSs in NDMC area by DIP without ascertaining the reasonableness of rates to be paid resulted in an excess and avoidable expenditure of ₹ 1.06 crore and undue benefit of like amount to the firm holding exclusive rights on the BQSs.

DIP, in its reply stated (February 2012) that the DTC rates fixed for M/s Green Delhi were re-examined and then concurred to by the Finance Department as a DIP rate for BQSs in Delhi especially on stragetic locations. It further added that BQSs owned by M/s JC Decaux were also covered by this rate and that issue regarding construction of BQSs on PPP mode and other terms and conditions was a matter between M/s JC Decaux and NDMC.

The reply is not acceptable as the Finance Department concurred to reasonableness of rate for BQSs pertaining to BOT scheme I only, and not as DIP rate for BQSs in Delhi. Audit conclusion that rates were unreasonable is also strengthened by the fact that the rates were reduced from ₹ 1.50 lakh to ₹ 75000 per BQS after June 2010.

3.3 Failure of Oversight/Governance

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

[1] (i) M/s SSC and B Lintas (ii) M/s Crayons and (iii) M/s Pickle

[2] (i) excess payment included in payment of ₹ 1.50 lakh = ₹ 69800 (i.e. ₹ 93800 - ₹ 24000) and (ii) excess payment included in payment of ₹ 2.27 crore = ₹ 1.06 crore (i.e. ₹ 69800/ ₹ 150000 x ₹ 22700000).

Public Works Department

3.3.1 Infructuous expenditure of ₹ 1.76 crore

Absence of proper planning with assessment of actual requirement and lack of coordination among different divisions of PWD resulted in infructuous expenditure of ₹ 1.76 crore.

Division F-113 of PWD obtained an Administrative Approval and Expenditure Sanction (AA&ES) of ₹ 226.47 crore based on the preliminary estimates framed by it for the work 'Construction of a grade separator including Foot Over Bridges (FOB) with escalators at the intersection of G.T. Road and Road No. 56 near Apsara Border'. The civil part of the work was awarded to M/s Afcon Infrastructure Limited at ₹ 180.20 crore in August 2008.

Scrutiny of records, however, revealed that the Executive Engineer (Electrical), F-114 awarded (December 2009) a work 'providing 32 Escalators for installation at FOB's at Azadpur, Bhera Enclave, Mangolpuri, Mukarba Chowk, Ghazipur, Shyamlal College, Apsara Border and ISBT Anand Vihar' to M/s Techno Industries Limited (the firm) at a cost of ₹ 19.09 crore. The firm supplied all 32 escalators in August 2010 and a payment of ₹ 13.77 crore had been released to it upto October 2011, which included ₹ 1.76 crore for four escalators allocated to FOBs at Apsara Border. Contrary to this, the Project Manager, F-11 had approved in August 2010 (in the same month in which escalators were supplied) the drawings for the work with provision of lifts in place of escalators, which were provided in preliminary estimates and in AA&ES as well.

Therefore, four escalators, which were specifically supplied for this work could not be utilized there and were lying idle as of January 2012 i.e. even after 17 months of their procurement. Thus, absence of proper planning with assessment of actual requirement and lack of coordination between two divisions of PWD resulted in infructuous expenditure of ₹ 1.76 crore.

Upon being pointed out in audit about the inconsistency, the Executive Engineer, F-114 replied (October 2011) that due to non-availability of proper space, higher authority had decided to provide lifts in place of escalators whereas Executive Engineer, F-113 stated (October 2011) that FOBs had been constructed with provision of lifts as per latest guidelines of United Traffic and Transport Infrastructure (Planning and Engineering) Centre (UTTIPEC). However, the reply neither specifically mentioned the authority who decided the provision of lifts in place of escalators nor indicated the stage at which this decision was taken. As far as availability of proper space is concerned, the contention of PWD lacks conviction as such issues should have been assessed

during the feasibility study and in any case before framing Preliminary Estimates and seeking AA&ES of the competent authority. The stand of PWD that FOBs were constructed as per guidelines of UTTIPEC, is also not acceptable as these guidelines were issued only in July 2011 whereas the provision for escalators was changed with lifts in August 2010 i.e. before almost one year.

The matter was referred to the department in November 2011; its reply was awaited.

Chapter 4

Department of Education

Report of audit of Directorate of Education, Government of NCT of Delhi

Executive Summary

An audit of the Directorate of Education (DoE), was conducted by examining records of 160 selected DDOs including 143 schools covering the period from 2008-09 to 2010-11. The audit covered areas of financial management, human resource management, implementation of schemes, development of infrastructure and internal control.

DoE projected budget requirements on the basis of past trends rather than actual requirement and as a result, large scale re-appropriation of funds, some of them unnecessary, was carried out. This was in-spite of having a web based MIS in place. There was also delay in allocation of budget for plan schemes like uniform subsidy and supply of free text books to students. There was lack of proper internal oversight in implementation of plan schemes like VKS and Mid-day-meal. In the implementation of VKS, community involvement in all the day to day activities of the functioning of the schools was not ensured.

The DoE suffered from shortages of manpower in every cadre. Distribution of available manpower was also not optimal with schools bearing most of the shortage in ministerial staff. The pupil teacher ratio in government school varied from 10 to 276 whereas in terms of provisions of Right of Children to Free and Compulsory Education Act, 2009, this should not be more than 40. Further, 106 Schools were upgraded without allocating qualified additional manpower. Distribution of work among various districts was also not done in an equitable manner.

The Department lagged behind in providing adequate infrastructure to schools. There were shortages of class rooms in 61 out of 143 test checked schools. There were delays in construction of school buildings resulting in cost overrun apart from depriving schools from adequate infrastructure. Playgrounds were not available in 33 of the 143 test checked schools.

The Department has not been adequately monitoring the functioning of government aided and private recognized schools through inspections and scrutiny of annual returns prescribed under Delhi School Education Act submitted by these schools.

The internal control mechanism in the Department was deficient. Although every school was required to be inspected at least once a year, only 2-3 *per cent* of unaided schools were being inspected every year whereas aided schools were not inspected at all. Inspection of government schools by teams from the Directorate was also not satisfactory.

4.1 Introduction

The National Policy on Education formulated in 1986 and modified in 1992 aims to provide education of a comparable quality and focuses on promotion of a national sense of common citizenship, composite culture and strengthening national integration. It lays stress on the need for a radical transformation of the education system to improve its quality at all stages and gives much greater attention to Science and Technology. All children were proposed to be provided free and compulsory education up to 14 years of age. The Directorate of Education (DoE), Government of NCT of Delhi (GNCTD) implements, supervises, coordinates and monitors policy programmes and plans for education from Class I to XII through 942 government schools, 216 aided schools and about 1200 unaided recognized private schools functioning in Delhi.

The main functions of the Directorate are:

- to impart free education to students from Class I to XII irrespective of caste, colour, creed or religion.
- to facilitate learning and thinking for all round personality development of child.
- to provide facilities to teachers for teaching and updating their knowledge.
- to create awareness among the students about cultural heritage and human and moral values .
- to make the students responsible citizens who may meaningfully participate in nation building.

4.2 Organisational set-up

The DoE functions under the overall charge of the Principal Secretary (Education), GNCTD. The organization of DoE is basically a three tier structure with the Director of Education as the Chief Executive Officer. The three tiers are- Headquarter, District/ DD offices and schools.

Headquarter deals with the policies and the programme formulation, monitoring their implementation and overall governance of the department. Headquarter is the main centre of activities which are carried out by its 33 branches like Administration, Accounts, Budget, Computer Education Programme, Caretaking, Land and Estates, Sports, Vocational, Inspection, Act and Vidyalay Kalyan Samiti. For carrying out these activities, the Director is assisted by three Additional Directors, one Special Director, one Deputy Controller of Accounts and three Deputy Directors.

Twelve District offices form the second tier who are responsible for proper regulation of education in schools including aided and unaided recognized

schools falling under their jurisdiction. Each district office is headed by a Deputy Director with one Regional Director for four Districts.

Finally, schools are the units directly responsible for imparting education to the children and carrying out various schemes for welfare of students.

4.3 Audit objectives

The broad objectives of audit were to assess whether

- the DoE had a perspective plan for achieving its mandate.
- the plan had been broken down into actionable schemes/ programmes.
- the financial management was effective, efficient, and economical.
- the planning, implementation and management of schemes/projects was effective enough to achieve the targets.
- human resources available with the department were sufficient and utilized effectively.
- basic facilities/ infrastructure were available in schools.
- stores management and control were in proper place, and
- adequate and effective internal control mechanism exists.

4.4 Selection, scope and methodology

Out of the 968 Drawing and Disbursing Officers (DDOs) functioning under the DoE, 942 DDOs are heads of schools, 12 are Deputy Directors heading Education Districts and the remaining 14 include DDOs for Headquarters, Sports, Physical Education, four Science Centers, Patrachar etc.

For the purpose of audit, 160 DDOs[1] out of the total 968 DDOs functioning under the DoE, were selected statistically through Statistical Random Sampling Without Replacement (SRSWOR).

The Chief Controlling Officer based audit of the Department was conducted from April 2011 to November 2011 by test check of the records of 160 selected DDOs covering the period from 2008-09 to 2010-11. An entry conference was held in June 2011 with the DoE to discuss the objectives, scope of audit and method of selection of DDOs for audit. Initially, records at the Directorate were examined and then audit of district offices was taken up. Concurrently, audit memos and advance questionnaire were sent to selected schools seeking information and records for audit. Subsequently, audit of schools was also taken up. An exit conference was held (February 2012) to discuss the audit findings and draw the views of the DoE on the same.

[1] All 12 district DDOs, 143 school DDOs, Cash Branch (Headquarters), Sports, Physical Education, Welfare Branch and Science Branch.

Audit findings

4.5 Financial management

Year-wise budget allocation and expenditure incurred by DoE during the period from 2008-09 to 2010-11 was as given in **Table 4.1** below:

Table 4.1: Budget and expenditure

(₹ in crore)

	2008-09			2009-10			2010-11		
	Plan	Non Plan	Total	Plan	Non Plan	Total	Plan	Non Plan	Total
Budget Estimates	609.76	1275.46	1885.22	679.55	2191.50	2871.05	797.46	2268.60	3066.06
Revised Estimates	635.40	1869.38	2504.78	660.69	2349.83	3010.52	915.87	2342.39	3258.26
Actual Expenditure	572.50	1636.48	2208.98	638.92	2276.65	2915.57	655.55	2239.27	2866.75

Source: - Detailed demand for grants and figures provided by DoE

It may be seen from table above that actual non-plan expenditure exceeded the original budget allocations for the years 2008-09 and 2009-10. The excess expenditure was met by additional allocation at RE stage. On the other hand, under Plan head , the expenditure fell short of original budget allocation resulting in savings. This indicated deficient budgeting process leading to unrealistic budget projection.

In their reply (March 2012), the Department stated that actual expenditure under non-plan head was within modified allotment, necessitated by implementation of recommendations of 6th Pay Commission. As regards underutilisation of plan budget, the Department cited non-finalization of proposal for purchase of equipment and non-concurrence to proposal for construction of swimming pools in schools in 2008-09; non-finalization of proposal for purchase of computers and stoppage in supply of mid-day meal due to hospitalization of some children in Delhi in 2009-10 and change in practice of paying for cost of text books in advance to payment after receipt of books in 2010-11 and delay in approval of expenditure for outsourced services. The reasons stated by the Department augment the audit observation that budgeting was done without proper assessment of the Department's ability to spend.

4.5.1 Poor budgeting

For the purpose of preparation of annual financial budget, the Budget Branch of the DoE obtains requirement of funds from the user DDOs. Requirements from only 467 out of 926 DDOs were received in time for preparation of

Budget Estimates for 2009-10 and 741 out of 936 DDOs for 2010-11. As a result, budget projections were made on the basis of previous year's expenditure. For preparation of Revised Estimates also, inputs from user offices were not received in time forcing a large number of re-appropriations among various budget heads at a later stage.

The Department stated (March 2012) that the Budget Estimates for 2009-10 and 2010-11 were prepared on the basis of data provided by DDOs and previous year's expenditure and that DDOs have been instructed to prepare budget estimates on realistic basis and monitor Plan and Non-plan expenditure more effectively.

4.5.2 Distortion of budget provisions

Examination of records revealed that there was a large number of re-appropriations between various heads of accounts during the years 2008-09, 2009-10 and 2010-11. The details are given in **Table 4.2** below:

Table 4.2: Re-appropriations between various heads

(₹ in crore)

Year	No. of cases	Amount
2008-09	66	417.77
2009-10	60	159.21
2010-11	62	137.20

Though there existed delegation of powers for re-appropriation within a grant head, large scale re-appropriation from one head to other, i.e., changing the budget allocation approved by the Legislature at the time of passing the budget rendered the original intent of the Legislative Assembly's approval of budget significantly distorted.

On being pointed out, the Department stated (March 2012) that the observations of audit have been noted for future compliance.

4.5.3 Injudicious re-appropriation

Re-appropriation of funds to 18 sub heads amounting to ₹ 31.24 crore during 2008-09, 2009-10 and 2010-11 (listed in **Appendix 4.1)** was unnecessary and injudicious as the original provision under these heads was more than adequate. Consequently, final savings under the heads were more than the amount re-appropriated to these heads. This is indicative of deficient budgetary control and financial management.

The Department in their reply (March 2012) stated that re-appropriation became a necessity when demand for additional funds was raised by schools/branches and assured that Management Information System was being strengthened to monitor expenditure in future.

4.5.4 Expenditure in excess of budget allocated

Rules 54 and 55 of General Financial Rules 2005 stipulate that a Head of Department or Controlling Officer should be in a position to estimate the likelihood of savings or excesses every month and to regularize them in accordance with the instructions under the Rules. The Accounts Officer should report to the Head of the Department immediately on the first appearance of any disproportionate expenditure, particularly in respect of recurring items of expenditure under any grant or appropriation or a primary unit of appropriation thereof. However, it is the authority administering a grant/appropriation which is ultimately responsible for the control of expenditure and not the Accounts Officer.

Scrutiny of records and the information provided by Planning Branch revealed that the final expenditure under the following heads exceeded the available funds resulting in excess expenditure of ₹ 23.05 crore as per details below:

Table 4.3: Details of excess expenditure

(₹ in crore)

Sl No	Year	Scheme/Head	Final allocation	Expenditure	Excess expr.
1	2008-09	A.1(2)(8)(17)(6) Vocational education in schools	0.35	1.28	0.93
2	-do-	Capital works- Pucca and semi pucca schools	75.90	90.12	14.22
3	-do-	Provision of additional facilities in existing building	1.00	1.24	0.24
4	2009-10	BB.4(3)(1)(3) Development of playgrounds	1.90	2.67	0.77
5	-do-	A.2(2)(4)-scout and guide programme	0.02	0.11	0.09
6	2010-11	A. 1(3)(2)(3)(2)- introduction of primary classes	0.60	1.29	0.69
7	-do-	A.1(2)(1)(8)(9)-Medical treatment	0.50	0.59	0.09
8	-do-	A.1(2)(8)(17)(6)-vocational education in schools	0.15	0.19	0.04
9	-do-	BB.4(1)(2)(1)-pucca & semi pucca schools	56.58	60.00	3.42
10	-do-	A2(4)(1) Cash incentive to outstanding players	5.50	6.51	1.01
11	-do-	A.2(3)(2)(4)–promotion of sports and games facilities	4.93	6.48	1.55
		Total	**147.43**	**170.48**	**23.05**

Expenditure in excess of budget allocation indicate poor financial monitoring as regular reconciliation of expenditure figures was not done by the budget branch. It was observed that the budget branch did not have actual non-plan expenditure figures at any point of time despite having a web based Management Information System in place.

The Department replied (March 2012) that the excess expenditure was mainly due to escalation in cost of projects which could not be foreseen and that the internal monitoring mechanism had been strengthened. However, the Department chose not to reply to non-reconciliation of expenditure figures by the budget branch.

4.5.5 Inadequate monitoring by the Head of the Department

Scrutiny of information furnished by the Department and demand for Grants revealed differences between the figures of expenditure available with the Department and those indicated in the Demand for Grants for the years 2008-09 and 2009-10. The details are as under:

Table 4.4: Mis-match in figures of plan expenditure

(₹ in crore)

Year	Expenditure figure* with the DoE	Expenditure as per Detailed Demand for Grants	Difference
2008-09	432.59	572.85	140.27
2009-10	530.36	638.92	108.55
		Total	**248.82**

** excluding expenditure incurred by PWD*

It is evident from the above table that there was a difference of ₹ 140.27 crore in 2008-09 and ₹ 108.55 crore in 2009-10 between the figures of the Department and those indicated in the Demand for Grants under Plan head. The actual expenditure under Non -plan head was not available with the Budget branch.

On being pointed out, the Department replied (March 2012) that Management Information System was being strengthened and all DDOs had been asked to submit the reconciled statement of expenditure with DoE every month.

4.5.6 Non-adjustment of Abstract Contingent advances amounting to ₹ 17.95 crore

Rule 118 of Receipt and Payment Rules, stipulates that money drawn on abstract contingent (AC) bills should be adjusted within a period of one month from the date of drawal or at the end of the financial year. Scrutiny of AC register, however, revealed that 44 cases of contingent advances (29 cases of Headquarters and 15 of Physical Education Branch) amounting to ₹ 17.95 crore pertaining to the period 2003-04 to 2010-11 were pending for adjustment as of June 2011. Some of the instances are discussed below:

(i) 9 cases involving ₹ 32.22 lakh advanced during February 2004 to March 2007 for purchase of laptops, computer forms, printing of dairies/cards and tires and tubes etc. remained unadjusted.

(ii) 11 cases involving ₹ 16.37 crore advanced to M/s Educational Consultants India Limited, Directorate General Supply and Disposal and National Informatics Centre Services Inc. during 2007-08 for purchase of projectors, multimedia units, workstations etc. were outstanding.

(iii) Remaining 21 cases for ₹ 63.10 lakh pertained to the period from 2008-09 to 2010-11.

Non-adjustment of advances for long periods is fraught with the risk of misappropriation of funds and fraud.

In their reply (March 2012), the Department stated that advances amounting to ₹ 37.92 lakh had been adjusted and efforts were being made for adjustment of the remaining.

4.5.7 Unaccounted funds lying with schools on account of interest earned

Audit examination of records at selected schools revealed that most schools maintain bank accounts in the name of DDO for crediting funds received for plan schemes like uniform subsidy, free text books etc. until the same was disbursed to students. Authority which allowed these schools to maintain such bank accounts could not be traced. Schools maintaining savings bank accounts had earned interest on the balance available in the account which was unaccounted for and remained out of the Government Accounts. As per information made available by selected schools, an amount of ₹ 8.91 lakh was lying in the savings bank accounts of 78 school DDOs on account of interest earned up to 31 March 2011.

On being pointed out , the DoE issued an order in January 2012 instructing all the Heads of Offices and Heads of Schools to deposit such interest earned regularly into government account after closing of every financial year.

4.5.8 Inadequate monitoring of receipt of utilisation certificate

The district offices release funds to aided and unaided schools for implementation of plan schemes like uniform subsidy, distribution of free books, geometry boxes etc. for the students. The schools in turn distribute the funds to the students and are required to submit utilization certificate (UC) in respect of the funds received along with supporting documents.

The DoE had released ₹ 22.58 crore to aided schools and ₹ 4.19 crore to unaided schools as Grants in Aid under Plan schemes during the period from 2008-09 to 2010-11. As per the information provided by 10 of the 12 district offices, UCs amounting to ₹ 11.96 crore and ₹ 1.19 crore were outstanding as of March 2012 from aided and unaided schools respectively. Information about grant released and status of UCs in the remaining two districts was not available. However, audit observed that district offices had not been

maintaining proper records regarding receipt of utilization certificates from schools, proper utilization of grant in aid released and timely remittance of unspent balances.

Further, in almost all cases, UCs were submitted and refunds made only at the time of release of funds for the next year. This resulted in undue retention of government money by schools and overstatement of expenditure as unspent balances were not brought into government account in the same financial year.

The Department stated (March 2012) that instructions had been issued to district officers and schools to maintain proper record relating to utilisation certificates and to return unutilized fund to the government account.

4.6 Implementation of schemes

4.6.1 Delayed budget allocation for plan schemes

The DoE implements various plan schemes through district offices and schools. These include distribution of funds to students for purchase of text books (classes 9th to 12th), purchase of uniforms, purchase of stationery for SC/ST/OBC students etc.

Examination of records revealed that there were delays in allocation of budget to districts for further allocation to schools. Dates of allocation of funds during the last three years under various schemes were as under:

Table 4.5: Dates of allocation of budget

(₹ in crore)

Sl. No.	Year	Date of allocation	No. of schools	Total amount allocated
Free text books				
1	2008-09	19.11.2008	221	0.50
2	2009-10	23.10.2009	214	2.88
3	2010-11	26.08.2010	215	5.00
		18.01.2011		2.89
Uniform subsidy				
1	2008-09	19.11.2008	221	1.26
2	2009-10	23.10.2009	214	3.71
3	2010-11	26.08.2010	215	10.30
		18.01.2011		0.21

It can be seen from the table that funds for text books and uniform were released after half the session was over in the years 2008-09 and 2009-10. Similarly, funds for purchase of stationery for SC/ST/OBC students of government schools were released only in January 2010 and January 2011 for the years 2009-10 and 2010-11 respectively. Funds for 2010-11 were allocated only in February-March 2011.

These schemes were intended to financially assist poor children so that their studies were not affected due to economic hardships. Delay in releasing of

funds defeated the very purpose of the schemes as students required books, uniforms and stationery items at the beginning of the academic year.

In their reply (March 2012), the Department stated that the grants are released after approval from the Finance Department and steps were being taken to shorten the process.

