

**Report of the
Comptroller and Auditor General of India
on
General Sector and Economic Sector (Non-PSU)
for the year ended 31 March 2012**

**Government of National Capital
Territory of Delhi**

Report No. 3 of the year 2013

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PREFACE

This Report is prepared for submission to the Lieutenant Governor of Delhi under Article 151 of the Constitution of India.

The Report contains findings of Thematic Audit, CCO-Based Audit and Audit of transactions of various Departments and Autonomous Bodies in General Sector and Economic Sector of the Government of NCT of Delhi.

The Report containing audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts is presented separately.

The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2011-12 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 2011-12 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

CHAPTER-1

Introduction on General Sector and Economic Sector

1.1 Introduction

This Report of the Comptroller and Auditor General of India (CAG) relates to matters arising from Thematic Audit, Chief Controlling Officer (CCO) based audit of selected programmes, schemes, Departments etc. and Compliance Audit of the transactions of Government departments and Autonomous Bodies in the General Sector and Economic Sector of the Government of NCT of Delhi.

Compliance Audit refers to examination of 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.

CCO based Audit approach is to encompass financial audit, compliance audit and review of operational performance of the Government departments, its autonomous bodies and their units in a top down manner.

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 performance 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** contains thematic audit of Delhi Police (Traffic and Communication) and Delay and Deviation in Execution of Works by PWD. **Chapter 3** contains audit observations on transactions in Government Departments and **Chapter 4** contains observations arising out of CCO based audit of the Department of Transport, Government of National Capital Territory of Delhi and role of the Department of Food, Supplies and Consumer Affairs in managing supply of essential commodities.

1.2 Profile of audited entities

The Government Departments have been grouped in Social Sector, General Sector, Revenue Sector and Economic Sector (Non-PSUs) and Public Sector Undertakings of all Sectors for the purpose of audit. This Report covers audit observations on General Sector and Economic Sector (Non-PSUs).

There are 43 departments under the General Sector and Economic Sector in the State, each headed by a Principal Secretary/Secretary, who are assisted by Directors/Commissioners and subordinate officers. There are 1132 units under the General Sector and Economic Sector, which are under the audit jurisdiction of the Principal Accountant General (Audit), Delhi. During 2011-12, a total of **123 units** were covered in audit.

1.3 Expenditure profile of the State Government

The total expenditure of the Government of NCT of Delhi including Capital Expenditure and Grant in Aid during the year 2011-12 was ₹ 21969.13 crore. Out of this the expenditure incurred on General Services and Economic Services was ₹ 6519.46 crore, which was 30 *per cent* of the total expenditure of the GNCT of Delhi. A comparative statement of expenditure incurred on Social Services, General Services and Economic Services for the last five years i.e., 2007-08 to 2011-12 is given in chapter I of the Audit Report on State Finances (GNCT of Delhi).

1.4 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 two autonomous bodies¹ 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 11 other autonomous bodies under Section 14 of CAG's (DPC) Act, which are substantially funded by the Government of NCT of Delhi. Principles and methodologies for audit are prescribed in the Auditing Standards and the Regulations on Audit and Accounts, 2007 issued by the CAG.

1.5 Organisational structure of the office of the PAG (Audit), Delhi

Under the directions of the CAG, the Principal Accountant General (Audit), Delhi conducts audit of the State Government departments, Autonomous Bodies and Government companies. The Principal Accountant General (Audit) is assisted by Senior Deputy Accountants General/Deputy Accountants General, Audit Officers, Assistant Audit Officers and supporting staff in the discharge of his/her official duties.

¹ Delhi Legal Service Authority and Delhi Electricity Regularity Commission

1.6 Planning and conduct of audit

Audit process commences with the risk assessment of various Government departments/organizations/autonomous bodies and schemes/projects, etc., based on expenditure, criticality/complexity of activities, level of delegated financial powers, assessment of internal controls and the concerns of stakeholders. The previous audit findings are also considered as an input to this exercise.