4.6.2 Vidyalaya Kalyan Samiti

With a view to ensure optimum use of available resources and infrastructure and making the learning joyful, interesting and meaningful, DoE had issued comprehensive instructions in October 2007 on the working of Vidyalaya Kalyan Samiti (VKS). The scheme intended to ensure involvement of members of community, parents, students and teachers in all the activities and programmes of the school. Under the scheme, an amount of ₹ 4.00 lakh per year was allotted to each school having VKS (only one VKS is constituted for schools functioning from the same building/complex in different shifts or otherwise) during 2008-09, 2009-10 and 2010-11, out of which, ₹ 2.00 lakh was earmarked for works under Building as Learning Aid (BALA) and remaining ₹ 2.00 lakh for minor civil/electrical works, horticulture work, repairs of furniture, purchase of dual desks etc. Out of this, ₹ 50,000 were to be utilized only on purchase and repair of dual desks. Audit found that implementation of the scheme was marred with the following shortcomings:

- There was a budget allocation of ₹ 78 crore (₹ 26 crore each year) for the scheme during 2008-09 to 2010-11 for 650 schools. Under the scheme, each school with VKS was allocated ₹ 4.00 lakh annually for maintenance of infrastructure irrespective of the size of the infrastructure to be maintained. Number of students varied from 97 in Kotla Firozshah Government (Co-ed) Middle school to 5858 in Government Girls Senior Secondary School No.2, Molar Band. As the expenditure on maintenance varies with the size of the infrastructure (number of buildings, class rooms etc.) and extent of their use (about 300 schools were running in double shifts), blanket allocation of ₹ 4.00 lakh for each school was not justified by any standards.
- The term of VKS was one year from the date of its constitution or till 31 March of every year whichever was earlier which could be extended for one more year by the Government. Examination of records of 93 selected schools with VKS revealed that there were delays in formation of VKS and in some cases, orders regarding extension of term of the VKS were not issued in time. VKS meetings were not being held as per norms, i.e., on monthly basis in 89 schools.
- Although the objective of the scheme was to ensure participation of community members, parents, students and teachers in day to

day functioning of schools, examination of minutes of meetings of the VKSs in selected schools revealed that issues other than those involving expenditure under the scheme were rarely discussed in these meetings. Such issues were taken up only in PTA meetings. This indicated a lack of awareness about the functions of the VKS among its members and school authorities as well.

- Audit is an important tool in ensuring that the scheme are being implemented in totality. Audit of VKS was to be conducted by Education Officer/Deputy Education Officer of Zone concerned and Accounts Officer/Assistant Accounts Officer/Office Superintendent of the district concerned. Apart from this, special audit was also to be conducted by the Audit Branch, DoE. However, examination of records at 67 schools revealed that audit of VKS was not conducted by any of these officers/teams during 2008-09 to 2010-11.

While accepting the audit observations, the Department (March 2012) stated that more concerted efforts would be made for participation of community in day to day functions of the schools.

4.6.3 Delayed supply of free text books

Under the scheme, text books are supplied free of cost to all students of primary and upper primary classes whereas from Class 9 onwards, students are paid a fixed sum in cash in lieu of books. Books for primary and upper primary students are procured from Delhi Bureau of Text Books (DBTB) by schools before March end and distributed to students in April at the beginning of new academic session.

Examination of available records in 143 selected schools revealed that 51 schools in 2008-09, 75 schools in 2009-10 and 43 schools in 2010-11 could not provide complete set of books to students in time as DBTB itself delayed the supply of books by one to eight months. The delay was eight months in case of eight[2] schools. Not only this, DBTB supplied books in piecemeal with supplies being received up to October in some cases. Since the students need books in time to follow the curriculum, delay in provision of books for students adversely affect their academic performance.

The Department did not give any reply except forwarding the explanation given by the DBTB for delay in supply of books in 2008-09 and 2009-10. It

[2] Sarvodaya Bal Vidyalaya, West Vinod Nagar; Sarvodaya Kanya Vidyalaya (Janaki Devi), Mayur Vihar Phase-I; Government Boys Senior Secondary School, Karawal Nagar; Government Girls Senior Secondary School, Loni Road; Government Boys Senior Secondary School, Janakpuri Block A; Government (Co-ed) Senior Secondary School, Paprawat; Government Boys Senior Secondary School No. 1, Najafgarh; Government Girls Senior Secondary School, Joga Bai

has also been stated that all the books were available in the DBTB and only additional supplies were delayed in 2010-11. The reply is factually incorrect as some of the initial demand for books were found to have been supplied late.

4.6.4 Mid-Day-Meal programme

Under this programme, nutritional support is provided to the students of Primary and Upper Primary sections (from Classes 1 to 8) in government and aided schools with the objective to meet the nutrition deficiency, prevent them from purchasing unhygienic food from hawkers during recess time and to reduce the number of absentees in the classes.

Contract agreements were signed between DoE and suppliers to supply meals for students in schools, laying down conditions of supply including specifications for quality and quantity of meals, timings for supply and penalty for non-supply/short supply/supply of sub-standard meals. In terms of agreement and norms laid down by DoE, children of primary classes were to be provided 250 grams of cooked meal per child in case of rice based meal and 200 grams in case of wheat based meal. Similarly, students of upper primary classes were to be provided 375 grams of rice based meal or 250 grams of wheat based meal per day. The required protein content in the meal for primary students was 12 grams per meal and for upper primary students, it was 20 grams per meal. Similarly, cooked meal for primary classes was to have 450 calories and for upper primary classes a minimum 700 calories per meal. In case of more than 5 *per cent* deviation from the specifications, the bill of such supply was to be deducted proportionately. For the purpose of testing the quality of meals, random samples of raw/cooked items are taken from suppliers' kitchen or any of the supply made and sent to an authorized food laboratory for testing. The suppliers were required to enclose a copy of the test certificate with each bill for supply of mid day meal as proof of adherence to specifications. All schools were to have weighing machines for weighing the meals supplied to ensure delivery/supply of mid-day-meal in required quantity as per norms.

Examination of records relating to the implementation of the scheme at 12 district offices (in respect of aided schools) and 143 selected government schools revealed :

- Bills for supply of mid day meals were not always accompanied by test certificate issued by authorized labs. Test check of 415 bills aggregating ₹ 112.53 lakh in these schools and district offices revealed that only 66 bills were supported by test certificates. Out of these 66 test certificates, 42 involving an amount of ₹ 15.16 lakh indicated supply of substandard meals. However, no recovery/deduction was effected from any of these bills on this account.

- Out of the 143 schools test checked, 44 schools did not have weighing machines to ensure that the quantity supplied was as per norms. Moreover, most of the schools were having bathroom scales instead of weighing machines suitable for weighing food containers.
- Clause 14 of the MOU/agreement signed between DoE and contractors for mid day meals provides that if the contractor fails to supply cooked food on a particular day or fails to replace the supply of defective cooked food in time, ₹ 4 per meal for primary and ₹ 5 per meal for upper primary students present on that particular day would be deducted as penalty from the bills by the paying authority.

  Scrutiny of vouchers/bills of aided schools in West A and West B districts revealed that contractors failed to supply meals on 14 occasions in different schools. However, no penalty was levied by the district offices as detailed below:

Table 4.6: Non-recovery of penal charges

District	No of days	Agency	Amount not recovered (₹)
West A	5	M/s Utasav Care	15,361
West B	9	M/s Indcare	1,24,635
Total	**14**		**1,39,996**

Thus, the DoE made payment without adequate scrutiny of bills which led to non-deduction of ₹ 1.40 lakh on account of penalty for supplies not made.

The Department stated (March 2012) that instructions to all Heads of Schools had been issued to ensure that test certificates are attached with all the bills and to keep weighing machines in all the schools. The Department further stated that recovery had been effected from M/s Indcare and process of blacklisting M/s Utsav Care would be initiated.

4.6.5 Non-implementation of Plan scheme 'PAHAL'

With a view to increasing the number of students from government schools getting admission to professional courses, DoE instituted a new plan scheme 'PAHAL' in the year 2008-09 for the coaching of students of Class 11 and 12. Accordingly, a screening test was conducted in November 2008 for selection of students and coaching classes were also started for the selected students. However, classes had to be discontinued as the students were not regular in attendance. The expenditure of ₹ 6.59 lakh incurred for conducting the tests was borne by Delhi Bureau of Text Books. The Department again conducted screening test in September 2009 for selection of students. The scheme was

discontinued thereafter as requisite number of teachers and students did not register for the classes. An expenditure of ₹ 9.65 lakh incurred for conducting the test was again borne by DBTB. Thus, a scheme launched without a preliminary study and vision ended up in fruitless expenditure of ₹ 16.24 lakh.

In their reply (March 2012), the Department merely restated the facts and did not give any specific reply as to why selection test was conducted a second time when the response was very poor in the first instance. Also, no reference was made in the reply as to how DBTB was made to bear the expenses for tests.

4.6.6 Vocational education in schools

Vocational Educational Programme was introduced in 1977-78 with a view to provide diversification of education opportunities to enhance individual employability and reduce the mismatch between demand and supply of skilled manpower in the country. At present, 18 vocational courses are taught in 202 government schools in Delhi. As per information provided by the department, school wise details of enrollment during the years 2008-09 to 2010-11 was as under:

Table 4.7: Enrolment for vocational courses

Sl. No.	Enrolment	Number of schools					
		2008-09		2009-10		2010-11	
		XI	XII	XI	XII	XI	XII
1	Up to 10	10	20	18	23	4	19
2	11 to 20	43	52	41	50	43	46
3	21 to 30	38	39	38	39	33	43
4	31 to 40	37	34	30	33	39	32
5	41 and above	68	51	75	51	77	56
Total		**196**	**196**	**202**	**196***	**196**	**196**

* *Six schools in which vocational courses were introduced in 2009-10 did not have any students in class 12.*

Thus, in many schools, vocational subjects were being taught with less than 20 students. If enrolment for vocational stream in class 11 is considered, 53 schools in 2008-09, 59 schools in 2009-10 and 47 schools in 2010-11 were offering vocational stream with less than 20 students opting for vocational stream.

Further, although the scheme was introduced long back, no evaluation of the scheme was done to ascertain the impact of the scheme.

In their reply (March 2012), the Department stated that out of the 18 streams, some streams were popular among students and Principals/Heads of Schools have been directed to motivate the children to enroll for vocational courses. However, the reply is silent about non-evaluation of the scheme.

4.6.7 Irregularities in procurement of multimedia units for schools

Scrutiny of file relating to purchase of multimedia units revealed that in December 2007, Management Information System and Computer Aided Lab (CAL) Branch submitted a proposal for providing two CAL Units to each school (each unit comprises one Computer, UPS, Cabinet, Stand, 29" TV, Graphic Card and a Web Camera) at a cost of ₹ 50,000 each. The total estimated expenditure for providing these units to 910 schools was ₹ 9.10 crore. The DoE placed order for procurement and installation of 1834 multimedia units in 917 government schools (two units per school) with M/s EdCIL at a cost of ₹ 9.10 crore in March 2008.

The irregularities noticed in the award and execution of the contract are given below:

- Although the estimated cost of procurement was more than ₹ 25 lakh, the DoE did not opt for open tendering merely on the plea that Sarva Shiksha Abhiyan (SSA) had procured these items from M/s EdCIL in the same year. However, no information regarding the process followed by SSA for the procurement of these items was available on record to justify the award of work to the firm.
- It was noticed that 100 *per cent* advance payment of ₹ 9.10 crore was made to M/s EdCIL in violation of provisions of GFR 159 (1) which restricts advance payment to State or Central Government agency or a public sector undertaking to forty percent of the contract value. Before making the advance payment, adequate safeguards against the advance in the form of bank guarantee was also not obtained from the firm.
- In order to verify fulfillment of the contractual obligations by M/s EdCIL and to provide technical support to the entire IT infrastructure of the department, DoE constituted 15 monitoring teams who were required to inspect each school and monitor the IT infrastructure. However, results of such inspections were not available on records provided, in the absence of which Audit could not verify whether all the multimedia units had been actually installed and delivering the envisioned benefits to the students.

The Department replied (March 2012) that the items were procured with the prior approval of Technical Evaluation Committee, IT Department and Finance Department and 100 per cent advance was made as M/s EdCIL was a Government of India enterprise. They further stated that Inspection Reports of Supervisors were not available and information regarding total number of units in schools was being collected. The reply, however, does not give any reasons for violation of provisions of GFRs relating to open tendering and payment of advance.

4.6.8 Deficiencies in computer education programme

Under this scheme, computer labs were set up in schools to teach the students basic knowledge and functional aspects of computer science and to make them understand role of computers in science and arts streams. During 2008-09 to 2010-11, an expenditure of ₹ 59.92 crore was incurred on the scheme. Information collected from schools revealed that computer labs were not functioning in 93 out 143 schools during 2010-11 and students were being taught only theory without practical classes. From 2011-12, faculties were also not engaged resulting in a break in the implementation of the scheme.

The Department stated (March 2012) that the computer labs of schools had become obsolete and faculties were not engaged in 2011-12 due to non-availability of computer infrastructure. The Department further stated that new computer labs in Secondary and Senior Secondary schools would be set up under Information and Communication Technology Scheme with the sponsorship of Ministry of Human Resource and Development which is under process.

4.7 Human Resource Management

4.7.1 Overall shortage of staff

Education is a field where availability of adequate qualified staff is of paramount importance especially that of teaching staff. However, this aspect did not attract the attention of the higher authorities as there was huge shortage of teaching, gazetted as well as ministerial staff in DoE as detailed in **Table 4.8** below:

Table 4.8: Staff position

Position of Ministerial Staff					
Sl. No.	**Name of Post**	**Sanctioned**	**Filled**	**Vacant**	**Percentage**
1	Head clerk	833	687	146	18
2	LDC	552	256	296	54
3	Steno (Gr. II & III)	76	61	15	11
Position of Teaching Staff					
1	Post Graduate Teacher	7092	6211	881	12
2	Trained Graduate Teacher	25692	21317	4375	17
3	Assistant Teacher	3691	2643	1048	28
Position of Gazetted Staff					
1	Deputy Director	18	12	6	33
2	EO/ ADE	59	37	22	37
3	Principal	712	491	221	29
4	Vice- Principal	996	834	162	16
5	Superintendent (Gr.-I)	793	380	413	52

As can be seen from the details above, there were shortages of ministerial staff, teaching staff and gazetted staff. The shortage of staff in miscellaneous

categories of teachers was particularly acute ranging from 18 to 99 *per cent*. Such a severe shortage of staff adversely affects the working of the department in discharging its mandated responsibilities. These shortages were with reference to the sanctioned strength which had not been revised since 2007-08 whereas the quantum of work had increased significantly due to up-gradation of existing schools and increase in number of students. During the period under audit, number of students enrolled in government schools increased from 11.87 lakh to 13.82 lakh whereas 106 schools were upgraded. Considering the new status of numbers of students and schools, the shortage would be much more severe. In aided schools also, shortage of teaching staff ranging from 19 to 25 *per cent* was noticed.

The Department replied (March 2012) that action for filling up the vacant posts in different categories had already been taken and it had engaged about 5000 guest teachers to meet the shortage as a stop gap arrangement.

4.7.2 Shortage of ministerial staff in schools

Schools suffered the most due to shortage of ministerial staff. Audit revealed severe shortage of ministerial staff in almost all the 143 selected schools whereas staff position at Directorate and district offices was much better. Some schools were functioning without even a single ministerial staff or with one or two ministerial staff only. In spite of such severe shortage, 105 ministerial staff of DoE were found to be working in diverted capacity in other departments. Further, Section 25(2) of the RTE Act stipulates that no teacher posted in a school shall be deployed for any non-educational purpose except census, election or disaster relief duties. However, it was observed that teachers were assigned non-educational duties like distribution of all scholarships, uniform subsidy, maintenance of records relating to VKS, Pupil Welfare Fund, Parent Teacher Association etc. in all the selected schools due to shortage of ministerial staff in schools.

In their reply (March 2012), the Department stated that Services Department, GNCT of Delhi had already been requested for filling up vacant posts in March 2010, November 2011 and January 2012.

4.7.3 Up gradation of schools without providing qualified teaching staff

During 2008-11, 43 secondary schools and eight middle schools were upgraded to senior secondary schools and 38 middle schools were upgraded to secondary schools. Since no additional posts were sanctioned to any school after 2007-08, these upgraded schools were made to do with the existing strength of teaching staff. This fact was also confirmed in respect of 14 upgraded schools which were part of 143 schools selected for audit. Up-gradation of schools without a matching increase in teaching staff would not

have served the very purpose of up-gradation. Further, Teachers for 11th and 12th standard (Senior Secondary) were required to be Post Graduates (PGTs) where as Middle and Secondary schools are sanctioned Graduate Teachers only. Therefore, those upgraded as Senior Secondary schools (51) were devoid of qualified teachers defeating the very purpose of upgrading these schools.

4.7.4 Pupil-teacher ratio in schools

In terms of the Right of Children to Free and Compulsory Education Act, 2009 (RTE Act), the pupil-teacher ratio (PTR) was not to exceed 40 for first class to fifth class and 35 for sixth class to eighth class. Examination of records relating to allocation of teachers to schools revealed that the available posts/staff were not evenly distributed among various branches/schools. The pupil student ratio in government schools varied from 10 to 276 in 2010-11. As per information furnished by the department, three schools[3] were functioning with only one teacher each and one school[4] with 1676 students was functioning without teachers whereas three schools[5] had no students. Out of the remaining 930 schools, 276 had more than 40 students per teacher. An exercise to redistribute posts amongst various schools was last carried out in 2007-08 and thereafter, no efforts were made to address the issue of uneven distribution of teachers in schools.

The Department replied (March 2012) that redistribution of posts amongst various schools had been carried out effective from the academic session 2011-12 and that 13009 posts of different categories have been created so that the PTR is as per RTE norms. However, the fact remains that DoE is yet to provide enough teachers to schools to achieve the required PTR under the RTE Act.

4.7.5 Unequal distribution of work among districts

Regulation of education is carried out by the Directorate through 12 district offices which are responsible for overall supervision and monitoring of all government schools. Number of government schools and total number of

[3] Kalyan Vihar Sarvodaya Vidyalaya; Binda Pur, Pocket IV, Government (Co-ed) Secondary School and Khichari Pur Village, JJ Colony Sarvodaya Vidyalaya.
[4] Buland Masjid, Shastri Park-Govt. Sarvodaya Co-ed Middle Vidyalaya
[5] Government Boys Senior Secondary School, Vasundhara Enclave; Government (Co-ed) Senior Secondary School , Ranhaula and Sarvodaya vidyalaya, Dr. Ambedkar Nagar Sector 5.

students under each district during 2010-11 were as under:

Table 4.9: Work distribution in districts

Sl. No.	District	Number of schools	Number of students
1	East	107	1,56,261
2	North East	116	2,28,062
3	North	58	62,305
4	North West A	102	1,38,473
5	North West B	114	1,83,354
6	West A	57	78,681
7	West B	70	1,29,279
8	South West A	44	52,037
9	South West B	79	90,250
10	South	142	2,30,342
11	New Delhi	5	4,972
12	Central	43	29,101
	Total	**937**	**13,83,117**

Thus, number of schools under districts varied from five to 142 whereas number of students ranged from 4972 in New Delhi district to more than 2 lakh in South and North East districts. Since the quantum of work at the district office is directly linked with the number of schools and students under their jurisdiction, the vast difference in number of schools and students under various districts indicated irrational distribution of work among 12 districts.

The Department replied (March 2012) that audit had taken the figure of students in government schools alone whereas Deputy Directors of Education in district offices had to look after various functions in respect of unaided schools as well. The reply of the Department is not supported by facts as distribution of work was not rational even after considering number of unaided schools.

4.7.6 Delay in appointment of Special Educators in schools

In terms of Delhi High Court orders (September 2009), special educators were to be appointed for differently abled children studying in government schools. Examination of records and information collected from 143 selected schools revealed that the DoE had so far failed to appoint special educators in schools even after two years. During audit of selected schools, it was observed that from the academic session 2010-11, one special educator from Universal Elementary Education Mission visited these schools twice a week to sensitize teachers and other staff towards the needs of differently abled children.

The Department stated (March 2012) that examination for appointment of Special Educators has been conducted in March 2012 and the vacancies would be filled up soon.

4.8 Infrastructure

In terms of Section 8 of the RTE Act, the Government was to provide infrastructure including school building with at least one class room for every teacher and play ground. Estate Branch of the Directorate monitors construction and maintenance of schools as well as office buildings. There were about 640 school buildings in which 942 schools were functioning. A separate scheme was instituted viz. Capital Works for School Buildings with a view to provide Pucca or Semi Pucca building (SPS) as far as possible to each school. Where construction of Pucca or SPS was not feasible, porta cabins were to be constructed with all basic amenities. Sports and Physical Education branch of DoE is responsible for development of sports facilities.

4.8.1 Shortage of class rooms in schools

Scrutiny of records of 143 selected schools revealed that there were shortages of class rooms in 59 schools ranging up to 24 classrooms. In order to cop up with this shortage, classes were also being held in examination rooms, labs, libraries and even in veranda and play grounds. Two school buildings (SBBM Government Sarvodaya Vidyalaya, Shankracharya Marg and Sarvodaya Vidyalaya, Sharda Niketan) have been declared dangerous by PWD but were being used for want of class rooms. Keeping dangerous buildings in use is fraught with the risk of potential injuries to children and staff of schools.

The Department replied (March 2012) that the DoE has taken possession of 77 plots of land and process of construction of pucca and semi permanent structure buildings is under process. The Department has further stated that apart from adding 1400 additional classrooms under Roopantar Project during 2008-11, 529 additional rooms have been constructed in 2010-11 and sanctions for construction 453 additional rooms have been issued in 2011-12. It was also stated that the buildings declared as dangerous by PWD is not being used now. However, the fact remains that there existed a shortage of classrooms.

4.8.2 Inordinately large number of students in classes (sections)

As per aims of Sarva Shiksha Abhiyan and norms laid down by Right to Education Act 2009, number of students per class should not be more than 40 for classes from 1st to 8th standard. Examination of records at selected schools revealed that in 90 schools, the average number of students per class was more than 45 and ranged up to 95 students in Government Boys Senior Secondary School no.2, Molar Band. There were schools where classes had strengths up to 140 (Sarvodaya Bal Vidyalaya, Kailash Nagar, two sections of 8th). In Sarvodaya Bal Vidyalay, Roop Nagar, 20 sections of classes upto 8th were accommodated in 10 class rooms with two sections of same class in one room with number of students ranging from 62 to 99. As a result, instead of duel desks, students are made to sit on Durries on floor.

The Department in their reply (March 2012) stated that due to non-availability of land and large number of children in particular areas, the classes were run with excess students and efforts were being made to procure more land.

4.8.3 Schools without play grounds

Sports and games are an important aspect of education in schools as it helps in overall development of the children. Test check of records and information collected from 143 selected schools revealed that there were no playgrounds in 33 schools (**Appendix 4.2**). Lack of playgrounds in schools deprived the children of opportunities to learn, train and improve their standard in sports and games and stymies their overall development.

In their reply (March 2012), the Department provided details of sports activities undertaken in schools without offering any comment on non-availability of play grounds.

4.8.4 Delay in construction of school building resulting in escalated cost

The school at Khajoori Khas was running in a low lying temporary A.C. sheet class rooms that occupied centric land with no space left for playground. As the school got submerged in water during rains, there was a proposal to demolish the exiting rooms and construct SPS class rooms. An estimate of ₹ 66.67 lakh was prepared by Public Works Department (PWD) for the construction of 25 SPS rooms at Khajoori Khas in August 2003. However, the work could not be started in time as the approval for demolishing the old structure was obtained only in November 2005. In December 2005, department was allotted another piece of land by Delhi Development Authority (DDA) and it was decided to construct school building at new site without demolishing the existing structure. A revised estimate of ₹ 89.99 lakh was prepared by PWD for construction in March 2006. Construction of the new building was completed in March 2008 at a cost of ₹ 99.91 lakh.

Although the school principal informed the Directorate that the condition of school building was very bad and not fit for housing the school as early as in November 2003, DoE took 2 years and 7 months in taking decision for construction of school building on the same plot. Resultantly, the cost of work was escalated by ₹ 23.32 lakh as compared to the original estimate. Thus, due to poor and improper planning, the department had incurred an extra expenditure of ₹ 33.34 lakh on the work which was completed with a delay of over four years as also running a school in unhygienic area.

In their reply (March 2012), the Department accepted and stated that the delay occurred in spite of their best efforts. However, the reply did not explain delays at various stages of construction of the building.

4.8.5 Escalation of cost due to delay in construction of school building at ZP Block, Pitampura

DoE was allotted a plot of land at Pitampura measuring 6000 sqm by DDA in March 1993 and payment for the same was made in December 1993. However, possession of land was taken by DoE only in September 1996 after a delay of two and half years. While taking possession, it was noticed that the area of the land was 8140 sqm instead of 6000 sqm. The site was handed over to PWD on the same day with the request to submit an estimate for the boundary wall. A proposal for construction of a pucca school building was conveyed to PWD on 10 June 1999, but due to the difference in allotted and actual area, PWD was unable to submit the preliminary estimates (PE) for the construction of pucca school building in time. Finally, PWD submitted PE of ₹ 365.81 lakh for the building in December 2002. The delay of two years was attributed to DoE for not applying for revised allotment letter from DDA immediately on noticing the difference. The estimate was placed before the Expenditure Finance Committee (EFC) only in January 2005 as the PE was not accompanied with Standing Finance Committee/EFC memo and the file was lying with Assistant Director Education (land) till August 2003. As the plinth area rates had increased since 2002, a revised estimate of ₹ 428.13 lakh was submitted to DoE in November 2005. The revised estimate was finally approved by EFC on 15 December 2005 and AA/ES for the work was accorded in March, 2006. The construction of the school building was finally completed on 30 June, 2008 and handed over to DoE in August 2009.

Thus, the inability of DoE to co-ordinate with the other departments led to delay of 16 years in construction which resulted in cost escalation of ₹ 63.22 lakh, besides depriving the students of proper infrastructure for this period.

The Department explained (March 2012) the action taken in a chronological order without giving reasons for delays.

4.8.6 Delay in construction of school building at Dakshinpuri

DDA allotted a piece of land measuring 4.03 acres to DoE in October 1988 for construction of a school building at Dakshinpuri for which DoE paid ₹ 32.23 lakh in March 1991. Due to revision of rates of land, DDA demanded in March 1991 an additional amount of ₹ 19.58 lakh including interest of ₹ 13.54 lakh which was paid in March 1993. The possession of the land was taken over by DoE in July 1993 and handed over to PWD on the same day. DoE noticed in January 1994 that areas for building and playground were not specified separately in the allotment letter due to which it had paid an excess payment of ₹ 24.85 lakh. DoE demanded this excess payment from DDA in January 1994 but it could not be ascertained from the records whether the excess payment was reimbursed or not.

In January 1998, after a delay of more than four years from the possession of land, DoE requested PWD to submit PE for pucca school building. PWD submitted PE of ₹ 382.26 lakh in January 1999 on which, Finance Department observed that it had earlier approved a PE for ₹ 307.94 lakh submitted by PWD in March 1995 for the same work. However, the earlier PE was not traceable in the office of the Deputy Director (Civil Works). The estimate of ₹ 382.26 lakh was approved by EFC in December 2000 after a delay of two years from its submission and the AA/ES was conveyed to PWD in February 2001. The PWD took four years to get the layout plan and architectural drawings approved by local bodies (February 2005) and another two years to award the contract. The work of the building was completed in July 2009 and PWD submitted a revised PE of ₹ 617.71 lakh for the same.

Thus, poor and improper monitoring of the work by the DoE and delay in approving the building plans and awarding the work resulted in delay of 19 years in construction and consequent escalation of cost by ₹ 309.77 lakh apart from depriving school facilities to the children of that area.

In their reply, the Department merely stated (March 2012) the chronology of events and no reply has been given to the specific delays noticed in audit which culminated in overall delay in construction and escalation in cost.

4.8.7 Delay in construction of school building at Jahangirpuri

Examination of records revealed that two adjacent plots (site-4 and site-5) measuring 7.46 acres together were earmarked for school in the layout plan of JJ Colony, Jahangirpuri. Two government schools were functioning in SPS in two shifts at site 4 which was allotted to DoE in February 1981. Although PWD had submitted drawings for a pucca school building at the site in May 1989, the plan could not materialize as allotment letter for the plot and NOC for land use was not traceable in DoE or PWD. DDA issued revised allotment letter for site-4 in February 1993 and for site-5 in November 2002 but in the meantime, a large chunk of the sites was encroached upon by squatters and DoE had to pay ₹ 26.63 lakh in December 2001 for removing the squatters. Finally, DoE formally took over the site on 16 May 2006 and on the same day, handed it over to Delhi State Industrial Infrastructure Development Corporation (DSIIDC) to whom the work of construction of school building was already assigned in March 2002 along with four other schools at a consolidated cost of ₹ 30.34 crore.

Initially the PE (May 2001) was for ₹ 9.47 crore for construction of school building at site 4 and 5 but in April 2003, this was revised to ₹ 5.81 crore after reducing the covered area restricting the construction to site no. 5 only. Thereafter, the PE was revised four times due to change in scope of work as well as delay. Finally, PE amounting to ₹ 13.70 crore was approved by the EFC in May 2008. The construction work of the building was not completed as of September 2011.

Thus, lack of initiative and proper planning on the part of DoE delayed the taking over of physical possession of these sites for 25 years resulting in encroachments of the site and consequent avoidable expenditure of ₹ 26.63 lakh in clearing the same. Further, due to delay in finalizing and approving building plans for the school building, construction cost of the building increased from ₹ 5.81 crore to ₹ 13.70 crore apart from denying the local children school facilities for over 30 years. Since the construction was yet to be completed, the actual escalation in cost is likely to be higher.

In their reply (March 2012), the Department stated that the work could not be completed in time as the matter remained pending between many departments. The reply does not explain how such a long period was consumed in taking over possession of land and finalizing building plans.

4.8.8 Delay in provision of fire safety measures in school buildings

There are 942 schools under DoE functioning from about 640 school buildings. Out of these, 445 buildings are maintained by PWD and remaining by DSIIDC. Consequent upon a fire tragedy in Tamil Nadu in 2004, DoE issued fresh instructions to all DDEs to take necessary precaution to avoid such unfortunate incidents. The Chief Fire Officer, Delhi was also requested to help schools in doing mock fire drills. Comprehensive guidelines were framed in consultation with CFO, approved by the LG and issued in January 2005. These guidelines envisaged various measures to be taken and firefighting equipments to be provided in single, double and multistory school buildings. All these works were to be completed within maximum of 4 months except fire retardant paints on school furniture for which 3 years time was prescribed. Failure to comply with these instructions was to attract actions against defaulting schools by DoE.

When PWD started submitting school wise estimates for the works, DoE noticed that these differed widely in items as well as amounts. Therefore, in a meeting chaired by the Chief Secretary, GNCTD on 8 February 2007 it was decided that PWD and DSIIDC should move proposals for the approval of EFC. DSIIDC submitted in March 2007 a proposal for ₹ 4.95 crore for electrical works in 141 schools. This was not processed and DSIIDC was asked to bring EFC memo for both civil and electrical works.

PWD submitted EFC memo with PE of ₹ 70.48 crore for 445 schools in eight districts. The proposal was cleared by EFC on 29 June 2007. The completion time as per EFC memo was 18 months from the date of AA & ES for ₹ 70.48 crore which was issued on 10 August 2007. As per the sanction, monthly progress report was to be submitted to the Secretary, Education. However, as per the records available, there was no progress report except that tenders for civil works amounting to ₹ 9.92 crore were invited four times between May 2008 and September 2008 but without any response from contractors. Chief

Engineer, Maintenance Zone M-1 intimated in May 2009 that the issue was discussed with contractors who showed their unwillingness as work was to be carried out in about 250 buildings in scattered locations with small quantities of each item in every school which was a tedious job. Keeping this in view, the work was spilt in five parts and fresh tenders were received for two parts while others were in process (May 2009). After that, DoE had been reminding PWD for submitting status reports, but to no avail.

Further, as part of these measures, Diesel Generator Sets (DG sets) were also to be installed in 165 schools costing ₹ 3.5 lakh each. Scrutiny of records and information collected from 143 selected schools revealed that 27 schools were provided with DG sets which were lying uninstalled in all these schools.

Thus, the work of providing fire safety measures of paramount importance needing top priority could not be completed in over six years and children were forced to study in buildings that were not fully equipped with fire safety measures. Further, DG sets worth ₹ 94.5 lakh which were to be installed as part of fire safety measures were lying uninstalled in 27 schools. The reason for lethargic implementation of project is evidently ill conceived planning at preliminary stage itself. The monitoring mechanism to ensure proper implementation of project was also not in place.

The Department attributed (March 2012) the delay to lack of response from agencies to notice inviting tenders and pre-occupation of PWD in Commonwealth Games. As regards non-installation of DG sets, it was stated that DG sets could be functional only after completion of the electrical work. However, the reply does not say anything about the action taken by the Department to complete the project.

4.8.9 Delay in construction of five Pucca schools buildings

Delhi Government decided (2001) that some capital works should be executed by DSIDC also as PWD was not able to complete the construction of buildings for which sanctions were issued in time and delay in completion would result in escalation of the cost. Accordingly, DSIDC submitted PE of ₹ 30.38 crore in August 2001 for construction of five school buildings at different sites. The Administrative Approval and Expenditure Sanction for ₹ 30.34 crore was conveyed in November 2001 with the condition that the funds would be released in three installments i.e. 25 *per cent* in 2000-01, 50 *per cent* in 2001-02 and in 2002-03. All the three installments were paid by March 2007 after adjusting interest of ₹ 55.81 lakh on unspent balance of first installment lying with DSIDC. Besides, additional funds amounting to ₹ 3.28 crore and ₹ 3.48 crore were also released in August 2009 and February 2010 respectively. Irregularities noticed in execution of these projects are enumerated below:

4.8.9.1 Non-recovery of interest on unspent amount

As per schedule, the work was to be completed up to 5 October 2003 but the construction work of only four schools was completed and work of Jahangirpuri School was not started as of March 2009. The details of release of funds, expenditure incurred and amount of unspent balance are as under:

Table 4.10: Status of work

(₹ in crore)

Sl. No.	Name of School	Sanctioned amount	Fund released	Expenditure incurred		Status of the work
				Up to 4/2004	Upto 3/09	
1	Jahangirpuri	9.48	(i)Ist instt- ₹ 7.59 Crore in 3/02 (ii) IInd instt.- ₹ 15.17 crore in 03/2005. (iii) Last instt.- ₹ 7.59 crore in 3/2007	Nil	Nil	Not started
2	Dwarka Sec-22	6.04		1.81 (30 % work completed)	5.48	Completed
3	Rohini Sec-20	6.20		1.55 (25 % work completed	5.38	Completed
4	Narela	5.35		Nil	8.99	Completed
5	Gazipur	3.27		Nil	7.47	completed
	Total	**30.34**	**30.34**	**3.36**	**27.32**	**-**

As can be seen from the above, out of ₹ 7.59 crore released in March 2002, expenditure of only ₹ 3.36 crore was incurred till March 2004 indicating that the differential amount of ₹ 4.23 crore was lying with DSIIDC for 23 months. Similarly, by March 2007, the entire sanctioned amount of ₹ 30.34 crore was released to DSIIDC whereas the total expenditure incurred till March 2009 was only ₹ 27.33 crore resulting in retention of unspent amount of ₹ 3.36 crore for 24 months. The Planning Department of GNCTD had proposed to the DoE to recover interest on unspent balance @ 10 *per cent* per annum. Interest on unspent balances with DSIDC works out to ₹ 79.37 lakh which had neither been recovered nor adjusted.

4.8.9.2 Excess payment of departmental charges

In the 3rd meeting of EFC for the year 2008-09 held on 16 May 2008, the revised cost of construction for all the five school buildings was approved as ₹ 41.03 crore. The departmental charges was to be paid @ 5 *per cent* on the total project cost instead of @ 7 *per cent* and actual accrued interest was also to be charged on the unspent balance. However, it was observed that the department did not rework the amount payable to DSIDC based on the revised departmental charges. Change in departmental charges entailed a recovery of ₹ 27.27 lakh from DSIDC which had not been effected by the DoE.

4.8.9.3 Unjustified delay and cost overrun

EFC approved the project cost of ₹ 30.34 crore for the construction of these five schools in October 2001 with the condition that no escalation in the cost would be allowed and work to be completed by 05 October 2003.

The construction work of three schools buildings namely Narela, Gazipur and Jahangirpuri was not started till February 2004 in spite of releasing 25 *per cent* funds of the total cost of the projects in March 2002. The project was not completed till May 2011 even after escalation of ₹ 10.69 crore in project cost. Thus, the very purpose of engaging DSIDC, i.e., timely completion of construction of these school buildings, stands defeated. Besides, the decision to award the work to DSIDC instead of PWD also resulted in extra expenditure of ₹ 1.92 crore as departmental charges.

On being pointed out, the Department stated (March 2012)that the delay in construction was due to delay in approval of building plan from local bodies. It further stated that excess departmental charges amounting to ₹ 49.42 lakh and interest on unspent balance amounting to ₹ 6.05 lakh has been adjusted and realized from DSIIDC. However, the reply contains neither the efforts taken by the Department for timely completion of these projects nor the status of adjustment of the remaining amount.

4.8.10 Unfruitful expenditure on construction of Vikaspuri Sports Complex

Two plots measuring 7600 square meters and 2 acres at Vikaspuri (near Nightingale Society) were allotted to DoE in April 2000 and December 2001 respectively for construction of a middle school. The possession of second plot was handed over by DDA in September 2006 and it was also decided in the meeting of Minister of Education that a mini sports complex would be constructed on these plots. In November 2006, PWD was requested to submit PE for construction of various SPS, multipurpose hall etc. PWD submitted two PEs amounting to ₹ 99.32 lakh (for construction of 16 SPS rooms for sports field) and ₹ 73.77 lakh (for development of ground, construction of podium, Basket Ball, Volley Ball Court and Toilet block) in July 2008 and August 2008 respectively taking 19 months for the same. Administrative approval and expenditure sanction was conveyed by the department in October 2008. The construction work of stadium was completed in May 2011, however, it could not be put to use as of December 2011 due to non-completion of electric work.



Audit observed that the land initially allotted for middle school was utilized for construction of sports complex. Also, permission for change in land use from DDA was not available on record. The work which was to be completed within six months from July 2008 was completed only in May 2011 after a delay of two years leaving electrical work still incomplete. Thus, non-completion of electrical work rendered the expenditure of ₹173.09 lakh largely unfruitful.

The Department in their reply (March 2012) stated that the issue of non-completion of electrical work was discussed several times with PWD authorities and reminder was last issued on 20 January 2012. However, the reply did not indicate whether any progress had been achieved in the work.



4.8.11 Non-completion/sub-standard work in the construction of gymnasium hall

Administrative approval and expenditure sanction of ₹ 41.85 lakh was conveyed to PWD for the construction of a Gymnasium Hall at Bholanath Nagar No.2 School in February 2003. However, as of February 2008, only the work up to roof level/truss was completed and finishing work was yet to be completed with total cost escalating from 41.85 lakh to ₹ 65.50 lakh. In May and September 2010, Principal of the school intimated DoE that the constructed Hall had a lot of deficiencies and the premises looked very ugly, dirty and clumsy.

Thus, after issuing AA&ES in February 2003, the DoE did not pursue the matter with PWD regularly as a result of which the work was incomplete as of September 2010 and in the meantime, the cost of the work escalated by ₹ 23.65 lakh.

In response to the audit observation, the Department stated (March 2012) that it has requested PWD a number of times for completing the work in a time bound manner and the Principal of the schools was also asked to monitor the progress of the work as well as quality of work.

4.8.12 Inadequate monitoring and control over the progress of capital expenditure-construction and development of Sports Complexes

Sports Branch of DoE issues expenditure sanctions for capital works for the scheme 'construction and development of sports stadium'. During the years from 2008-09 to 2010-11, the DoE issued expenditure sanctions amounting to ₹ 86.70 crore and ₹ 7.23 crore for creation of sports facilities to PWD and DSIIDC respectively.

From the records, it was observed that no financial and physical progress report was submitted by the PWD and DSIIDC in respect of capital works sanctioned by the Branch. Neither, utilisation certificates for the funds released were received from DSIDC. In the absence of any physical or financial report, the department was not in a position to ensure that the works were progressing satisfactorily and the funds utilized for the purpose for which they were released. This clearly indicated to the inadequacies in monitoring and control over the progress of capital works.

In their reply (March 2012), the Department enclosed the physical progress of all the works during the period 2008-11. However, the reply did not say anything regarding action taken by the Department to obtain progress reports, utilisation certificates etc. regularly from PWD and DSIIDC and streamline the monitoring system.

4.9 Regulation of education in private recognized schools

4.9.1 Non-adherence of provisions of Delhi School Education Act and Rules 1973

Section 3 of the Delhi School Education Act (Act) empowers the DoE to regulate education in all the schools in Delhi in accordance with the provisions of the Act and Delhi School Education Rules. There were 1164 to 1193 private schools under the jurisdiction of the Directorate of Education during the period 2008-09 to 2010-11. The schools are required to submit annual returns to the DoE, which provide information about the activities of the schools for assessment of the level of compliance of various rules and direction by the schools. The Comptroller and Auditor General of India conducted a test audit of 25 private recognized schools in the year 2009-10. The Audit Report captioned "Regulation of unaided recognized Private Schools in Delhi for the year ended March 2010" highlighted deficiencies in regulation and monitoring of education in Delhi by the DoE such as non-compliance of provisions of the Act and Rules, non-submission of fee statements by schools in time, non-submission of annual returns by schools, non-examination of accounts and other records by audit, sub-optimal inspection of schools by the DoE and not admitting students from Economically Weaker Sections (EWS) of the society to the required extent. Scrutiny of records at district offices, however, revealed that while the position relating to admission of EWS students had improved, the DoE had not taken adequate corrective measures to rectify other deficiencies which still persisted.

4.9.2 Non-submission of schedule of fee in time

Section 17 of the Act provides that the Manager of every school should, prior to the start of each academic session, file with the DoE a full statement of fee to be levied during that academic session. DoE had further directed in February 2009 that any requirement for a fee hike by the school should be presented before the PTA along with complete justification.

Audit observed that private schools were not regular in submitting statement of fee in any district. Also, there was no mechanism in place with the department/district offices to watch submission of returns by schools. There was no scrutiny of returns to see whether the fee hike was within the limits prescribed and justified. They were simply kept in folders, sometimes even without any indication of their date of receipt.

The Department stated (March 2012) that the observation had been noted and that submission of fee schedule by schools would be monitored properly in future.

4.9.3 Non-submission of annual returns by private schools

In terms of Rule 180 of the DSE Rules, every unaided recognized private school is required to submit to DoE by 31st July of every year, budget estimates of receipts and payments of ensuing year, final accounts of the previous year duly audited by Chartered Accountants, enrolment of students as on 30th April, pattern of concessions/scholarships, staff statement, schedule of fee/fines/funds and statement showing the dates and disbursement of salaries to staff. In April 2004, DoE had also directed all districts to ensure timely submission of the requisite documents by the schools and to properly scrutinize the returns and bring the deficiencies, if any, to the notice of the Deputy Director of Education (Act) immediately.