After completion of audit of each unit, an Inspection Report containing audit findings are issued to the Head of the unit/Department. 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 CAG's Audit Report.

During 2011-12, 1193 party-days were utilised to carry out compliance audit of 123 units out of 1132 units of various Departments/Organisations.

1.7 Audit observations

The present Report contains two Theme based Audits, three paragraphs on Compliance Audit and two CCO based Audits. The highlights of these audits are given in the following paragraphs:

1.7.1 Thematic audit of Delhi Police (Traffic and Communication)

Delhi Police is the single law enforcement organization in Delhi which ensures well being and safety of nearly 15 million people of Delhi. Thematic audit focused on two functional branches (Traffic and Communication wings). Most of the funds earmarked for modernisation of Communication Branch of Delhi Police were not utilized and as such, the modernisation of communication network in Delhi Police was not achieved.

Physical implementation of Intelligent Traffic System could not be started as of March 2012 due to deficient planning, thereby, depriving users of benefit of world class traffic management system in Delhi apart from unfruitful expenditure of ₹ 7.50 crore. Delhi Police failed to implement the project of Cyber Highway in time and at the same time did not utilize the partially installed infrastructure. Delhi Police did not ensure adequate monitoring of road safety scheme leading to blockade of funds amounting to ₹ 4.33 crore. Further, Delhi Police could not ensure protection of its financial interest by not levying liquidated damages.

(Chapter 2.1)

1.7.2 Thematic Audit of PWD on Delay and Deviation in Execution of Works

In 107 test checked works there were delays in completion upto maximum of 48 months. Some of the major reasons for delay in completion of works were non availability of site, drawings, lack of co-ordination with client departments. PWD had not adhered to the general conditions of the contracts as neither compensation of ₹ 11.19 crore for delay in completion of works was levied nor any amount withheld where the contractors failed to maintain the progress of the work according to the milestones. Though, there were considerable delays on the part of consultants in five building projects, PWD did not levy compensation despite the penal clause in the agreements.

In 61 works, there were deviations amounting to ₹ 13.38 crore, which ranged between 12 *per cent* and 159 *per cent* of the original estimated cost. In 39 works, no specific reasons for deviation valuing ₹ 3.31 crore were recorded. In 19 works of Signages and Upliftment of lifts, valuing ₹ 4.95 crore, tenders were invited from manufacturers/authorized dealers/specialized agencies, without provision in the detailed estimates and were executed under the head 'repair and maintenance of work' instead of main work.

(Chapter 2.2)

1.7.3 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.

A. Non-compliance with rules and regulations

- ♦ Adoption of a price variation clause in work contracts by PWD, which was not in line with general conditions of contract, resulted in avoidable expenditure of ₹ 1.45 crore in two works.

(Paragraph 3.1.1)

B. Audit against propriety/expenditure without justification

- ♦ The inconsistency in decision of the government on a project 'upgradation of the existing water bound macadam road along Najafgarh Drain from Dhansa Bund to Kakraula Regulator' led to rescission of contract resulting in avoidable extra expenditure of ₹ 86.48 lakh.

(Paragraph 3.2.1)

C. Failure of oversight/governance

- ◆ Unfruitful expenditure of ₹ 0.73 crore, deprived Dr. Baba Saheb Ambedkar Hospital of benefits of anticipated savings in energy bills even after an investment of like amount.

(Paragraph 3.3.1)

1.7.4 CCO-based audit of Department of Transport, Government of National Capital Territory of Delhi

To implement the Integrated Multi-Modal Transit Network, the Department of Transport established the Delhi Integrated Multi-Modal Transit System (DIMTS), a SPV, initially as a public limited company under the Companies Act, which subsequently, became Joint Venture (JV) with Industrial Development Financial Corporation Limited (IDFC). Though a private company, the DOT continued to accord special treatment by awarding works on nomination basis to DIMTS in violation of the established financial norms. The DOT accepted the proposals as submitted by the DIMTS without any scrutiny, for their reasonableness, financially and technically.