Audit of annual returns of seven districts revealed that on an average, 40 *per cent* of the total private schools were not adhering to these provisions. Moreover, in most cases, the returns submitted by the schools did not bear any diary number and date of their receipt in the absence of which audit could not ascertain whether the returns were received in time. The zone-wise details of annual returns submitted by private schools are given in **Appendix 4.3.**

On being pointed out, the Department replied (March 2012) that submission of annual returns by schools would be monitored properly at the headquarter level in future.

4.9.4 Inadequate/ absence of scrutiny of returns submitted by schools

The returns submitted by private recognized schools were not being scrutinized by the Department so as to ascertain whether various provisions of the Act and Rules and instructions issued by the Directorate were being adhered to by these schools. Test check of annual accounts submitted by schools revealed following violation of provisions/instructions issued by the Directorate:

4.9.4.1 Irregular transfer of funds out of school account

Rules 176 and 177 of DSE Rules prescribe that income derived from collections for specific purposes should be spent only for those purposes. DoE had also issued (February and December 1999) directions prohibiting transfer of funds from the recognized unaided private schools to any society or trust or other institutions. However, Audit noticed that Red Roses Public School, Saket (South District) had transferred an amount of ₹ 4.02 crore to a Society during the year 2010-11. Similarly, Kulachi Hansraj Public school (District North West B) paid ₹ 1.76 crore in 2009-10 as assistance and grant to MUK in violation of provisions.

4.9.4.2 Non implementation of recommendations of Sixth Pay Commission-

Three schools (Guru Nanak Public School, Punjabi Bagh, Sh. Guru Hari Krishan Model School, Tagore Garden, and Maharishi Dayanand Public

School, Raja Garden) were not paying salary to the staff as recommended by the sixth Pay Commission. Since all the schools were required to pay salaries to staff in accordance with the recommendations of the sixth pay commission, payment of less salary by the above schools was irregular.

4.9.4.3 Excess collection of development fee by private schools.

As per DoE orders, development fee, if required to be charged by private schools, must be treated as capital receipt and collected only if the school is maintaining a depreciation reserve fund equivalent to the depreciation charged in the revenue accounts. Examination of records at various district offices revealed that 79 schools were charging development fee and treating the same as revenue receipts without maintaining depreciation reserve fund. It was also noticed that three schools (SAM International, Dawarka, Guru Harkishan and Ch. Jaswant Lal) were charging development fee at 15 *per cent* or more of tuition fee which was in excess of the prescribed limit of 10 *per cent* but no action was taken by the DoE against these schools.

The basic lapse on the part of the Department which allowed these schools to get away with such violations of instructions was the absence of any scrutiny of returns submitted by schools.

The Department in their reply (March 2012) stated that returns were regularly scrutinized and appropriate action was taken against the school concerned if any deficiency was observed. However, the reply is inconsistent with its earlier reply given to Lok Sabha Un-starred question no. 3503 in August 2011 wherein it was stated that no returns were audited by the concerned Deputy Director of Education due to non-availability of specialized officer/auditor in the Department.

4.9.5 Non-implementation of New Pension Scheme in aided schools

Government of India introduced a New Pension Scheme with effect from 1 January 2004 which was applicable to all new entrants to Central/State Government service, except Armed Forces.

In terms of Directorate of Education circular dated 25 June 2007, provisions of the scheme are also applicable to all employees of recognized aided schools. For this purpose, district offices were instructed to withhold employee share and management share out of the quarterly grant of the school and deposit the same with the concerned PAO.

However, district offices did not recover employee contribution and the management share in respect of staff who joined aided schools after 1 January 2004 and deposit the same with the PAO. On being pointed out, the Department replied (November 2011) that the matter had been referred to the Principal Secretary, Finance, in December 2010 for seeking directions for implementation of the scheme in aided schools but its decision was awaited.

Thus, even after lapse of more than six years, the DoE could not finalise the procedure for implementation of new pension scheme for the staff of government aided schools.

In their reply (March 2012), the Department stated that the new scheme could not be implemented due to reservations expressed by PAOs and that clarification had been sought from Finance Department in this matter.

4.9.6 Non-maintenance of records relating to complaints

Test check of records revealed that complaint registers were maintained neither by the district offices/zones nor by the headquarters office. Complaints regarding fee hike, taking donation, underpayment of salary and personal complaints were regularly received in the district office. However, no mechanism for monitoring their redressal was in place. Consolidated report in respect of complaints and its redressal were also not being submitted to the higher authorities.

In their reply (March 2012), the Department stated that district authorities were being directed to maintain records of complaints received by them.

4.10 Non-conducting of physical verification of stores

Rule 192 (2) of GFRs provides that physical verification of all fixed assets as well as consumable goods should be undertaken at least once in a year and discrepancies, if any, should be recorded in the stock register for appropriate action by the competent authority.

Test check of stock registers of DoE (Sports Branch as well as Physical Education Branch) revealed that the physical verification of fixed assets and consumable items has not been carried out during the years from 2008-09 to 2010-11. In the absence of physical verification of the stock, audit could not verify the authenticity of the stock registers.

The Department replied (March 2012) that a committee had been constituted to undertake physical verification of stores of sports branch.

4.11 Internal control mechanism

4.11.1 Statutory audit

As of June 2011, 43 Inspection Reports containing 138 audit observations were pending for settlement in respect of various DDOs under the DoE as per

details given in the **Table 4.11** below:

Table 4.11: Position of outstanding Inspection Reports

Sl. No.	DDO	Number of outstanding Inspection Reports	Number of outstanding observations
1	Directorate	8	35
2	Dy. Directors' offices	28	81
3	Schools	7	22
	Total	**43**	**138**

These Inspection Reports pertains to the period from 1999-01 to 2009-10. In September 2011, Chief Secretary, Government of NCT of Delhi was apprised of the position and a response is awaited.

The Department in their reply (March 2012) stated that action was being taken to settle audit observations.

4.11.2 Internal audit by Directorate of Audit, GNCTD

Although audit of the Directorate of Education and District offices are regularly audited by teams from Directorate of Audit, audit of schools was rarely taken up by them. Audit found that internal audits of only eleven schools were conducted for the period from 2008-09 to 2010-11. Therefore, contribution of internal audit towards internal control was meager, especially in view of the fact that schools constitute 942 DDOs as against only 26 other DDOs.

The Department in their reply (March 2012) merely has stated that audit is done by Directorate of Audit, GNCT of Delhi.

4.11.3 Audit by Internal Audit Wing of DoE

The Internal Audit Wing is entrusted with the work of internal audit of the schools and settlement of audit paras pertaining to statutory and other audits. However, the Wing does not carry out any audit but merely coordinate compliance to internal and external audit observations. The Wing should have taken a more active role to supplement the effectiveness of internal audit by GNCTD teams, particularly of schools, by conducting audit and issuing instructions on common audit observations across different schools to ensure corrective action by them.

The Department's reply (March 2012) to the above audit observation was that the Internal Audit Wing was never entrusted with the work of auditing of various schools. The reply is not in consonance with the details of distribution of work furnished by the Department at the time of audit.

4.11.4 Inspection of schools by teams deputed by the DoE

In terms of Section 24 of Delhi School Education Act, every recognized school is to be inspected at least once in each financial year and directions are to be issued to the Manager to rectify any defect or deficiency found in the working of the school. Year wise details of number of private schools, number of inspections planned, inspections carried out and short fall are given below:

Table 4.12: Details of inspections

Sl. No.	Year	Total number of schools	Number of schools planned to be inspected	Number of schools actually inspected	Shortfall
1	2008-09	1164	80 (6.87 *per cent*)	21	1143
2	2009-10	1173	55 (4.69 *per cent*)	28	1146
3	2010-11	1195	99 (8.28 *per cent*)	16	1179

It would be seen from the table that DoE did not even plan for inspecting every school once in a year as it had only planned inspections of less than 10 *per cent* of schools. Not only this, it failed to achieve even this target and could cover only about two *per cent* of schools. Apart from this, inspection of 216 government aided schools under the jurisdiction of the DoE was neither planned nor carried out.

As far as inspection of government schools is concerned, the frequency of inspections was very low. Audit noticed that out of 143 selected schools, only 52, 60, and 53 schools were inspected by teams from the Directorate during 2008-09, 2009-10 and 2010-11 respectively.

In their reply (March 2012), the Department stated that teams from headquarters could not inspect schools after 2008-09 and the Directorate intended to inspect schools in the current financial year.

4.11.5 Inspection of schools by Deputy Director/Education Officer

Deputy Directors (Education) and/or Education Officers of zones were required to inspect government schools under their jurisdiction regularly as part of their responsibilities. Audit examination of records revealed that although inspection of schools was carried out by the DD and EOs, it was not carried out in a planned manner. Complete records, i.e. total number of inspections carried out, details of irregularities noticed and action taken

thereon by the Head of Schools were not being maintained at district office/zones. In the absence of such records audit could not verify whether all the schools were covered at least once in a year and remedial action taken in respect of irregularities noticed during inspections.

Further, information collected from schools revealed that out of 143 selected schools, 13 schools in 2008-09, 17 in 2009-10 and 19 in 2010-11 were not inspected even once by the DD/EO concerned. One of the reasons for schools being left out of inspection is that Districts/Zones offices did not maintain proper records of inspections.

In reply, the Department stated (March 2012) that number of inspections conducted in respect of government schools was 662, 585 and 644 respectively. Apart from this, ten government aided schools were also inspected in 2011. However, the reply was silent about the issue of non-maintenance of records relating to inspections by district offices.

4.11.6 Irregular payment of transport allowance amounting to ₹ 15.78 lakh

DoE had hired 47 vehicles for headquarters and district offices during 2009-11. As per the sanction order issued by the Finance Department, no transport allowance (TA) was admissible to the officers who used the hired vehicles. Further, officers provided with government vehicles were also not entitled to TA. Scrutiny of pay bill registers and information furnished by the Caretaking Branch and districts offices revealed that TA was paid to officers who were provided with government or hired vehicles as tabulated below:

Table 4.13: Inadmissible transport allowance paid

Sl. No.	Name of district	No of officials	Amount (₹)
1	Directorate	3	1,10,496
2	West A	7	3,72,889
3	North West B	5	2,52,926
4	North West A	4	1,10,658
5	South West B	2	1,01,568
6	West B	1	31,872
7	South West A	5	2,47,520
8	East	8	3,49,594
Total		**31**	**15,77,593**

Payment of TA of ₹ 15.78 lakh made to officers provided with vehicles was in contravention to government orders and indicated weak internal control.

The Department replied (March 2012) that recoveries were being made from the officers concerned.

4.12 Conclusion

Budget estimates projected by the DoE were not realistic as these were based on past trends necessitating large scale reappropriation of funds at a later stage. This was in spite of having a web based MIS in place. There was lack of internal oversight in implementation of plan schemes. Free text books and uniform subsidy were not provided to the students in the beginning of the academic year. VKS scheme was not being implemented in its true spirit by schools. There was shortage of staff in every cadre. Although the RTE Act specifies that pupil teacher ratio in schools should not exceed 40, this varied from 10 to 276 in government schools. Also, 106 schools were upgraded without providing any additional staff. There was shortage of classrooms as well as lack of play grounds in schools. Infrastructure projects like construction of school buildings and provision of fire safety measures were also delayed thereby delaying provision of adequate infrastructure in schools. The DoE also did not carry out annual inspection of schools, especially aided and unaided schools, as required under the DSE Act. Even, annual returns submitted by unaided schools were not scrutinized so as to ensure adherence to the provisions of DSE Act and instructions issued by the DoE.

Recommendations

- *Budget projections should be made on actual requirement basis so that the legislature is given the correct picture of estimates.*
- *The Department should make better use of its extensive web based Management Information System for collection and maintenance of accurate and reliable data relating to financial and other matters.*
- *The Department should streamline implementation of various plan schemes so that benefits like uniform subsidy and free text books are delivered to students in time and schemes like VKS are implemented in its true spirit.*
- *The Department should take immediate steps for recruitment of staff, especially teaching staff so as to achieve the pupil teacher ratio prescribed under RTE Act.*
- *The Department should review the functioning of its branches with regard to timely approval and execution of projects to ensure provision of adequate number of classrooms and playgrounds in schools.*
- *The Department should exercise their duties of regulating unaided schools as envisaged by the DSE Act and Rules.*
- *Internal control mechanism in the Department should be strengthened. Inspection branch also needs to be strengthened to fulfill responsibilities enjoined upon it by the DSE Act and Rules.*

Chapter 5

Government Commercial and Trading Activities

Overview of State Public Sector Undertakings

5.1 Introduction

5.1.1 The State Public Sector Undertakings (PSUs) consist of State Government companies and Statutory corporations. The State PSUs are established to carry out activities of commercial nature keeping in view the welfare of the people. In Delhi, the State PSUs occupy an important place in the State economy. The State PSUs registered a Turnover of ₹ 4,678.90 crore for the year 2010-11 as per their latest finalised Accounts as of 30 September 2011. This Turnover was equal to 1.81 *per cent* of the State Gross Domestic Product (GDP) of ₹ 2,58,808.48 crore in 2010-11. Major activities of the Delhi State PSUs are concentrated in Power and Transport sector. The State PSUs incurred a loss of ₹ 1761.90 crore in aggregate as per the latest finalised Accounts as of 30 September 2011 and are employing 0.48 lakh employees as on 31 March 2011.

5.1.2 As on 31 March 2011, there were 13 PSUs (all working), which included 11 Government companies and two Statutory corporations. One Government Company viz. Delhi Transport and Infrastructure Development Corporation was incorporated in August 2010. None of these Companies was listed on any stock exchange.

Audit Mandate

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

5.1.4 The Accounts of the State Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, who are appointed by CAG as per the provisions of Section 619(2) of the Companies Act, 1956. These Accounts are also subject to supplementary audit conducted by CAG as per the provisions of Section 619 of the Companies Act, 1956.

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

Investment in State PSUs

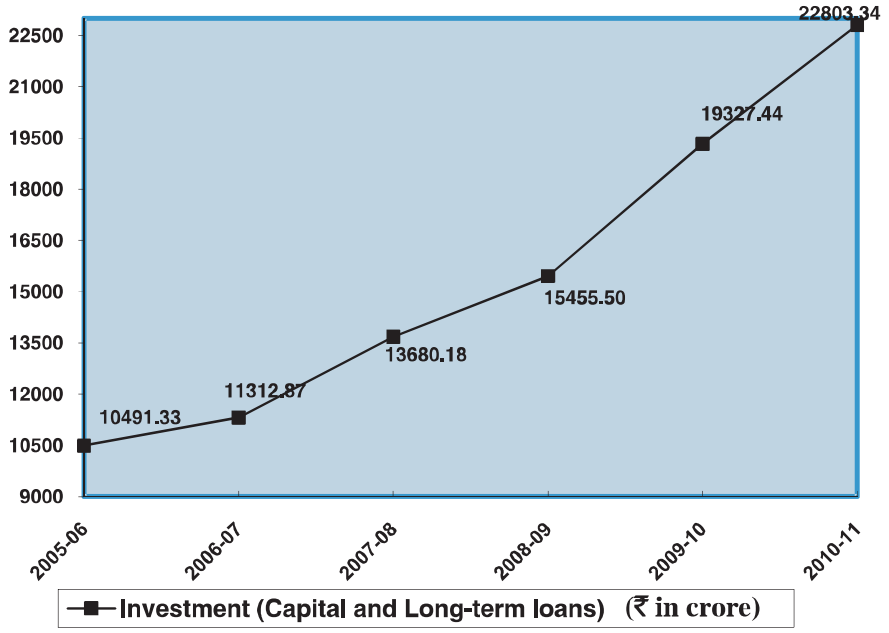
5.1.6 As on 31 March 2011, the total investment (capital and long-term loans) in 13 PSUs (all working) was ₹ 22803.34 crore as per details given below:

(₹ in crore)

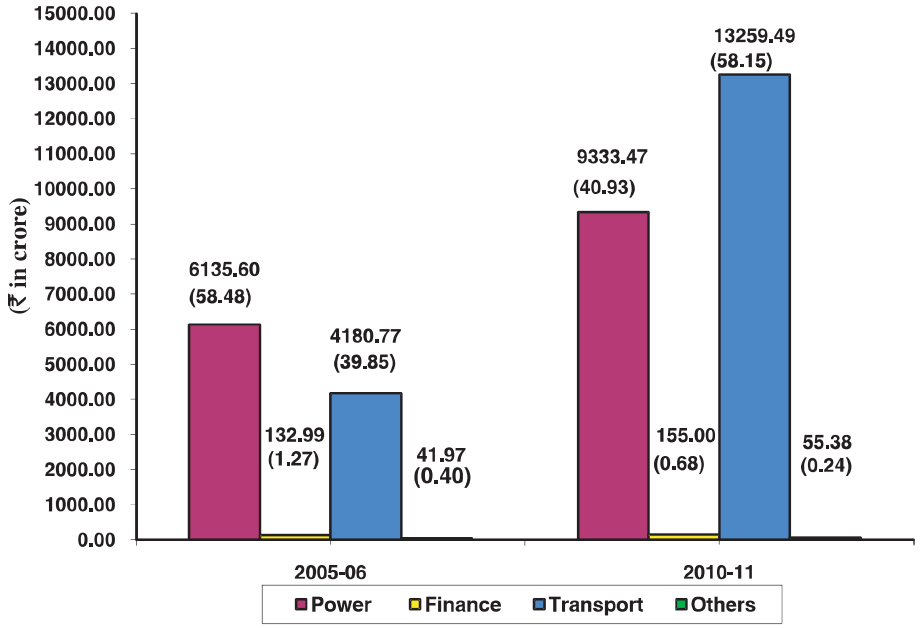
Government companies			Statutory corporations			Grand Total
Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
6104.22	3332.37	9436.59	1609.42	11757.33	13366.75	22803.34

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

5.1.7 As on 31 March 2011, total investment in State PSUs consisted of 33.83 *per cent* towards Capital and 66.17 *per cent* in Long-term loans. The investment has grown by 117.35 *per cent* from ₹ 10491.33 crore in 2005-06 to ₹ 22803.34 crore in 2010-11 as shown in the following graph:



5.1.8 The investment in various important sectors and percentage thereof at the end of 31 March 2006 and 31 March 2011 are indicated below in the bar chart.



(Figures in brackets indicate the sector percentage to total investment) (₹ in crore)

The thrust of PSU investment was mainly in Transport and Power sectors. The investment in Transport sector increased from ₹ 4180.77 crore in 2005-06 to ₹ 13259.49 crore in 2010-11 with corresponding increase in percentage share in total investment from 39.85 *per cent* (2005-06) to 58.15 *per cent* (2010-11). In Power sector, though the investment increased from ₹ 6135.60 crore in 2005-06 to ₹ 9333.47 crore in 2010-11, its percentage share in total investment decreased from 58.48 *per cent* (2005-06) to 40.93 *per cent* (2010-11).

Budgetary outgo, Grants/Subsidies, Guarantees and Loans

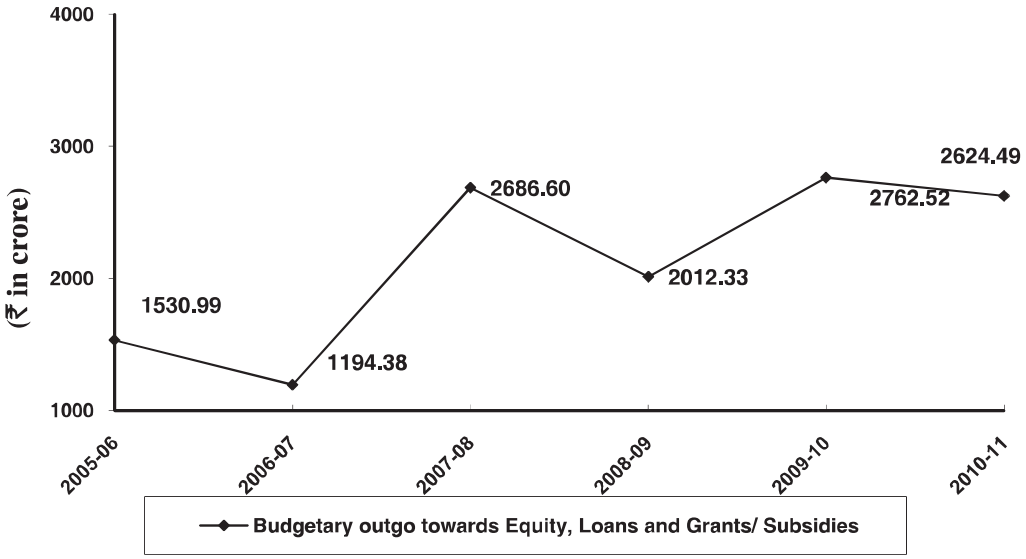
5.1.9 The details regarding budgetary outgo towards Equity, Loans, Grants/ Subsidies, Guarantees issued and Loans converted into equity in respect of State PSUs are given in **Appendix 5.3**. The summarised details are given

below for three years ended 2010-11.

(₹ in crore)

Sl. No.	Particulars	2008-09		2009-10		2010-11	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	3	260.82	3	626.06	3	222.89
2.	Loans given from budget	2	1651.55	1	1981.28	1	2128.60
3.	Grants/Subsidy received	5	99.96	6	161.18	7	273.00
4.	Total Outgo[1] (1+2+3)	8	2012.33	7	2768.52	8	2624.49
5.	Loans converted into equity	-	-	-	-	1	239.00
6.	Loans written off	-	-	-	-	-	-
7	Guarantee received during the year			1	633.22	-	-

5.1.10 The details regarding budgetary outgo towards Equity, Loans and Grants/ Subsidies for past six years are given in the graph:



The budgetary outgo towards Equity, Loans, Grants/Subsidy has shown a mixed trend during the six years period from 2005-06 to 2010-11 which was ₹ 2624.49 crore in 2010-11 in comparison to ₹ 1530.99 crore during 2005-06.

[1] Actual number of PSUs which received budgetary support.

Reconciliation with Finance Accounts

5.1.11 The figures of Equity, Loans and Guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of the difference. The position in this regard as at 31 March 2011 is stated below:

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	7138.23	7293.69	(-) 155.46
Loans[2]	249.96	160.19	89.77

5.1.12 It was observed that the difference occurred in Equity and Loan figures in respect of six[3] PSUs and some of the differences were pending reconciliation since long. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

Performance of PSUs

5.1.13 The financial results of PSUs, financial position and working results of working Statutory corporations are indicated in **Appendix 5.2, 5.5** and **5.6** respectively. The ratio of PSU Turnover to State GDP shows the extent of PSU activities in the State economy. Table below provides the details of working PSU Turnover and State GDP for the period 2005-06 to 2010-11.

(₹ in crore)

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Turnover[4]	7734.21	8283.41	3019.71	3555.63	4188.32	4678.90
State GDP[5]	115374.25	135583.65	157947.18	184457.52	217851.12	258808.48
Percentage of Turnover to State GDP	6.70	6.11	1.91	1.93	1.92	1.81

The Turnover of PSUs increased upto 2006-07 but declined drastically by more than 63 *per cent* during 2007-08 as compared to 2006 -07 mainly because of transfer of one of the major activities of one power sector PSU

[2] Loan figure as per Finance Accounts has been received from one out of three Pay & Accounts Offices (PAOs) in respect of two out of six companies. Rest of the figures are awaited.

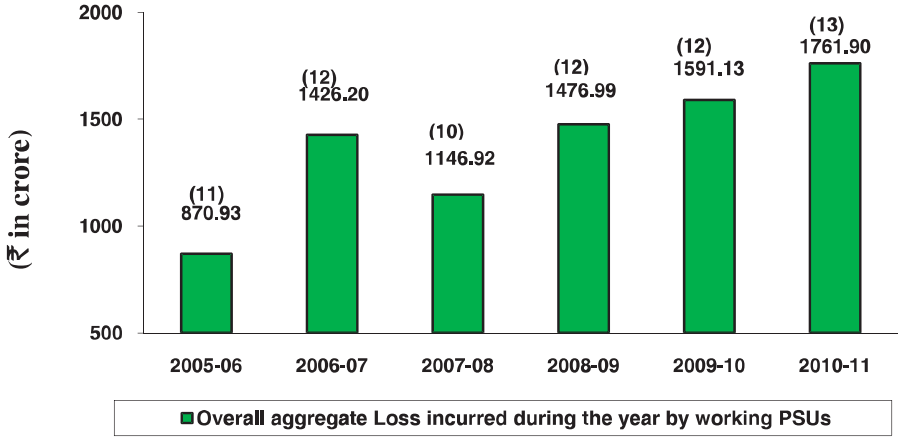
[3] Equity – Sl. No. 1, 3, 7, 10, 11 and 13 and Loan – Sl. No. 1, 2, 4, 6, 8, 13 in ***Appendix 5.1***.

[4] Turnover as per the latest finalised Accounts as of 30 September of the respective year.

[5] The base year for calculation of State GDP has changed from 1999-2000 to 2004-05 resulting in change in figures.

(Delhi Transco Limited) relating to sale of power to power distribution companies in private sector with effect from 1 April 2007. This has correspondingly caused significant decline in percentage of Turnover to GDP in subsequent years. However, Turnover of PSUs has shown an increasing trend from the year 2008-09 onwards.

5.1.14 Losses incurred by State working PSUs during 2005-06 to 2010-11 are given in the bar chart:



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

The working PSUs incurred overall Losses which ranged between ₹ 870.93 crore to ₹ 1761.90 crore during 2005-06 to 2010-11. During the year 2010-11, out of 13 working PSUs, nine PSUs earned Profit of ₹ 310.80 crore and four PSUs incurred Loss of ₹ 2072.70 crore. The major contributors to Profit were Pragati Power Corporation Limited (₹ 127.21 crore), Delhi Transco Limited (₹ 93.09 crore) and Indraprastha Power Generation Company Limited (₹ 23.18 crore). The heavy Losses were incurred by Delhi Transport Corporation (₹ 2042.73 crore).

5.1.15 The Losses of PSUs are mainly attributable to deficiencies in planning, monitoring implementation of projects and financial management. A review of latest Audit Reports of CAG shows that the State PSUs incurred Losses to the tune of ₹ 1284.61 crore and infructuous investment of ₹ 176.48 crore which were controllable with better management. Year wise details from Audit Reports are stated below:

(₹ in crore)

Particulars	2008-09	2009-10	2010-11	Total
Net Profit (Loss)	(1476.99)	(1591.13)	(1761.90)	(4830.02)
Controllable Losses as per CAG's Audit Report	576.62	702.19	5.80	1284.61
Infructuous Investment	176.48	-	-	176.48

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

5.1.17 Some other key parameters pertaining to State PSUs are given below:

(₹ in crore)

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Return on Capital Employed (*Per cent*)	-	-	6.78	-	0.48	-
Debt	9639.21	10452.39	7857.61	8910.50	12155.74	15089.70
Turnover[6]	7734.21	8283.41	3019.71	3555.63	4188.32	4678.90
Debt/ Turnover Ratio	1.25:1	1.26:1	2.60:1	2.51:1	2.90:1	3.23:1
Interest Payments	791.64	964.81	1302.00	1474.21	1614.00	1578.67
Accumulated Profits/ (Losses)	(8104.09)	(8712.51)	(10851.79)	(12395.49)	(14266.66)	(14242.56)

(Above figures pertain to all PSUs).

5.1.18 The above parameters exhibit deterioration in the financial position of the PSUs. During 2005-06 to 2010-11, the percentage of Return on Capital Employed was negative for all the years except during 2007-08 and 2009-10. The Debt Turnover ratio has been deteriorating since 2005-06 and was registered at 3.23:1 during 2010-11. The Accumulated Losses have also increased steadily from 2005-06 to 2009-10 with a marginal decrease in 2010-11.

5.1.19 As per the recommendations of the Twelfth Finance Commission, the State must adopt a modest rate of return on the investment made in public enterprises at the rate of five *per cent* as dividend on equity. As per their latest finalised Accounts six[7] PSUs earned a profit of ₹ 171.16 crore but only two companies declared dividend of ₹ 25.55 crore viz, Pragati Power Corporation Limited (₹ 24.92 crore) and Delhi Tourism and Transportation Development Corporation Limited (₹ 0.63 crore).

[6] Turnover of working PSUs as *per* the latest finalised Accounts as of 30 September of the respective year.

[7] Serial No. 3, 6, 7, 9, 10 and 12 in ***Appendix 5.2.***

Arrears in finalisation of Accounts

5.1.20 The Accounts of the Companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. Similarly, in case of Statutory corporations, their Accounts are finalised, audited and presented to the Legislature as *per* the provisions of their respective Acts. The table below provides the details of progress made by working PSUs in finalisation of Accounts by 30 September 2011.

Sl. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Number of Working PSUs	12	10	12	12	13
2.	Number of Accounts finalised during the year	11	14	11	15	11
3.	Number of Accounts in arrears	14	10	11	8	10
4.	Average arrears per PSU (3/1)	1.17	1.00	0.92	0.67	0.77
5.	Number of working PSUs with arrears in Accounts	4	2	3	2	4[8]
6.	Extent of arrears	1 to 9 years	1 to 8 years	1 to 9 years	1 to 7 years	1 to 8 years

5.1.21 The average number of Accounts in arrears per working PSU decreased from 1.17 in 2006-07 to 0.77 in 2010-11. One PSU[9] had major backlog of eight years of Accounts mainly because of shortage of trained manpower whereas other PSUs had only one year's Accounts in arrear as on 30 September 2011.

5.1.22 The State Government had invested ₹ 101.01 crore (Equity: ₹ 19.28 crore, Loans: ₹ 2.49 crore and Grants/Subsidy: ₹ 79.24 crore) in three PSUs during the years for which Accounts have not been finalised as detailed in **Appendix 5.4.** As a result of this, the net worth of these PSUs could not be assessed in audit. In the absence of Accounts and their subsequent audit, it cannot be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested had been achieved or not. Further, delay in finalisation of Accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

[8] Serial No. 1, 2, 5 and 13 of ***Appendix 5.2***.
[9] Delhi SC/ST/OBC/Minorities & Handicapped Financial and Development Corporation Limited.

5.1.23 The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the Accounts are finalized and adopted by these PSUs within the prescribed period. The Principal Accountant General (PAG), Delhi took up the matter of arrears of accounts with the Chief Secretary, Government of NCT of Delhi in November 2011. The matter was also being taken up periodically with the Principal Secretary (Finance), Government of NCT of Delhi to expedite clearance of the backlog of arrears in Accounts in a time bound manner.

Accounts Comments and Internal Audit

5.1.24 Nine working companies forwarded their nine audited Accounts to PAG (Audit), Delhi during the period from October 2010 to September 2011. Of these, eight Accounts were selected for supplementary audit. The Audit Reports of Statutory Auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of Accounts needs to be improved substantially. The details of aggregate money value of comments of Statutory Auditors and CAG are given below:

(₹ in crore)

Sl. No.	Particulars	2008-09		2009-10		2010-11	
		No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1.	Decrease in Profit	3	41.21	4	17.48	3	7.90
2.	Increase in Profit	-	-	4	86.71	-	-
3.	Increase in Loss	2	658.29	1	7.52	1	381.88
4.	Decrease in Loss	-	-	1	1.00	-	-
5.	Non-disclosure of material facts	-	-	5	242.27	-	-
6.	Errors of classification	-	-	3	4.30	2	20.87

5.1.25 During the year, the Statutory Auditors had given unqualified certificate for four Accounts and qualified certificates for five Accounts. Additionally, CAG gave qualified certificate for two Accounts, unqualified certificate for six Accounts after supplementary audit and issued non review certificate to one Account. There were four instances of non-compliance with Accounting Standards during the year.

5.1.26 Some of the important comments in respect of Accounts of the Companies finalised during the year 2010-11 are stated below:

Delhi State Civil Supplies Corporation Limited (2010-11)

- The unauthorised adjustment of Subsidy recoverable from Delhi Government was made against Loan Funds and thus resulted in

understatement of Loan Funds and Current Assets, Loan and Advances (Recoverable) by ₹ 2.14 crore.

- Recognition of Deferred Assets Tax was not in conformity with Accounting Standard 22 and thus this has resulted in overstatement of Deferred Tax Assets and Profit for the year by ₹ 1.67 crore.
- Hindustan Vegetable Oil Corporation had accepted the dues of ₹ 0.10 crore against recoverable amount of ₹ 2.14 crore, thus the balance amount of ₹ 2.04 crore was not recoverable and should have been provided for in the Accounts. This resulted in overstatement of Current Assets, Loans & Advances and Profit for the year by ₹ 2.04 crore.

Delhi Power Company Limited (2010-11)

- As per Accounting Standard – 13, Investments in Delhi Transco Limited and BSES Rajdhani Power Limited should have been shown as ₹ 10.66 crore and ₹ 92.86 crore instead of ₹ 260.00 crore and ₹ 225.40 crore respectively and decline in investment to the extent of ₹ 381.88 crore should have been charged to Profit and Loss Account. This resulted in overstatement of Investments and understatement of Loss by ₹ 381.88 crore.

Delhi State Industrial & Infrastructural Development Corporation Limited (2009-10)

- Non adjustment of deposit work completed with the amount received resulted into overstatement of Current Liabilities and Provisions and Current Assets, Loans and Advances by ₹ 18.73 crore.
- Valuation of 757 flats in hand remaining as stock was made on actual cost although the net realisable value was less than the actual cost. This had resulted into overstatement of Inventory and Profit by ₹ 1.07 crore.
- As per orders of the Government of National Capital Territory of Delhi (GNCTD) the Company reversed the provision under relocation scheme for payment of interest on earnest money deposit made till last year whereas no such provision was made for this year which resulted into overstatement of Profit by ₹ 0.63 crore.

5.1.27 Similarly, two working Statutory corporations forwarded two Accounts to PAG (Audit), Delhi during the period October 2010 to September 2011. Of these, Accounts of one Corporation i.e. Delhi Transport Corporation, was audited by CAG under Section 19 of DPC Act 1971 as the sole auditor and the Accounts of the other Corporation i.e. Delhi Financial Corporation was taken up for supplementary audit. The Audit Reports of Statutory Auditors and the supplementary audit of CAG indicate that the quality of maintenance of Accounts needs to be improved substantially. The

details of aggregate money value of comments of Statutory Auditors and CAG are given below:

(₹ in crore)

Sl. No.	Particulars	2008-09		2009-10		2010-11[10]	
		No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1.	Decrease in Profit	1	1.68	-	-	1	0.05
2.	Increase in Profit	-	-	1	0.26	-	-
3.	Increase in Loss	-	-	1	543.05	1	1677.89
4.	Decrease in Loss	-	-	1	1.17	-	-
5.	Non-disclosure of material facts	-	-	1	19.43	-	-
6.	Errors of classification	-	-	1	3.82	2	15.99

5.1.28 During the year, out of two Accounts of two Corporations, one Account i.e. Delhi Financial Corporation for the year 2010-11 received unqualified certificate from Statutory Auditors and qualified certificate from CAG. In respect of the other Corporation viz Delhi Transport Corporation where the CAG is the sole auditor, audit of the Accounts for the year 2010-11 was in progress as of November 2011.

5.1.29 Some of the important comments in respect of Accounts of the Statutory corporations are stated below:

Delhi Financial Corporation (2010-11)

- In compliance to Form "C" of Regulation 93 of the "The Delhi Financial Corporation (General) Regulations, 2006", Term Deposit for Pension Fund' and 'Pension Fund Account with Scheduled Bank' amounting to ₹ 1083.69 lakh and ₹ 0.09 lakh respectively had been shown separately under the head 'Other Assets' which should have been deducted from 'DFC Employee Pension Fund' under the head 'Other Liabilities'. Thus, this resulted in overstatement of Other Liabilities and Other Assets by ₹ 1083.78 Lakh.

Delhi Transport Corporation (2009-10)

- As per Accounting Standard-15, the gratuity liability should have been shown on the basis of actuarial valuation of ₹ 433 crore in the Accounts. However, the Corporation had shown the Gratuity fund to the extent of ₹ 58.63 crore only. This resulted in understatement of

[10] Impact of comments on Accounts is for the Accounts of the year 2009-10 in respect of Delhi Transport Corporation and for 2010-11 in respect of Delhi Financial Corporation

Liability and Gratuity fund by ₹ 374.37 crore each and consequent understatement of Accumulated Loss by the same amount.

- The Corporation had sold scrap of ₹ 24.35 crore whereas VAT @ four *per cent* was not paid nor any provision for the same was made. This resulted in understatement of Current Liabilities and consequent understatement of Accumulated Losses by ₹ 0.97 crore.
- Excess payment of Pay and Allowances made at the time of death/ premature retirement/ retirement was deducted from final payment of Gratuity and credited to Gratuity Fund Adjustment account instead of crediting the same to the Pay and Allowances head. This resulted in overstatement of Current Liabilities and Operating Expenses and consequent overstatement of Loss by ₹ 1.09 crore.
- The Corporation paid ₹ 1.93 crore on account of Dearness Allowance (DA) portion of Gratuity due to DTC Pension Trust after the due date in November/December 2008. However, interest on late payment was not paid nor any provision made in the annual Accounts. DTC pension Trust has been charging interest on late receipt of employer's contribution @ 12 *per cent* per annum, provision for ₹ 3.14 crore should have been provided in the books. This resulted in understatement of Operating Expenses, Current Liability by ₹ 3.14 crore and consequently understatement of Loss by the same amount.
- An amount of ₹ 1.56 crore was paid as advance to Delhi Development Authority for deposits made for purchase of land. The same should have been shown under Loans & Advances instead of Sundry Debtors. This resulted in overstatement of Sundry Debtors & Other Receivables and understatement of Advances and Deposits by ₹ 1.56 crore.
- As per finalised Accounts of the Pension Trust as on 31 March 2010, fund available with Pension Trust was ₹ 287.78 crore whereas the pension liability of employees assessed as per actuarial valuation as on 31 March 2008 was ₹ 1552.79 crore. The actuarial liability as on 31 March 2010 would be even more (after two years). Therefore atleast the minimum provision should have been made. As the Central or State Government has not given any consent for any contribution for shortfall in this regard to the trust, it is obligatory on the part of the Corporation to provide for the shortfall in Pension fund. This resulted in understatement of Pension Fund and Net Loss to the tune of ₹ 1265.00 crore.
- The fixed assets and Losses were understated by ₹ 22.67 crore due to charging of Depreciation at 8.33 *per cent* on buses instead of at applicable rate of 12 *per cent.*
- Interest Income Accrued but not due on Short Term Fixed Deposits with banks was ₹ 5.41 crore. The Corporation included the interest

beyond 31 March 2010 and shown as ₹ 10.43 crore instead of ₹ 5.41 crore which resulted into overstatement of Interest Income and Sundry Debtors by ₹ 5.02 crore each and further understatement of Loss by the same amount.

5.1.30 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including Internal control/ Internal audit systems in the Companies audited in accordance with the directions issued by the CAG to them under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which need improvement. An illustrative resume of major comments made by the Statutory Auditors on possible improvement in the Internal audit/Internal Control system in respect of one Company[11] for the year 2009-10 and four Companies[12] for the year 2010-11 are given below:

Sl. No.	Nature of comments made by Statutory Auditors	Number of Companies where recommendations were made	Reference to serial number of the Companies as *per* Appendix 5.2
1.	Non-fixation of minimum/ maximum limits of store and spares	3	A-2, 6, 7
2.	Absence of Internal audit system commensurate with the nature and size of business of the Company	4	A- 2, 7, 8, 9
3.	Non-maintenance of proper records showing full particulars including quantitative details, situations, identity number, date of acquisitions, depreciated value of Fixed Assets and their locations	3	A- 2, 8, 9
4.	Non maintenance of cost records	1	A-2

Status of placement of Separate Audit Reports

5.1.31 The following table shows the status of placement of Separate Audit Report (SAR) issued by the CAG on the Accounts of Statutory corporation in

[11] Sr. No. 2 in ***Appendix – 5.2.***
[12] Sr. No. 6, 7, 8 and 9 in ***Appendix – 5.2.***

the Legislature by the Government.

Sl. No.	Name of Statutory corporation	Year up to which SAR placed in Legislature	Year for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
1	Delhi Transport Corporation	2008-09	2009-10	24 May 2011	Reasons being ascertained.

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

Disinvestment, Privatisation and Restructuring of PSUs

5.1.32 The State Government had not undertaken the exercise of disinvestment, privatization or restructuring of any of the State PSUs during 2010-11.

5.2 Transaction Audit Observations

Government Companies

Delhi Power Company Limited

5.2.1 Undue favour to BRPL – a private DISCOM

Not obtaining security/escrow mechanism while granting loan under Power Stabilisation Fund and not charging penal interest to the tune of ₹ 3.67 crore resulted in undue favour to BSES – Rajdhani Power Limited (BRPL).

Government of NCT of Delhi (GNCTD) approved (January 2008) creation of Power Stabilisation Fund (PSF) which would be parked with all the dividends accruing to Delhi Power Company Limited (DPCL) from the Companies viz. North Delhi Power Limited (NDPL), BSES-Rajdhani Power Limited (BRPL), BSES-Yamuna Power Limited (BYPL), Delhi Transco Limited (DTL) and Pragati Power Corporation Limited (PPCL). The purpose for creation of the fund was to utilize the funds generated out of achievements of Power sector back into the same sector. Accordingly, a Committee was constituted to examine the modalities for creation of fund. The Committee's Report (17 April 2008) was accepted (May 2008) by the GNCTD. The fund was to be administered by DPCL and kept in a separate head created for this purpose and not to be linked with any regular activity of DPCL. The Board of Directors of DPCL accorded approval (12 June 2008) for creation of PSF.

The following deficiencies in the operation of PSF were noticed in Audit:

a. After creation of PSF in June 2008 DPCL received a dividend of ₹ 37.86 crore (NDPL: ₹ 32.46 crore and DTL: ₹ 5.40 crore) for the year 2008-09. We noticed that in violation of directions to keep the dividend income in separate bank account, DPCL diverted it to its bank account and used it to pay Central Public Sector Undertaking (CPSU) dues.

b. As per the modalities in the Committee's Report regarding allocation of funds worked out for operation of Fund, seventy *per cent* of the amount available under PSF could be loaned out to the DISCOMs in the ratio 29.18 *per cent*, 43.58 *per cent* and 27.24 *per cent* to NDPL, BRPL and BYPL respectively. The Report further stated that in case of non utilization of the respective allocation, it could be redistributed in the respective percentage defined above. It was however, observed that DPCL, in violation of above clause, gave entire short-term loan of ₹ 400 crore to only one Company viz BRPL.

The Management stated (August 2011) that the unutilized allocation could be redistributed to other groups i.e. Government utilities/DISCOMs *vice-versa*.

The reply was not acceptable as the redistribution was to be made in the prefixed percentage as mentioned above.

c. The Report of the Committee states that to secure the repayment of the loan amount and interest thereon, lender shall have a first charge on the moveable assets of the borrower-both present and future ranking *pari-passu* with the existing charge in favour of other lenders and by way of establishing Escrow Mechanism on receivables. Audit scrutiny revealed that DPCL during the period March 2009 to March 2011 disbursed short term loans under the loan agreement signed with BRPL incorporating a clause under which the borrower was given liberty to pay additional interest at one *per cent* per annum on loan amount till the creation of security. Thus not obtaining security by way of *pari-passu* charge from all the bankers/Financial Institutions of BRPL as well as non establishment of Escrow mechanism on receivables of BRPL rendered the outstanding short term loan of ₹ 400 crore to BRPL as unsecured.