The DOT implemented 'the corporatisation of private stage carriage buses (Cluster buses scheme)' without a well laid out plan and concurrence of the Finance Department or Legislature. The approvals were obtained from the Finance Department as *fait accompli*.

M/s ESP neither delivered the projects in time nor did they provide reliable tests apart from putting undue burden on the vehicle owners.

The award of work for TPTI to M/s ESP, on nomination basis was irregular and it also involved unauthorized levy of fee for TPTI.

The DTIDC had not started functioning properly even after two years of its creation and not implementing the schemes properly. Functional overlaps with the DOT as well as involvement of the DIMTS were unwarranted in light of creation of a specialized Corporation.

(Chapter 4.1)

1.7.5 CCO based audit on the role of the Department of Food, Supplies and Consumer Affairs in managing supply of essential commodities

The Department was issuing ration cards to the beneficiaries under APL (unstamped) category who were not provided SFAs and kerosene oil. No realistic targets for identification of beneficiaries were adopted by the Department. Even after a lapse of more than 12 years, it was relying on figures projected by the GoI in March 2000 and no notification was issued during the year for issuing new cards.

Allocated quantities by the GoI could not be utilised in full by the Department due to unrealistic demand of SFAs projected by it in terms of number of beneficiaries.

Existence of FPSs/KODs in excess of norms in terms of number of beneficiaries, inadequate retailer margin and irregular enhancement of transportation charges at the cost of FPSs and beneficiaries coupled with non-follow-up of policy decisions to improve the financial returns, led to unviable operating conditions, thereby increasing the risk of FPS/KOD owners resorting to unfair means or closing down the business.

(Chapter 4.2)

1.8 Recoveries at the instance of Audit

The audit findings involving recoveries that came to notice during the course of test audit of accounts of the Departments of the State Government were referred to the Departments/State Government through Inspection Reports (IRs) for further investigation and in case of overpayments/excess payment, recovery of the same under intimation to audit.

The details of recoveries pointed out by the Audit during the year 2011-12, those accepted by the departments and recoveries effected are given in **Table 1.1**:

Table 1.1 : Recoveries at the instance of Audit

(₹ in crore)

Wing	Recoveries pointed out in 2011-12	Recoveries Accepted during 2011-12	Recoveries effected during 2011-12
General Sector	4.45	4.45	12.23
Economic sector	0.16	0.16	0.14
Total	4.61	4.61	12.37

1.9 Lack of response to Audit

No Audit Committee meeting was held during the year 2011-12 in respect of paragraphs contained in IRs pertaining to departments, thus no audit paragraph was settled.

At the end of 31 March 2012, 774 Inspection Reports involving 2855 paragraphs were outstanding as detailed in **Table 1.2**:

Table 1.2 : Status of IRs and Paragraphs

Opening Balance 1.4.2011		Additions during the year		Settled during the year		Closing Balance (31 March 2012)	
No of Inspection Reports	No of Paragraphs	No of Inspection Reports	No of Paragraphs	No of Inspection Reports	No of Paragraphs	No of Inspection Reports	No of Paragraphs
728	2671	100	576	54	392	774	2855

Pendency of large number of paragraphs of serious financial irregularities and loss to Government even after being pointed out in audit, indicated lack of response of the Government departments to Audit.

The Government may look into this matter and revamp the system to ensure proper response to the audit observations from the Departments in a time-bound manner.

1.10 Response of Departments to Audit Report material

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India were forwarded by the Principal Accountant General (Audit) to the Principal Secretaries/Secretaries of the Departments concerned, drawing their attention to audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the Government/ Departments is indicated at the end of each paragraph included in the Audit Report.