The Management replied (August 2011) that the loan has security in the form of hypothecation over assets of BRPL, although it could not hand over *pari-passu* letters as they were facing difficulties from the existing lenders.

The reply was not acceptable as the hypothecation would be effective only after getting *pari-passu* letters from the existing lenders.

d. The maximum tenure of loan given by DPCL to the Companies was not to exceed one year as per the Report. It was observed that despite defaulting in repayment of loan, DPCL granted extension of time as sought by BRPL. Further, no firm commitment for repayment of loan was obtained from BRPL as decided by Board of Directors while sanctioning the loan. Due to non-payment of total loans of ₹ 400 crore before due date by BRPL, DPCL faced financial crunch and the State Government had paid Grants to DPCL to clear liability of CPSU dues , thus, putting extra burden on the State Exchequer.

The Management replied (August 2011) that the request of BRPL for loan contained the commitment of BRPL to repay the loan on or before 30 March 2011 and hence, no separate commitment was sought from BRPL.

The reply was not acceptable as the Board of Directors of DPCL while sanctioning the disbursement of loan directed to obtain firm commitment, which was, however, not complied to.

e. As per loan agreement signed between DPCL and BRPL, in case of default, interest at 2.75 *per cent* per annum over and above the applicable interest rate shall also be charged on the amount due from the respective due date till the date of actual payment. It was observed that DPCL did not charge penal interest of ₹ 3.67 crore at 2.75 *per cent* per annum on the unpaid loan of ₹ 200 crore for the last eight months with effect from 16 September 2010.

The Management stated (August 2011) that they cannot charge penal interest as it would affect the consumers.

The reply was not acceptable as the penal interest was to be levied as per the Report of the Committee and also in terms of the agreement signed between DPCL and DISCOM.

Thus, DPCL not only failed to safeguard its own financial interest but also extended undue favour to BRPL – a private Company by giving it the entire amount of loan overlooking the recommendations contained in the Report of the Committee for PSF.

The matter was reported to the Government in June 2011 and their reply was awaited (November 2011).

Delhi Transco Limited

5.2.2 Non-levy of compensation / penalty on the Contractor for delay in execution of work.

Non-levy of compensation / penalty for delay in completion of work led to excess payment of ₹ 80.91 lakh to the Contractor.

Delhi Transco Limited (Company) awarded (16 June 2008) a work contract to M/s Kamal Builders (Contractor) at the tendered cost of ₹ 838.25 lakh for supply and filling of fly ash and earth at 400 KV Sub-station, Mundka. The work started on 30 June 2008 and was required to be completed within six months i.e. by 29 December 2008. Clause-2 of the Contract signed with the Contractor stipulated that in the event of the Contractor failing to comply with the time schedule, he shall be liable to pay compensation of an amount equal to one *per cent* or such smaller amount decided by the Company on the awarded value of the whole work for every day subject to levy of maximum compensation of 10 *per cent* of awarded value of work.

The execution plan submitted by the Contractor (being part of the contract) stipulated the supply and filling of the total quantity of 3,49,414 cum fly ash in 125 days by executing 2,800 cum quantity per day. Scrutiny of records revealed that the progress of work was consistently slow and the Contractor could lift 76,000 cum of quantity till October 2008 and 87,591 cum till November 2008 against the planned quantity of 1,85,000 cum and 2,65,000 cum respectively. Since the work was not completed within the stipulated period, the Contractor applied (22 December 2008) for Extension of Time (EOT). While applying for EOT the Contractor indicated that out of the total available days between July to November 2008, he could lift only 87,591 cum (on an average 2170 cum of fly ash qty per day) in 41 days due to rain and requested for grant of EOT up to 26 March 2009 to complete the balance quantity of work. Accordingly, the Company granted EOT (January 2009) up

to 26 March 2009 without prejudice to the right of the Company to recover levy of compensation in accordance with the Clause 2 of the agreement.

Despite EOT up to 26 March 2009 the Contractor could not complete the work on various grounds such as fog at night, inadequate supply of diesel by petrol pumps, labour not available due to *Holi* festival etc., and again requested (23 March 2009) for EOT for a further period of 62 days. The Company this time also granted EOT (March 2009) for the period up to 27 May 2009 without prejudice to the right of the Company to recover levy of compensation in accordance with the Clause 2 of the agreement. While granting this EOT it was decided that suitable amount shall be withheld against levy of compensation as per agreement clause.

It was observed in audit that on both occasions, while considering EOT, the Company had ignored the completion programme submitted by the Contractor according to which he had to lift on an average 2,800 cum quantity of fly ash/earth per day. Further during the later part of the completion programme i.e. during October to December 2008, the Contractor had to lift a large quantity i.e. 2,34,414 cum of fly ash and earth. During this period no hindrances were recorded. This aspect had also not been considered while granting EOT and on both the occasions EOT was granted as desired by the Contractor.

Further, while taking final decision for EOT (July 2009), the Company attributed the delay of 31 days during October 2008 to November 2008 to the Contractor. A scrutiny of Hindrance Register maintained by the Company revealed that there were 33 days of hindrances recorded during December 2008 to 26 March 2009 on account of fog, transporters strike and republic day celebration etc. Even after considering and allowing the above hindrance further EOT should only have been granted up to 6 April 2009. The work was completed on 25 May 2009 after a delay of 49 days for which penalty of ₹ 83.83 lakh (10 *per cent* of contract value) was to be imposed on the Contractor. Audit observed that the EOT was approved by the Company (November 2009) without considering the quantity of 2800 cum (as per completion programme) to be lifted per day and without imposing any compensation/penalty on the Contractor for delay in completion of work. Further, the contract did not fix any limit for hindrances allowed to the Contractor. It was surprising to note that for a 180 days contract, EOT of 147 days was approved without levy of penalty.

The Management stated (June 2011) that 30 days hindrance during 1 February to 26 March 2009 due to likely closure of IP Station was considered and the delay of 31 days from October to November 2008 was inadvertently fixed on account of the Contractor and should not be taken into cognizance. Thus, there was no loss to the Company during execution of work due to delay in execution of work.

The Government, while endorsing the Company's views, further stated (July 2011) that entire project was completed within the stipulated time of extension and besides 1080 cum extra filling area was executed by the Contractor within the tendered price.

The reply of the Management/Government was not tenable as IP station had not prohibited the lifting of ash during February 2009 to March 2009. The Management's response for delay of 31 days as recorded on the part of Contractor seems to be an afterthought. Though the Company saved ₹ 2.92 lakh on account of 1080 cum extra work it extended undue benefit to the Contractor by not imposing penalty of ₹ 83.83[13] lakh for delay in completion of work as per agreement resulting in excess payment of ₹ 80.91 lakh to the Contractor.

The Company should fix responsibility for extending unintended benefit to the Contractor and also issue instruction to strictly adhere to the term of the agreements in regard to levy of penalty/compensation.

Indraprastha Power Generation Company Limited

5.2.3 Loss due to delay in award of contract

Loss of ₹ 22.68 lakh due to delay in award of contract for sale and lifting of Dry Fly Ash

In accordance with the Notification of Ministry of Environment & Forest (MoEF), Government of India dated 14 September 1999, utilization of Dry Fly Ash for the purpose of manufacturing ash based products such as cement, bricks, panel, etc by the end user, free of cost, was permitted by supplying Dry Fly Ash produced by the Power Stations. The said clause of Notification was valid / applicable for a period of ten years upto 13 September 2009 and thereafter the Power Stations were free to sell Dry Fly Ash on commercial basis. The MoEF circulated draft Notifications on 03 April 2007 and 6 November 2008 for modification of Notification of 1999 and invited suggestions/ objections. These draft Notifications envisaged disposing of the ash through competitive bids to the best advantage of the owners i.e. Thermal Power Companies. IPGCL (Company) awarded Letter of Intent (16 October 2009) and contract (23 October 2009) to M/s Shree Cement Ltd. for sale and lifting of tentative quantity of 156800 MT of Dry Fly Ash for one year at a rate of ₹ 315 per MT.

It was observed in audit that the Company was well aware that the MoEF's Notification for lifting of Dry Fly Ash by end user free of cost was for a period of 10 years upto 13 September 2009 and thereafter the Company was free to dispose off the Dry Fly Ash on commercial basis for their financial

[13] Worked out as per clause of the Contract stipulating compensation at rate of one *per cent* on the awarded value of whole work for delay of every day subject to maximum of 10 *per cent* for 49 days

benefit. The Company took almost six months to decide and start the process for inviting bids for sale and lifting of Dry Fly Ash after the approval of competent authority. Though the approval was accorded on 26 March 2009, the tenders were invited in September 2009 and the contract was finally awarded only on 23 October 2009, applicable with effect from 16 October 2009.

During the period from 14 September 2009 to 15 October 2009, 12512.10 MT of Dry Fly Ash was generated at the Rajghat Power Plant and out of it, 7200 MT of Dry Fly Ash was lifted by a private party (to whom the contract was later awarded for lifting Dry Fly Ash on chargeable basis) on free of cost basis. Thus due to delay in decision making and finalization of tender and contract, the Company lost the opportunity to earn an additional revenue of ₹ 22.68 lakh (7200 MTs @ ₹ 315 per MT) on account of sale of Dry Fly Ash for a charge.

The Management stated (November/December 2011) that the Notification dated 14 September 1999 was for a period of 10 years which was completed on 13 September 2009 and fresh Notification/ order for sale of ash on payment was expected. Thus, keeping this in view, the Company had started the tendering procedure for sale of ash well before 13 September 2009, which was completed in October 2009. They further added that in the interest of the Company, sale of Ash was started before the final Notification dated 3 November 2009.

The reply of the Management establishes the audit's contention that the Company could sell Dry Fly Ash on commercial basis immediately after completion of ten years of the MoEF's Notification of 1999 and earn additional revenue.

The matter was reported to the Government (September 2011) and their reply was awaited (November 2011).

Delhi State Industrial and Infrastructure Development Corporation

5.2.4 Interest loss due to delay in filing Income Tax Return

Avoidable interest loss of ₹ 0.76 crore due to delay in filing of the Income Tax Return.

Section 139 (1) of the Income Tax Act 1961 (Act) provides that where the assessee is a Company, it should file its Income Tax Return (ITR) by the 30th September of the Assessment Year. Section 244A (1) provides that where refund of any amount becomes due to the assessee under this Act, he shall, be entitled to receive, in addition to the said amount, simple interest thereon calculated at the rate of 0.5 *per cent* for every month or part of the month comprised in the period from the 1st day of April of the Assessment Year to the date on which the refund is granted. Further, Section 244 A (2) of the Act

provides that if the proceedings resulting in the refund are delayed for reasons attributable to the assessee, the period of the delay so attributable to him shall be excluded from the period for which such interest is payable.

The Company calculated its estimated income, for the purpose of payment of advance tax, for the financial year 2008-09 as ₹ 77.23 crore and paid advance tax of ₹ 26.25 crore (excluding advance tax of ₹ 6.15 crore paid for relocation schemes) on it as required under Section 209 of Income Tax Act 1961. The Company also paid TDS of ₹ 36 lakh. The Company filed its ITR in March 2010 and claimed a refund of ₹ 25.31 crore (including ₹ 6.15 crore paid for relocation schemes) from the Income Tax Department after finalization of Accounts for the financial year 2008-09. The Department refunded the amount claimed (including interest under section 244A (1) of the Act) in March 2011.

It was observed that the Company filed ITR in March 2010 instead of by 30 September 2009 as required under Section 139 (1) of the Act. As a result, the Department paid interest on the refund amount only for the period of 18 months from 1 October 2009 to 31 March 2011 instead of 24 months from 1 April 2009 to 31 March 2011. Thus, the Company suffered an interest loss of ₹ 0.76 crore for the period from 1 April 2009 to 30 September 2009[14] due to delay in filing of return.

The Company should develop a mechanism and issue necessary guidelines for ensuring filing of Income Tax Return as per the existing statutory requirement to avoid such losses. In the absence of such a mechanism, the Company defaulted in the timely filing of the ITR and has suffered an interest loss of ₹ 0.76 crore.

The matter was reported to the Management and Government in December 2011 and their reply was awaited.

Statutory Corporations

Delhi Transport Corporation

5.2.5 Loss of Revenue due to delay in handing over Shelters

The Corporation lost potential revenue of ₹ 33.14 lakh due to delayed action in handing over the 157 Bus Queue Shelters to the concessionaire

Delhi Transport Corporation (DTC) floated (5 August 2010) tender for display of advertisement rights on 135 Modern Stainless Steel Bus Queue Shelters (BQSs) with the reserve price of monthly licence fee fixed at ₹ 75,000 per BQS per month. The tender was short-closed due to lack of response. Subsequently, fresh tender for display of advertisement rights on 157 (earlier 135) BQSs was floated on 10 January 2011 with reduced monthly licence fee

[14] Worked out as 0.5 *per cent* of ₹25.31 crore per month for six months from April to September 2009.

of ₹ 50,000 which was also short-closed due to lack of response. As a result, a Committee was constituted (1 February 2011) to decide the fresh reserve price in view of failure of the earlier two tenders. The Committee revised the reserve price to ₹ 20,000 per BQS per month apart from giving other recommendations regarding lowering of EMD and relaxation in eligibility criteria for bidders. Accordingly, the tender was again floated (4 February 2011) with reserve price of ₹ 20,000 per month. In response, four parties participated in the tender. The techno-commercial bid for 157 BQS was opened on 25 February 2011. Price bids of the technically-qualified three parties were opened on 8 March 2011. M/s Prabhatam Advertising Limited (agency) was found highest bidder (H-1) with a quoted rate of ₹ 26,611 per BQS per month. DTC awarded the contract to H-1 as per offer letter signed on 14 March 2011 and asked the party to complete the requisite formalities within ten days. While submitting security deposit of ₹ 50.13 lakh the agency pointed out (24 March 2011) certain shortcomings (such as broken and chipped tiles, absence of electrical fittings, electrical stand alone posts, timers, absence of dust bins etc.) noticed at the time of joint inspection of BQSs by DTC and agency's officials. In view of the shortcomings, the Publicity Department asked (24 March 2011) the agency as well as Civil Engineering Department, DTC (CED) to rectify/remove all the deficiencies by 31 March 2011 so that the contract could be awarded with effect from 1 April 2011. However the CED failed to remove shortcomings by 31 March 2011. Further, the CMD in consultation with all the parties gave a time limit of one week to the Chief of Engineering Department of DTC to remove all the shortcomings from the 80 BQSs and to M/s Ozone (construction contractor) for the remaining 77 BQSs in co-ordination with Delhi Integrated Multi-model Transit System (DIMTS) (Project Management Consultant for the project) by 13 April 2011 so that the BQSs can be handed over to M/s Prabhatam Advertising. It was, however, observed that the needful was not done within the stipulated time.

As per clause 4 of the Contract with M/s Prabhatam signed on 6 May 2011 effective from 15 April 2011 to 14 April 2014, the Corporation was to issue monthly licence fee bills for the all 157 BQSs or those which were physically in existence on the date of issue of bill. The Corporation could, however, allot only 25 BQSs from 15 April 2011 onwards which were ready for use and finally allotted the remaining 131 to the advertiser by 27 July 2011. One BQS was dismantled due to an accident.

Thus, due to delayed action on the part of the Corporation in repairing/ handing over the BQSs, the Corporation and the State Government[15] each lost income of ₹ 33.14 lakh[16].

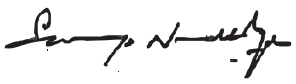
[15] fifty *per cent* of the income from Bus Queue Shelter (BQS) was to be deposited to the NCT of Delhi.
[16] worked out from the date of signing of contract with effect from 15 April 2011 at the rate of ₹ 26,611 per month till all the 156 BQSs were actually handed over to the advertiser

The Management replied (August 2011) that the project was completed on 11 June 2011 whereas the tender was published well in advance on 4 February 2011. The BQSs were handed over to the advertisers free from defects prior to the date of actual completion of the project and hence no loss has been incurred. The Management further stated that due to vandalism also, it was difficult to hand over BQSs to the advertisers free from defects.

The reply was not tenable in view of the fact that as per Letter of Acceptance (LoA) issued to M/s Ozone (the agency to whom the work of construction of 157 BQSs was entrusted) on 28 January 2010, completion time was seven months from the date of issue of letter of award. The work was to commence immediately within 15 days of issue of letter. Thus, in all respects, the work of construction of 157 BQSs was to be completed by the mid of September 2010. Further, the minor deficiencies noticed in the BQSs were not rectified in spite of specific directions from the CMD to complete the same within the prescribed time frame.

The Corporation should take action against the construction agency/concerned officials for the lapse and also streamline the monitoring mechanism.

The matter was reported to the Government in June 2011 and their reply was awaited (November 2011).



New Delhi
Dated: 03 May 2012

(S. NANDKEOLYAR)
Principal Accountant General (Audit), Delhi

Countersigned



New Delhi
Dated: 04 May 2012

(VINOD RAI)
Comptroller and Auditor General of India

Appendix – 1.1
Position of outstanding ATNs as on 31.12.2011
(Referred to in paragraph 1.8)

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

Sl. No.	Year of Report	Chapter of the Report	Para No.	Pertains to	Brief subject
23.	Ended 31 March 2007	III	3.2	Health and Family Welfare Department	Delay in installation of Medical Equipment
24.	Ended 31 March 2007	III	3.3	Health and Family Welfare Department	Wasteful expenditure on procurement of an incinerator
25.	Ended 31 March 2007	III	3.4	Health and Family Welfare Department	Unfruitful expenditure on purchase of infant ventilators
26.	Ended 31 March 2007	III	3.5	Department of Home	Non-recovery of licence fee
27.	Ended 31 March 2007	III	3.7	Public Works Department	Unintended benefit to a contractor
28.	Ended 31 March 2007	III	3.8	Public Works Department	Avoidable expenditure on cost escalation
29.	Ended 31 March 2007	V	5.11	Delhi SC/ST/OBC/ Minorities/Handicapped Financial & Development Corporation	Construction of building without assessing requirement
30.	Ended 31 March 2007	Vol. II Ch.I		Dept. of Labour	Implementation of Industrial Disputes Act,1947 and Contract Labour (Regulation and Abolition) Act, 1970
31.	Ended 31 March 2007	Vol. II Ch.II		Directorate of Education	Information Technology Audit of the Directorate of Education
32.	Ended 31 March 2008	III		Health and Family Welfare Department	Performance Audit on procurement of drugs and medical equipment and its impact on delivery of health services in Delhi
33.	Ended 31 March 2008	IV	4.1	Department of forest and wild life	Non-recovery of compensatory plantation charges
34.	Ended 31 March 2008	IV	4.2	Health and Family Welfare Department	Excess payment of service tax amounting to Rs. 40.27 lakh
35.	Ended 31 March 2008	IV	4.4	Department of Social Welfare	Loss of Rs. 13.93 lakh on purchase of foodgrains
36.	Ended 31 March 2008	IV	4.5	Department of Social Welfare	Idle investment of Rs. 1.03 crore in allotment of land
37.	Ended 31 March 2008	IV	4.8	Transport Department	Bus Rapid Transport Corridor (BRTC) Project
38.	Ended 31 March 2008	IV	4.10	Delhi Jal Board	Unintended benefit to a contractor
39.	Ended 31 March 2008	V	5.1	Department of Food, Supplies and Consumer Affairs, GNCT of Delhi	Internal Control Mechanism
40.	Ended 31 March 2008	VI	6.13	Delhi SC/ST/OBC/ Minorities/Handicapped Financial and Development Corporation Limited	Misplacement of loan files/record
41.	Ended 31 March 2008	VI	6.14	Delhi SC/ST/OBC/ Minorities/Handicapped Financial and Development Corporation Limited	Failure of TCPC Scheme
42.	Ended 31 March 2008	VI	6.15	Delhi SC/ST/OBC/ Minorities/Handicapped Financial and Development Corporation Limited	Poor recovery of loans due to inadequate recovery follow up

Sl. No.	Year of Report	Chapter of the Report	Para No.	Pertains to	Brief subject
43.	Ended 31 March 2008	VI	6.17	Delhi Transport Corporation	Operational loss due to unplanned deployment of buses
44.	Ended March 2009	II	2.1	Department of Home	Working of Delhi Fire Service
45.	Ended March 2009	II	2.2	Department of Urban Development	Development works in regularized-unauthorised colonies undertaken by the DJB and MCD
46.	Ended March 2009	II	2.3	Delhi Health Mission	National Rural Health Mission
47.	Ended March 2009	III	3.1.1	Delhi Jal Board	Irregular payment of escalation charges
48.	Ended March 2009	III	3.1.2	Public Works Department	Avoidable extra expenditure due to delay in supply of drawings in time
49.	Ended March 2009	III	3.2.1	Public Works Department	Unfruitful expenditure on road works left incomplete due to encroachments
50.	Ended March 2009	III	3.2.2	Public Works Department	Unfruitful expenditure on surplus work-charged staff
51.	Ended March 2009	III	3.3.1	Department of Home	Avoidable expenditure due to injudicious assessment of sanctioned load of electricity supply
52.	Ended March 2009	III	3.3.2	Public Works Department	Unfruitful expenditure on construction of Kalindi Bypass
53.	Ended March 2009	III	3.3.3	Public Works Department	Avoidable payment of interest due to delay in appointment of arbitrator and non-submission of documents in time
54.	Ended March 2009	III	3.3.4	Public Works Department	Extra avoidable expenditure on consultancy fee
55.	Ended March 2009	III	3.3.5	Department of Women and Child Development	Excess payment of fixed electricity charges
56.	Ended March 2009	III	3.3.6	Department of Labour	Unfruitful expenditure on running of Holiday Homes
57.	Ended March 2009	III	3.4.1	Department of Training and Technical Education	Avoidable payment of water charges at abnormally high rates
58.	Ended March 2009	IV	4.1	Transport Department	Integrated audit on the functioning of Transport Department
59.	Ended March 2009	V	5.2	DTC	Performance Audit Report on the functioning of Delhi Transport Corporation
60.	Ended March 2009	V	5.3.1	Delhi Power Company Limited	Avoidable Loss
61.	Ended March 2009	V	5.3.2	Delhi Financial Corporation	Non-recovery of dues
62.	Ended March 2009	V	5.3.3	Delhi Financial Corporation	Inadequate pre-sanction scrutiny
63.	Ended March 2009	V	5.3.4	Delhi Financial Corporation	Delayed action against borrower