Three draft paragraphs and two Chief Controlling Officer (CCO) based audit and two thematic audit reports, proposed to be included in the Report (General Sector and Economic Sector) of the Comptroller and Auditor General of India for the year ended 31 March 2012 were sent to the Principal Secretaries/Secretaries of the respective departments between March 2012 and February 2013. The Principal Secretaries/ Secretaries of the departments did not send replies in respect of three paragraphs and two thematic audit paragraphs. These paragraphs have been included in Chapter-2 and 3 of the Report without the response of the Principal Secretaries/ Secretaries of the department concerned. However, replies of the Heads of the unit audited, wherever received, have been incorporated in the Report with suitable audit comments.

1.11 Follow-up on Audit Reports

A review of outstanding Action Taken Notes on paragraphs included in the Reports of the Comptroller and Auditor General of India pertaining to General Sector and Economic Sector, Departments of Government of NCT of Delhi as of December 2012 (details in **Annexure-1.1**) revealed that 56 ATNs were pending as of December 2012.

2.1 Thematic audit of Delhi Police (Traffic and Communication)

Executive Summary

Delhi Police is the single law enforcement organization in Delhi which has to ensure well being and safety of nearly 15 million people of Delhi. The main activities of Delhi Police are to maintain law and order, prevent and detect crime in the city and manage the traffic etc. Thematic audit focused on two functional branches (Traffic and Communication). Audit examined implementation of six schemes, out of ten centrally sponsored schemes in four districts for three years 2009-10 to 2011-12. It was seen that revised expenditure under Plan Head was reduced during three years. Most of the funds earmarked for modernisation of Communication Branch of Delhi Police were not utilized and as such, the modernisation of communication network in Delhi Police was not achieved.

Physical implementation of Intelligent Traffic System could not be started as of March 2012 due to deficient planning, thereby, depriving users of benefit of world class traffic system in Delhi, apart from unfruitful expenditure of ₹ 7.50 crore. Delhi Police failed to implement the project of Cyber Highway in time, and at the same time, did not utilize the partially installed infrastructure. Delhi Police did not ensure adequate monitoring of road safety scheme leading to blockade of funds amounting to ₹ 4.33 crore. The scheme 'Induction of latest technology' could not be implemented by the traffic unit as neither new equipment were purchased nor existing project was strengthened.

2.1.1 Introduction

Delhi Police is the single law enforcement organization in Delhi to ensure well being and safety of nearly 15 million people. The superintendence over the Police force vests with the Administrator, now Lieutenant Governor. The Lieutenant Governor appoints the Commissioner of Police who directs and supervises the police force in Delhi, as per the Delhi Police Act, 1978.

The main activities of Delhi Police are:

- Maintenance of law and order in the city,
- Protection of the citizens' life and property,
- Prevention and detection of crime,
- Bringing the offenders to justice,
- Management of traffic, and
- Issuing of various types of licenses.

2.1.1.1 Organisation structure

Delhi Police is headed by Commissioner of Police, who is assisted by Special Commissioners and Joint Commissioners who in turn are assisted by Additional Commissioners/Deputy Commissioners. The Additional Commissioners/Deputy Commissioners are responsible for maintaining law and order in their respective districts (11 Districts). They work with the assistance of Station House Officers (SHOs) and other officers of various branches such as Law and Order, Traffic, Licensing, Crime, Communication etc.

2.1.2 Audit objectives and scope

The main objectives of thematic audit were to assess whether the centrally sponsored schemes were being implemented in an effective and efficient manner and whether the funds allocated for the schemes were utilized economically to achieve the intended objectives.

Out of 10 centrally sponsored schemes, six schemes as mentioned below were selected for audit:

(a) Traffic

- (i) Developing Traffic and Communication Network,
- (ii) Road Safety Cell,
- (iii) Installation of Signal and Blinkers, and
- (iv) Induction of Latest Technology - Traffic.

(b) Communication

- (v) Modernization of Delhi Police, and
- (vi) Up-gradation/expansion of Communication Infrastructure.