Sl. No.	Year of Report	Chapter of the Report	Para No.	Pertains to	Brief subject
64.	Ended March 2010	II	2.1	Department of Land and Building	Functioning of Land and Building Department
65.	Ended March 2010	III	3.1.1	Public Works Department	Undue payment of ₹ 1.05 crore to the consultant
66.	Ended March 2010	III	3.1.2	Public Works Department	Overpayment of ₹ 30.25 lakh tho the consultant
67.	Ended March 2010	III	3.1.3	Public Works Department	Avoidable expenditure of ₹ 1.48 crore and overpayment of ₹ 40 lakh
68.	Ended March 2010	III	3.1.4	Public Works Department	Wasteful Expenditure of ₹ 74.64 lakh
69.	Ended March 2010	III	3.2.1	Public Works Department	Irregular award of work resulting into excess expenditure of ₹ 1.27 crore.
70.	Ended March 2010	III	3.2.2	Department of Health and Family Welfare	Excess purchase of surgical instrument costing ₹ 75.00 lakh, stents for cancer patients amounting to ₹ 14.88 lakh and unfruitful expenditure of ₹ 57.23 lakh in lakh in Lok Nayak Hospital.
71.	Ended March 2010	III	3.3.1	Public Works Department	Wasteful expenditure/loss of 25.62 lakh besides blockade of 14.20 crore
72.	Ended March 2010	III	3.3.2	Public Works Department	Extra expenditure of 5.42 crore and delay in completion of a hospital building due to illegal rescission of contract
73.	Ended March 2010	IV	4		Member of Parliament Local Area Development Scheme
74.	Ended March 2010	V	5.2		Power Generation Activities in Delhi
75.	Ended March 2010	V	5.3.1	Delhi State Industrial and Infrastructure Development Corporation Limited	Loss due to delay in filing of IT Return
76.	Ended March 2010	V	5.3.2	Delhi State Industrial and Infrastructure Development Corporation Limited	Avoidable expenditure due to delay in providing clear site
77.	Ended March 2010	V	5.3.3	Delhi State Industrial and Infrastructure Development Corporation Limited	Avoidable payment of surcharge
78.	Ended March 2010	V	5.3.4	Delhi Tourism and Transportation Development Corporation Limited	Undue benefit to licensee
79.	Ended March 2010	V	5.3.5	Delhi Transco Limited	Undue benefit to the beneficiaries drawing bulk power
80.	Ended March 2010	V	5.3.6	Delhi Transport Corporation	Non-recovery of VAT
81.	Ended March 2010	V	5.3.7	Delhi Transport Corporation	Delay in Investment of EPF
82.	Ended March 2010	V	5.3.8	Delhi Transport Corporation	Avoidable Expenditure

Appendix - 2.1
Details of Welfare Institutions
(Referred to in paragraph 2.1.8.3)

Sl. No.	Name of Institutions
1	M/s Madarsa Islamia Quimul-uloom
2	M/s Missionaries of Charity
3	M/s Missionaries of Charity Nirmal
4	M/s Arya Orphanace (Arya Kanya Sadan and Arya Bal Greh)
5	M/s Bachon Ka Ghar
6	M/s Director, Lady Irwin College for Women Hostel
7	M/s Sister of the Destitute Santidham
8	Kasturba Gandhi Memorial Trust
9	Kalra Sewa Samaj
10	Missionaries of Charity Jeevan Jyoti Home
11	Madhyanand Vedarsh Mahavidayala
12	Sri Aurvindo Ashram
13	Nari Niketan Tihar Jail
14	Ashram of Human Religion
15	Missionaries of Charity
16	Sewa Sadan Samiti
17	Raj Vidhya Kender
18	Gobind Gurudwara
19	Tatva Gyan purshar Mandal
20	Chandra Arya Vidya Mandir Chhatravas

Appendix-2.2
Details of discrepancies in attendance of regular employees
(Referred to in paragraph no.2.2.7)

Ward No	November 2009			Feb 2009		
	EL+ML	Unauthorised absence	Total	EL+ML	Unauthorised absence	Total
DEMS — Shahdra(S) zone						
209	85(15)	3(2)	88(17)	89(11)	16(4)	105 (15)
210	92(16)	7(5)	99(21)	132(14)	61(7)	193(21)
219	98(24)	167(21)	265(45)	42(8)	9(4)	51(12)*
G.Total	275(55)	177(28)	452(83)	263(33)	86(15)	349 ½ (48)
Horticulture Shahdra(S) zone						
214	36(6)	2(2)	38(8)	Absentee statement not furnished	-	-
225	Nil	Nil	Nil	Attendance register not furnished	-	-
239	Abseentee not furnished	Nil	Nil	21(6)	2(1)	23(7)
G.Total	36(6)	2(2)	38(8)	21(6)	2(1)	23(7)
M IV , Engineering division, Shahdra (S) Zone						
217+218	14(4)	20(6)	34(10)	Pay Bills not furnished.	-	-
218	3(2)	26(5)	29(7)	-	-	-
219	14(3)	25(5)	39(8)	-	-	-
220	2(1)	3(2)	5(3)	-	-	-
223	15(5)	35(3)	50(8)	-	-	-
224	2(2)	4(2)	6(4)	-	-	-
Total	50(17)	113(23)	163(40)	-	-	-

Ward No	November 2009			Feb 2009		
	EL+ML	Unauthorised absence	Total	EL+ML	Unauthorised absence	Total
Engineering Division M-IV,Rohini zone						
51	4(1)	-	4(1)	-		
21	1(1)	-	1(1)	-	-	-
23	29(3)	-	29(3)	7(3)	-	7(3)
25	3(1)	-	3(1)	-	-	-
45	-	-	-	4(1)	28(1)	32(2)
50	5(3)	-	5(3)	1(1)	2(1)	3(2)
49	-	-	-	-	4(1)	4(1)
26	14(3)	1(1)	15(4)	-	-	-
Total	56(12)	1(1)	57(13)	12(5)	34(3)	46(8)
Engineering Division M-III, West zone						
106	40(5)	-	40(5)	1(1) - -		1(1)
114				1(1)	-	1(1)
117	4(1)	-	4(1)	12(1)		12(1)
119	8(3)	7(2)	15(5)	6(1)	-	6(1)
Total	52(9)	7(2)	59(11)	20(4)		20(4)
Grand Total	469(99)	303(56)	769(153)	316(49)	122(19)	438(67)

one register of Feb,2009(in case ward 209 of DEMS) is missing for which department had lodged an FIR.

Appendix-2.3
Details of discrepancies in Date of Birth of employees
(Referred to in paragraph no.2.2 8)

Department/ Zone	Name	Present designation	DOB entered in service record	DOB as per any other record (Nature of record)	Remarks
DEMS Shahdra (S) zone	Rajo	Safai karamchari	19.06.68	05.06.67 (as per affidavit)	Increase in date of Retirement 12 months
	Manoj	Do	01.07.72	18.04.71 (as per affidavit)	Increase in date of Retirement 14 months
	Rajesh	Do	11.05.73	26.01.73 (as per affidavit)	Increase in date of Retirement 4 months
	Sanjaya	Do	20.12.69 (28 years as on 1.2.98)	35 years as on 1.2.98 (as per medical report)	Increase in date of Retirement 84 months
Horticulture Shahdra (S) Zone	Surendar S/o Tidda	Mali	5.8.58	12.7.54 (As per affidavit)	Increase in date of Retirement 48 months
	Bimla Devi	Mali	15.07.62	13.07.64 15.07.62 (As per different affidavit)	Increase in date of Retirement 2 months
	Dharamveer	Mali	1.04.60	1.1.60 (As per affidavit)	Increase in date of Retirement 3 months
Eng. M 1V Shahdra (S)	Manoj kumar	Beldar	10.8.78	10.07.78 (High School certificate)	Increase in date of Retirement 1 month

Department/ Zone	Name	Present designation	DOB entered in service record	DOB as per any other record (Nature of record)	Remarks
	Pardeep Kumar	Do	15.01.79 (As on 1.1.94 the age is 25 years)	As on 1.1.94 is 24 years (As per affidavit)	Increase in date of Retirement 12 months
	Rajesh	Do	15.12.76	15.03.75(As per medical	Increase in date of Retirement 21 months
	Sanjeev	Do	01.04.82(As on 01.01.2002 19 years 8 months)	22 years as on 01.01.2002(as per election I card)	Increase in date of Retirement 28 months
Engineering M III WEST	Ramgopal	Beldar	10.12.74	12.10.63(as per high school cerificate)	Increase in date of Retirement 11 Years 1 month
Horticulture Rohini zone	Dev raj	Mali	10.11.79	10.11.78(as per high school certificate)	Increase in date of Retirement 12 months

Appendix-2.4
Details of leave record of employees
(Referred to in paragraph no. 2.2.8)

Zone	Department	No of test check cases	No of cases where leave was not credited in the service book	Percentage
Shahdra (S)	DEMS	121	89	73.5%
	Horticulture	36	8	22.22%
	Engineering	48	8	16.66%
Rohini	DEMS	167	146	87.42%
	Horticulture	39	18	46.15%
	Engineering	75	34	45.33%
WEST	DEMS	75	38	48.72%
	Horticulture	58	11	19%
	Engineering	62	16	25.8%
		681	368	

Appendix-2.5

Details of employees promoted on ad hoc post beyond one year
(Referred to in paragraph no. 2.2.9.2)

Zone	Department	Number of employees on ad hoc post beyond one year (Total ad hoc cases)	Ad –hoc post from 1-5 years	Ad –hoc post from 5-10 years	Ad –hoc post from 10-20 years	Ad –hoc post above 20 years
Shahdra (S)	DEMS	11 (11)	2	8	1	-
	Eng. M IV	3 (3)	3	-	-	-
	Horticulture	1 (1)	-	-	1	-
	Accounts	3 (3)	1	1	1	-
WEST Zone	DEMS	13 (18)	1	3	5	4
	Eng. M IV	9 (9)	-	-	5	4
	Horticulture	4 (4)	-	4	-	-
	Accounts	5 (5)	3	2	-	-
Rohini Zone	DEMS	13 (13)	2	2	7	2
	Eng. M IV	4 (6)	1	1	2	-
	Horticulture	1 (2)	-	-	1	-
	Accounts	2 (2)	1	1	-	-
Horticulture	HQr	7 (7)	4	1	-	2
Enggineering	HQr	17 (18)	9	5	3	-
Accounts	HQr	3 (3)	2	1	-	-
	Total	**96(105)**	**29(30.20%)**	**29(31.18%)**	**26(27.95%)**	**12(12.9%)**

Appendix-2.6
Details of employees promoted on LAC/CDC basis
(Referred to in paragraph No. 2.2.9.3)

Zone/Department	Present Post (Cadre)	No of service Books Checked	No of cases in which LAC/CDC was given to the employee in span of his career	Percentage (4/3)*100	No of cases in which employee was promoted from LAC /CDC charge to a higher post on LAC/CDC
(1)	(2)	(3)	(4)	(5)	(6)
Engineering HQrs.	Asst. Engineer	10	10	100	Nil
	Executive Engineer	5	3	60	1
	Supdt. Engineer	8	2	25	Nil
	Chief Engineer	3	3	100	1
Engineering department/Div MIV shahdra (s)	Asstt. Engineer	2	Nil	0	Nil
	Executive Engineer	1	Nil	0	Nil
Rohini Zone Enginn. Deptt M IV	AE	3	2	66.66	Nil
WEST Zone Engineering department M III	JE	2	0	0	Nil
	AE	6	4	66.66	Nil
	EE	1	1	100	Nil
	Total	41	25	61	2
Horticulture department Shahdra south zone	Deputy Director	1	1	100	NIL
	Assistant Director	1	1	100	NIL
	Section officer (T)	3	3	100	NIL
	Chaudhary	5	NIL	-	NIL
	UDC	1	NIL	-	NIL
Rohini Zone Hort. Deptt.	Dy.Dir.	1	1	100	1
	Asstt.Dir.	4	4	100	1
	S.O.	3	3	100	-
West Zone Horticulture department	Chaudhary	6	4	66.66	Nil
	SO	4	4	100	1
	ADH	2	1	50	Nil
Horticulture Hqr	ADH	7	7	100	Nil
	DD	3	3	100	Nil
	Total	41	32	78	3

Zone/Department	Present Post (Cadre)	No of service Books Checked	No of cases in which LAC/CDC was given to the employee in span of his career	Percentage (4/3)*100	No of cases in which employee was promoted from LAC /CDC charge to a higher post on LAC/CDC
(1)	(2)	(3)	(4)	(5)	(6)
Shahdara(S)DEMS	ASI	7	0	0	Nil
	SI	5	0	0	Nil
	SS	Nil			
	CSI	3	2	66.66	Nil
WEST ZONE DEMS	SG	10	4	40	Nil
	ASI	8	0	0	Nil
	SI	9	1	11.11	Nil
	SS	3	3	100	Nil
Rohini Zone DEMS	SG	9	3	33.33	Nil
	ASI	13	0	0	Nil
	SI	6	0	0	Nil
	CSI	3	2	0	Nil
	SS	1	1	100	Nil
	Total	77	16	21	Nil
Rohini Zone Accounts department	2 UDC +Head clerk+Accountant	4	0	0	Nil
WEST ZONE Accounts department	LDC	2	0	0	Nil
	UDC	2	0	0	Nil
	Jr Accountant	1	0	0	Nil
	Account Assistant	1	0	0	Nil
	Accountant	1	1	100	Nil
Shahdara(S)A/cs Deptt.	UDC	2	1	50	
	Jr.Acctt.	0	0	0	Nil
	Acctt.	0	0	0	Nil
Accounts Hqr	ACA	3	2	66.66	-
	DCA	3	3	100	-
	Total	**19**	**7**	**36.84**	**Nil**

Appendix-2.7
Details of employees promoted without being regularized on the previous post
(Referred to in paragraph no. 2.2.10)

Zone	Department	No of test checked cases	No of employees who have been promoted without being regularized on the previous post in the life time	Percentage
Rohini zone	Engineering department	8	5	62.5%
	DEMS department	18	13	72.22%
	Horticulture department	11	7	63.63%
	Accounts department	3	1	33.33%
WEST Zone	Accounts department	7	2	28.57%
	Engineering department	14	3	21.42%
	Horticulture department	12	4	25 %
	DEMS department	27	11	40.7%
Engineering HQr	HQr	31	28	90.3%
Horticulture HQr	HQr	10	5	50%
Shahdra south	Engineering MIV	4	2	50%
	Horticulture	7	0	0%
	DEMS	12	10	83.33%
	Accounts	4	1	25%
ACCOUNTS	HQr	4	3	75%
	Total	**172**	**95**	**55.23%**

Appendix-2.8
Details of ad-hoc promotion
(Referred to in paragraph no. 2.2.10)

Department	Present Post (Cadre)	No of service Books Checked	No of cases in which ad hoc promotion was given to the employee in span of his career beyond one year(Total ad hoc)	Percentage of ad hoc cases (Beyond one year) (4/3)*100	No of cases in which employee was promoted from ad hoc charge to a higher post on ad hoc charge (6/3*100)
(1)	(2)	(3)	(4)	(5)	(6)
Engineering Department	Junior Engineer	6	3(4)	50%	1(17%)
	Asstt. Engineer	26	10(12)	38%	2(8%)
	Executive Engineer	8	7(7)	88%	1(13%)
	Supdt. Engineer	8	6 (6)	75%	5(75%)
	Chief Engineer	3	3 (3)	100%	2(67%)
	Accountant	1	1 (1)	100%	Nil
	LDC	2	0 (0)	0	Nil
	Jr steno	1	1 (1)	100%	Nil
	UDC	2	2 (2)	100%	Nil
	Total	57	33 (36)	57.8%	11(19%)
Horticulture Department	Chaudhary	12	0(0)	0	Nil
	SO	11	3(3)	27%	Nil
	ADH	12	7(8)	58%	1(8%)
	DD	6	2(2)	33%	Nil
	Fitter +Pump operator	2	0 (0)	0	Nil

Department	Present Post (Cadre)	No of service Books Checked	No of cases in which ad hoc promotion was given to the employee in span of his career beyond one year(Total ad hoc)	Percentage of ad hoc cases (Beyond one year) (4/3)*100	No of cases in which employee was promoted from ad hoc charge to a higher post on ad hoc charge (6/3*100)
(1)	(2)	(3)	(4)	(5)	(6)
	UDC	1	1 (1)	100%	Nil
	Total	44	13 (13)	30%	1(2%)
DEMS	SG	19	8(8)	42%	Nil
	ASI	28	19(19)	68%	1(4%)
	SI	20	15(20)	75%	5(25%)
	CSI	6	6(6)	100%	3(50%)
	SS	4	4(4)	100%	Nil
	Total	77	52 (57)	68 %	9(12%)
Accounts Department (HQr)	LDC	2	0	0	Nil
	UDC	6	4(4)	67%	1(17%)
	Account Assistant	1	1(1)	100%	-
	Jr.Acctt.	2	2(2)	100%	-
	Acctt.	3	3(3)	100%	3(100%)
	ACA	3	2(2)	67%	1(33%)
	DCA	3	1(1)	33%	1(33%)
	Total	**21**	**13 (13)**	**62 %**	**6(29%)**

Appendix-2.9

Discrepancies in Promotion

(Referred to in paragraph no.2.2 10)

Sl. No.	Issue	Reasons	Remarks
1.	**Non holding of Departmental Promotion Committee** a) DPC for the post of Assistant Engineer for the year 2006 was delayed for 1½ year.	a) Due to non availability of documents/non-clearance from vigilance department of MCD.	
	b) In the case stated above proposals for promotion put up before the DPC were meant for existing vacancies only and anticipated vacancies were not assessed and considered at all as required under rules.	b) Rules not followed.	b) As a result proper panels for future references were not made. The department has confirmed the facts (August 2011).
	c) In the Engineering department ad-hoc promotion of Draftsmen Grade III to Draftsmen Grade II in respect of 12 vacancies was considered after 18 years in 2005. However, the DPC could be convened only in February 2010 and office order for promotion of 14 Draftsmen Grade III was issued in March 2010.	c) Delay in promotion up to 2004 had been attributed to a particular court case and after that due to administrative reasons.	c) The department having taken a decision to effect promotions, took almost five years to implement the decision. However, no specific administrative reasons had been mentioned in the reply.
2.	**Consideration of ad-hoc period for promotion purposes** Delay of 11 years to promote four AEs to the post of Executive Engineer.	Rules relating to promotion were not followed. Engineering Department wanted to consider ad-hoc period for regular promotion despite UPSC's objection and DoP&T recommendations.	Finally MCD had to follow the prescribed rules and regulations of promotion.

Appendix-4.1
Injudicious Re-appropriation
(Referred to in paragraph no.4.5.3)

(₹ in lakhs)

Sl. No.	Year	Object Head	Nomenclature	Original	Re-app.to	Funds available	Expenditure	Saving
1	2008-09	MH2202 A1(2)(8)(10)	Free Transport to Girl students	80.00	10.00	90.00	65.62	24.38
2		A(4)(3)(2)	Lal Bahadur Shastri Scholarship to Meritorious Students	45.00	5.00	50.00	44.28	5.72
3		A1(4)(4)(14)	School Extension Programme	200.00	85.00	285.00	159.07	125.93
4		A1(4)(4)(20)	Scheme of Yuva	2520.00	150.00	2670.00	2439.51	230.49
5		MH2204 A2(1)(2)	Development of Physical Education	35.55	5.05	40.60	34.62	5.98
6		A2(4)(1)	Cash incentives to outstanding players /Sports /awards/Rajiv Gandhi Sports Award	400.00	25.00	425.00	394.60	30.40
7		MH 2236 A4(1)(1)(2)	Mid day meal for children (SCSP)	108.00	144.00	252.00	59.79	192.21
8	2009-10	MH2202 A1(2)(4)(1)	Direction & Admn	25.00	1.00	26.00	19.01	6.99
9		A1(2)(5)	Govt Secondary Schools	78192.00	2556.50	80748.50	78087.30	2661.20
10		A1(2)(8)(12)	Expansion of teaching of	81.80	7.40	89.20	67.27	21.93

Sl. No.	Year	Object Head	Nomenclature	Original	Re-app.to	Funds available	Expenditure	Saving
			science throughout school stage					
11		A1(4)(2)(1)	Audio Visual Expert Training	5.92	2.08	8.00	5.32	2.68
12		MH2204 A2(1)(2)	Development of Physical Education	45.50	2.00	47.50	40.33	7.17
13	2010-11	A(1)(2)(8)(3)	Education and vocational guidance service in schools	623.50	22.50	646.00	599.334	46.66
14		A(1)(2)(8)(12)	Expansion of teaching of science throughout school stage	72.70	4.10	76.80	63.97	12.83
15		A(1)(3)(1)(1)	Government adult higher secondary schools	14.50	3.00	17.50	14.28	3.22
16		A(1)(3)(2)(3)	Provision of pre-primary/primary classes in existing government schools	8925.00	90.00	9015.00	8540.22	474.78
17		A(1)(4)(4)(1)	Estt. Exp. Of social education	80.75	3.50	84.25	79.36	4.89
18		A. (4)(1)(2)(5)	Mid-day-Meal Grant in aid to Aided schools	72.00	8.00	80.00	36.40	43.60
			Total	**91527.22**	**3124.13**	**94651.35**	**90750.28**	**3901.06**

* *Source: Appropriation Accounts*

Appendix - 4.2
List of schools in which there was no play ground
(Referred to in paragraph No. 4.8.3)

Sl. No.	School
1.	Kanti Nagar-SBV
2.	Kalyanpuri-SBV
3.	Mayur Vihar, Phase I, Pkt.II-SKV (Janaki Devi)
4.	Kailash Nagar-SBV
5.	Gokalpur Village-SKV
6.	Khajoori Khas-GGSSS
7.	New Seemapuri-GBSSS
8.	Dr. Ambedkar Nagar, Sector V, No.1-GBSS
9.	Khanpur, No.1-GBSSS
10.	Begumpur, MMTC/STC Colony-GGSS
11.	Madanpur Khadar-SBV (Rama Krishna)
12.	Tuglakabad Extn.-SBV (Sardar Vallabhbhai Patel)
13.	Tughlakabad Extn.-GBSSS No.3
14.	Madanpur Khadar Extn. J.J.Colony GBSS
15.	Roop Nagar,RSV NO-4
16.	Quresh Nagar(Urdu Medium)-GGSS
17.	Deputy Gunj-GGSS
18.	Jahangirpuri, Block K-GGSSS
19.	Qadipur-GGSSS
20.	Mukhmail Pur-G(Co-ed)SSS
21.	Haider Pur-GBSS
22.	Adarsh Nagar, No.1-GBSSS
23.	Sharda Niketan-SV
24.	Jaidev Park-SV
25.	Raghubir Nagar, J.J. Colony-GBSS
26.	Subhash Nagar, No.1-GGSSS
27.	Ramesh Nagar-SBV
28.	Amalwas, Jawalapuri-GBSSS
29.	Pusa, IARI, 2nd Shift-GBSS
30.	Pusa, IARI-SKV
31.	Ram Nagar, No.1-GGSSS
32.	Darya Ganj, Pataudi House-GGSS
33.	Paharganj-GGSSS

SBV- Sarvodaya Bal Vidyalaya, SKV – Sarvodaya Kanya Vidyalaya, GGSSS – Government Girls Senior Secondary School, GBSSS - Government Boys Senior Secondary School, GGSS - Government Girls Secondary School, GBSS - Government Boys Secondary School, RSV – Rajkiya Sarvodaya Vidyalaya, SV – Sarvodaya Vidyalaya

Appendix – 4.3

Zone-wise details of annual return U/s 180 of DSE Act submitted by private schools

(Referred to in paragraph No. 4.9.3)

Sl. No.	Name of District	2008-09				2009-10				2010-11			
		Total schools	Return submitted after due date	Not submitted	Total	Total schools	Return submitted after due date	Not submitted	Total	Total schools	Return submitted after due date	Not submitted	Total
1	East*	137			NA	136			NA	136			NA
2	North East*	129				132				138			
3	North*	46				46				46			
4	North West A	91	3	88	91	90	17	73	90	90	31	61	92
5	North West B**	171	18	11	29	172	13	19	32	172	18	11	29
6	West-A	60	16	5	21	60	28	5	33	60	28	7	35
7	West-B	159	30	37	67	162	28	6	34	175	5	6	11
8	South West A	58	--	--	-	59	24	29	53	59	26	23	52
9	South West B	157	--	47	47	159	--	53	53	159	--	50	50
10	South	115			NA	116			NA	117			NA
11	New Delhi	13	3	10	13	13	7	5	12	13	6	6	12
12	Central*	28			NA	28			NA	28			NA
	Total	**1164**			**268**	**1173**			**307**	**1193**			**281**

* Record not submitted

** Complete record not submitted

Appendix – 5.1

Statement showing particulars of up to date Paid-up Capital, Loans outstanding and manpower as on 31 March 2011 in respect of Government Companies and Statutory corporations)

(Referred to in paragraph 5.1.6 & 5.1.12)

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

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[♭]				Loans[♭♭] outstanding at the close of 2010-11				Debt equity ratio for 2010-11 (Previous year)	Manpower (No. of employees)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
A. Working Government companies													
Finance													
1.	Delhi SC /ST /OBC Minorities, Handicapped Financial and Development Corporation Limited	Welfare	January 1983	33.32	11.88	-	45.20	2.49	-	-	2.49	0.06:1 (0.06:1)	173
Sector wise total				**33.32**	**11.88**	**-**	**45.20**	**2.49**	**-**	**-**	**2.49**	**0.06:1 (0.06:1)**	**173**
Infrastructure													
2.	Delhi State Industrial & Infrastructure Development Corporation Limited	Industry	February 1971	22.15	-	-	22.15	7.05	-	-	7.05	**0.32:1** -	1202
3.	Shahjahanabad Redevelopment Corporation	Urban Development	May 2008	0.00[♦]	-	-	0.00[♦]	-	-	-	-	-	14
Sector wise total				**22.15**	**-**	**-**	**22.15**	**7.05**	**-**	**-**	**7.05**	**0.32:1**	**1216**
Power													
4.	Delhi Power Company Limited	Power	July 2001	0.05	-	-	0.05	30.49	-	212.00	242.49	4849.80:1 (8027.20:1)	19
5.	Delhi Transco Limited	Power	July 2001	3691.00	-	260.00	3951.00	-	-	1279.67	1279.67	0.32:1 (0.29:1)	1749

[♦] paid up capital is ₹ 700 only.

6.	Indraprastha Power Generation Company Limited	Power	July 2001	497.54	-	140.00	637.54	129.70	-	105.00	234.70	0.37:1 (0.43:1)	1102
7.	Pragati Power Corporation Limited	Power	January 2001	1424.19	-	-	1424.19	-	-	1563.83	1563.83	1.10:1 (0.59:1)	302
Sector wise total				**5612.78**		**400.00**	**6012.78**	**160.19**	**-**	**3160.50**	**3320.69**	**0.55:1 (0.45:1)**	**3172**
Services													
8.	Delhi State Civil Supplies Corporation Limited	Public Distribution	November 1980	7.00	-	-	7.00	2.14	-	-	2.14	0.31:1 (0.31:1)	739
9.	Delhi Tourism and Transportation Development Corporation Limited	Tourism	December 1975	6.28	-	-	6.28	-	-	-	-	-	880
10.	Geospatial elhi Limited	IT	May 2008	10.76	-	-	10.76	-	-	-	-	-	2
Sector wise total				**24.04**	**-**	**-**	**24.04**	**2.14**	**-**	**-**	**2.14**	**(0.09:1)**	**1621**
Transport													
11.	Delhi Transport and Infrastructure Development Corporation	Transport	August 2010	0.05	-	-	0.05	-	-	-	-	-	-
Sector wise total				**0.05**	**-**	**-**	**0.05**	**-**	**-**	**-**	**-**	**-**	**-**
Total A (All sector wise working Government companies)				**5692.34**	**11.88**	**400.00**	**6104.22**	**171.87**	**-**	**3160.50**	**3332.37**	**0.55:1 (0.44:1)**	**6182**
B. Working Statutory corporations													
Finance													
12.	Delhi Financial Corporation	Finance	April 1967	18.05	-	8.07	26.12	-	-	81.19	81.19	3.11:1 (1.52:1)	127
Sector wise total				**18.05**	**-**	**8.07**	**26.12**	**-**	**-**	**81.19**	**81.19**	**3.11:1 (1.52:1)**	**127**
Transport													
13.	Delhi Transport Corporation	Transport	November 1971	1583.30	-	-	1583.30	11676.14	-	-	11676.14	7.37:1 (7.00:1)	41952
Sector wise total				**1583.30**	**-**	**-**	**1583.30**	**11676.14**	**-**	**-**	**11676.14**	**7.37:1 (7.00:1)**	**41952**
Total B (All sector wise working Statutory corporations)				**1601.35**	**-**	**8.07**	**1609.42**	**11676.14**	**-**	**81.19**	**11757.33**	**7.31:1 (6.90:1)**	**42079**
Grand Total (A + B)				**7293.69**	**11.88**	**408.07**	**7713.64**	**11848.01**	**-**	**3241.69**	**15089.70**	**1.96:1 (1.69:1)**	**48261**

$ Paid-up capital includes share application money.

** Loans outstanding at the close of 2010-11 represent long-term loans only.

Appendix – 5.2

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

(Referred to in paragraph 5.1.13, 5.1.19, 5.1.20 & 5.1.31)

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

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss (before tax)							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A. Working Government Companies														
Finance														
1.	Delhi SC /ST /OBC Minorities, Handicapped Financial and Development Corporation Limited	2002-03	2010-11	2.75	0.38	0.21	2.16	11.37	Nil	25.92	21.93	54.15	2.54	4.69
Sector wise total				**2.75**	**0.38**	**0.21**	**2.16**	**11.37**	**Nil**	**25.92**	**21.93**	**54.15**	**2.54**	**4.69**
Infrastructure														
2.	Delhi State Industrial & Infrastructure Development Corporation Limited	2009-10	2010-11	46.32	0.07	1.86	44.39	586.78	- 1.70	22.15	73.44	278.75	44.46	15.95
3.	Shahjahanabad Redevelopment Corporation ♠	2010-11	2011-12	0.23	0.00	0.02	0.21	0.03	0	0.00	0.00	0.08	0.21	262.50

♠ SRC has a paid up capital of ₹ 700 only, interest of ₹ 2313 and accumulated loss of ₹ 35926 only

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)			Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia -tion	Net Profit/ Loss (before tax)						
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Sector wise total				**46.55**	**0.07**	**1.88**	**44.60**	**586.81**	**- 1.70**	**22.15**	**73.44**	**278.83**	**44.67**	**16.02**
Power														
4.	Delhi Power Company Limited	2010-11	2011-12	172.98	200.01	0.04	(-) 27.07	NIL	- 381.88	0.05	(-) 1423.54	(-)1999.20	172.94	-
5.	Delhi Transco Limited	2009-10	2010-11	196.75	51.78	51.88	93.09	336.13	Nil	3632.00	(-) 3505.52	1219.49	144.87	11.88
6.	Indraprastha Power Generation Company Limited	2010-11	2011-12	85.04	28.76	33.10	23.18	750.25	0	637.54	2.18	523.21	51.94	9.93
7.	Pragati Power Corporation Limited	2010-11	2011-12	201.04	16.61	57.22	127.21	687.76	0	1424.19	505.25	3696.62	143.82	3.89
Sector wise total				**655.81**	**297.16**	**142.24**	**216.41**	**1774.14**	**- 381.88**	**5693.78**	**(-) 4421.63**	**3440.12**	**513.57**	**14.93**
Services														
8.	Delhi State Civil Supplies Corporation Limited	2010-11	2011-12	(-)2.40	-	0.47	(-)2.87	976.75	- 4.76	7.00	10.29	19.67	(-) 2.87	-
9.	Delhi Tourism and Transportation Development Corporation Limited	2010-11	2011-12	17.88	-	1.58	16.30	845.80	- 1.07	6.28	0.01	98.75	16.30	16.51
10.	Geospatial Delhi Limited	2010-11	2011-12	0.41	-	0.10	0.31	0.01	0	10.76	0.11	24.57	0.31	1.26
Sector wise total				**15.89**	**-**	**2.15**	**13.74**	**1822.56**	**- 5.83**	**24.04**	**10.41**	**142.99**	**13.74**	**9.61**
Transport														
11.	Delhi Transport	2010-11	2011-12	(-) 0.03	-	-	(-) 0.03	-	0	0.05	(-)0.03	(-) 0.04	(-) 0.03	-

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss (before tax)							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	and Infrastructure Development Corporation													
Sector wise total				**(-) 0.03**	**-**	**-**	**(-) 0.03**	**-**	**-**	**0.05**	**(-) 0.03**	**(-) 0.04**	**(-) 0.03**	**-**
Total A (All sector wise working Government companies)				**720.97**	**297.61**	**146.48**	**276.88**	**4194.88**	**- 389.41**	**5765.94**	**(-) 4315.88**	**3916.05**	**574.49**	**14.67**
B. Working Statutory corporations														
Finance														
12.	Delhi Financial Corporation	2010-11	2011-12	7.59	3.25	0.39	3.95	13.32	- 0.05	26.12	0	132.95	7.20	5.42
Sector wise total				**7.59**	**3.25**	**0.39**	**3.95**	**13.32**	**- 0.05**	**26.12**	**0**	**132.95**	**7.20**	**5.42**
Transport														
13.	Delhi Transport Corporation	2009-10	2010-11	(-) 683.59	1277.8	81.33	(-) 2042.73	470.70	- 1677.89	1364.30	(-)9926.68	1438.27	(-) 764.92	-
Sector wise total				**(-) 683.59**	**1277.8**	**81.33**	**(-) 2042.73**	**470.70**	**- 1677.89**	**1364.30**	**(-)9926.68**	**1438.27**	**(-) 764.92**	**-**
Total B (All sector wise working Statutory corporations)				**(-) 676.00**	**1281.06**	**81.72**	**(-)2038.78**	**484.02**	**-1677.94**	**1390.42**	**(-)9926.68**	**1571.22**	**(-)757.72**	
Grand Total (A + B)				**44.97**	**1578.67**	**228.20**	**(-) 1761.90**	**4678.90**	**-2067.35**	**7156.36**	**(-) 14242.56**	**5487.27**	**(-) 183.23**	**-**

Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG and is denoted by (+) increase in profit/ decrease in losses (-) decrease in profit/ increase in losses.

@ Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in case of finance companies/ corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings (including refinance).

$ Return on capital employed has been worked out by adding profit and interest charged to profit and loss account.

Appendix – 5.3

Statement showing Grants and Subsidy received/receivable, Guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2011

(Referred to in paragraph 5.1.9)

(Figures in column 3 (a) to 6 (d) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
A. Working Government Companies													
Finance													
1.	Delhi SC /ST/ OBC Minorities, Handicapped Financial and Development Corporation Limited	3.83	-	-	0.51	-	0.51	-	-	-	-	-	-
Sector wise total		**3.83**	**-**	**-**	**0.51**	**-**	**0.51**	**-**	**-**	**-**	**-**	**-**	**-**
Infrastructure													
2	Delhi State Industrial & Infrastructure Development Corporation Limited	-	-	-	74.50	-	74.50	-	-	-	-	-	-
3	Shahjahanabad Redevelopment Corporation	-	-	-	4.93	-	4.93	-	-	-	-	-	-
Sector wise total		**-**	**-**	**-**	**79.43**	**-**	**79.43**	**-**	**-**	**-**	**-**	**-**	**-**
Power													
4	Delhi Power Company Limited	-	-	-	140.00	-	140.00	-	-	-	-	-	-
5	Delhi Transco Limited	-	-		-	-	-	-	-	-	239.00	-	239.00
Sector wise total		**-**	**-**	**-**	**140.00**	**-**	**140.00**	**-**	**-**	**-**	**239.00**	**-**	**239.00**

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repaymen t written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
Services													
5	Delhi State Civil Supplies Corporation	-	-	-	2.41	2.33	4.74	-	-	-	-	-	-
6	Delhi Transport and Tourism Development Corporation	-	-	2.37	5.82	-	8.19	-	-	-	-	-	-
Sector wise total		**3.83**	**-**	**2.37**	**8.23**	**2.33**	**12.93**	**-**	**-**	**-**	**-**	**-**	**-**
Total A (All sector wise working Government companies)		**3.83**	**-**	**2.37**	**228.17**	**2.33**	**232.87**		**-**	**-**	**239.00**	**-**	**239.00**
B. Working Statutory corporations													
Transport													
1.	DTC	219.00	2128.60	-	44.83	-	44.83	-	-	-	-	-	-
Sector wise total		**219.00**	**2128.60**	**-**	**44.83**	**-**	**44.83**	**-**	**-**	**-**	**-**	**-**	**-**
Total B (All sector wise working Statutory corporations)		**219.00**	**2128.60**	**-**	**44.83**	**-**	**44.83**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A + B)		**222.83**	**2128.60**	**2.37**	**273.00**	**2.33**	**277.70**	**-**	**-**	**-**	**239.00**	**-**	**239.00**

@ Figures indicate total guarantees outstanding at the end of the year

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Appendix - 5.4

Statement showing investment made by the State Government in PSUs where accounts are in arrears

(Referred to in paragraph No.5.1.22)

(₹ in crore)

Name of PSU	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State Government during the years for which the accounts are in arrears			
			Year	Equity	Loans	Grants/ Subsidy
Working Companies/ Corporations						
Delhi SC /ST /OBC Minorities, Handicapped Financial and Development Corporation Limited	2002-03	25.92	2003-04	-	-	0.53
			2004-05	-	-	2.04
			2005-06	1.81	-	0.66
			2006-07	-	0.34	-
			2007-08	7.00	2.15	-
			2008-09	0.64	-	0.36
			2009-10	6.00	-	0.64
			2010-11	3.83	-	0.51
Delhi State Industrial & Infrastructure Development Corporation Limited	2009-10	22.15	2010-11	-	-	74.50
Delhi Transco Limited	2009-10	3632.00	2010-11	-	-	-
Total		**3680.07**		**19.28**	**2.49**	**79.24**

Appendix 5.5

Statement showing financial position of Statutory corporations
(Referred to in paragraph No. 5.1.13)

(₹ in crore)

1. Delhi Transport Corporation			
Particulars	**2008-09**	**2009-10**	**2010-11 (Provisional)**
A. Liabilities			
Capital (including capital loan & equity capital)	744.30	1364.30	1583.30
Borrowings: Government Others	7725.97	9668.35	11846.80
Funds* (Reserve and Surplus)	152.58	162.28	193.26
Grant-in-aid	127.76	172.11	138.37
Trade dues and other current liabilities (including provisions)	189.33	715.34	1171.01
Total	**8939.94**	**12082.38**	**14932.74**
B. Assets			
Gross Block	875.68	1518.41	2532.48
Less: Depreciation	488.28	521.41	629.60
Net fixed assets	387.40	997.00	1902.88
Capital works-in-progress (including cost of chassis)	32.47	13.86	5.94
Investments	1.86	2.09	2.16
Current assets, loans and advances	634.26	1142.75	759.96
Accumulated losses	7883.95	9926.68	12261.80
Total	**8939.94**	**12082.38**	**14932.74**
Capital employed#	**864.80**	**1438.27**	**1497.77**
2. Delhi Financial Corporation			
Particulars	**2008-09**	**2009-10**	**2010-11**
A. Liabilities			
Paid-up capital	25.88	25.88	25.88
Share application money	0.12	0.18	0.24
Reserve fund and other reserves and surplus	43.94	45.10	45.41
Borrowings:			
(i) Bonds and debentures	-	-	-
(ii)Industrial Development Bank of India & Small Industries Development Bank of India	45.91	39.67	81.18
Other Liabilities and provisions	26.63	28 37	32.13
Total-A	**142.48**	**139.20**	**184.84**
B. Assets			
Cash and Bank balances	42.24	37.97	18.72
Investments	0.01	0.01	0.01
Loans and Advances	81.92	74.88	138.58
Net fixed assets	3.72	4.16	3.85
Other assets	14.59	22.18	23.68
Miscellaneous expenditure	-	-	-
Total-B	**142.48**	**139.20**	**184.84**
C. Capital employed∝	**123.97**	**113.17**	**132.95**

* Excluding depreciation funds/ reserve

Capital employed represents net fixed assets (including capital work-in-progress) plus working capital.

∝ Capital employed represents the mean of the aggregates of the opening and closing balances of paid-up capital, reserves (other than those which have been funded specifically and backed by investments outside), bonds, deposits and borrowings (including refinance).

Appendix 5.6

Statement showing working results of Statutory corporations
(Referred to in paragraph No. 5.1.13)

(₹ in crore)

1	Delhi Transport Corporation			
	Particulars	**2008-09**	**2009-10**	**2010-11 (Provisional)**
	Operating			
	(a) Revenue	368.00	470.70	866.34
	(b) Expenditure	1108.85	1335.45	1640.64
	(c) Surplus (+)/Deficit (-)	(-)740.85	(-)864.75	(-)774.30
	Non-operating			
	(a) Revenue	97.97	99.93	116.64
	(b) Expenditure	1065.67	1278.97	1679.15
	(c) Surplus (+)/Deficit (-)	(-)967.70	(-)1179.04	(-) 1562.51
	Total			
	(a) Revenue	465.97	570.63	982.98
	(b) Expenditure	2174.52	2614.42	3319.79
	(c) Prior period adjustments	10.86	1.06	1.68
	(d) Net Profit (+)/Loss (-)	(-)1697.69	(-)2042.73	(-)2335.13
	Interest on capital and loans	1065.34	1277.81	1679.32
	Total return on Capital employed*	(-)632.35	(-)764.92	(-)655.81
2	**Delhi Financial Corporation**			
	Particulars	**2008-09**	**2009-10**	**2010-11**
	1. Income			
	(a) Interest on Loans	12.58	10.52	13.32
	(b) Other income	3.74	3.63	1.36
	Total-1	**16.32**	**14.15**	**14.68**
	2. Expenses			
	(a) Interest on long-term loans	4.39	3.50	3.25
	(b) Other expenses	10.05	10.39	9.04
	(c) Exceptional items written back	-	(-) 5.03	(-) 3.10
	Total-2	**14.44**	**8.86**	**9.19**
	3. Profit before tax (1-2)	1.88	5.29	5.49
	4. Provision for tax	0.57	0.07	0.64
	5. Other appropriations	5.73	3.00	4.66
	6. Amount available for dividend	-	2.22	0.19
	7. Dividend	-	0.14	0
	8. Total return on Capital employed	6.56	8.79	8.74
	9. Percentage of return on Capital employed	5.29	7.77	6.57

* Total return on capital employed represents net surplus/deficit plus total interest charged to profit & loss account (less interest capitalised)..