Four* out of 11 districts were randomly selected for audit of transactions and implementation of selected schemes.

The audit was undertaken from August 2012 to October 2012. The draft thematic audit report was forwarded to the Government of NCT of Delhi in January 2013. Reply was received from Delhi Police (March 2013) and has been duly incorporated in the report.

Audit findings**2.1.3 Budget provision and expenditure**

Budget of Delhi Police is provided through budget of the Union Government. Year wise budget allocation and expenditure incurred by Delhi Police on Traffic and Communication Units during the period 2009-10 to 2011-12 are given below in **Table 2.1 and 2.2:**

Table 2.1: Budget allocation and actual expenditure in respect of Traffic Unit

(₹ in crore)

	2009-10			2010-11			2011-12		
	Plan	Non-plan	Total	Plan	Non-plan	Total	Plan	Non-plan	Total
Budget Estimates	52.50	167.85	220.35	92.50	175.71	268.21	97.00	206.64	303.64
Revised Estimates (Final Allocation)	12.50	167.85	180.35	14.50	175.71	190.21	12.45	206.64	219.09
Actual Expenditure	11.62	154.37	176.61	14.42	175.42	189.84	12.44	206.64	225.81
Actual Expenditure as <i>per cent</i> of Budget Estimates	42.36	91.97	80.15	15.59	99.83	70.78	22.16	98.87	74.37
Actual Expenditure as percent of Revised Estimates	92.96	91.97	184.93	99.45	99.83	199.28	99.92	100	199.92

* South, South-East, Outer and West

It may be seen from the above table that expenditure of the Traffic Unit under plan head ranged between 15.59 *per cent* and 42.36 *per cent* during 2009-10 to 2011-12 of the budgeted expenditure. The overall expenditure under plan head was 97 *per cent* of the final allocation (revised estimates). However, the planned budgeted expenditure was reduced (76, 84 and 87 *per cent* respectively) through revised estimates consistently in all the three years indicating deficient planning and budgeting process, leading to unrealistic budget projections in the Traffic Unit.

Delhi Police replied that the budget estimate was reduced due to non finalization of ITS project (discussed in para 2.1.4.1).

Table 2.2: Budget Allocation and Actual Expenditure in respect of Communication Unit

(₹ in crore)

	2009-10			2010-11			2011-12		
	Plan	Non-plan	Total	Plan	Non-plan	Total	Plan	Non-plan	Total
Budget Estimates	2.90	91.84	94.74	3.97	95.33	99.30	2.55	96.03	98.58
Revised Estimates (Final Allocation)	2.40	91.84	94.24	0.00	95.33	95.33	0.46	96.03	96.49
Actual Expenditure	2.40	91.84	94.24	0.00	95.33	95.33	0.46	96.03	96.49
Actual Expenditure as <i>per cent</i> of Budget Estimates	82.76	100.00	99.47	0.00	100.00	96.00	18.04	100.00	97.88
Actual expenditure as percent of Revised Estimates	100	100	100	0	100	100	100	100	100

It may be seen from the above table that the budget allocations for the three years 2009-12 under the non-plan head were fully utilized by the Delhi Police and the utilization under the plan heads vis a vis revised estimates was also 100 percent. However, in all the three years it was seen that the revised estimates under plan head was reduced (17, 100 and 81 *per cent* respectively) indicating deficient planning and budgeting process leading to unrealistic budget projections.

The major audit findings relating to the plan schemes are given in the subsequent paragraphs.

2.1.4 Traffic unit

The mission of Delhi Traffic police is 'to achieve the highest standards of smooth and safe flow of traffic. Traffic Police Branch is headed by Special Commissioner of Police who in turn is assisted by a Joint Commissioner of Police, an Additional Commissioner and Deputy Commissioner. Total

sanctioned strength and actual men-in-position in respect of Traffic Unit as on 1 April 2012 was as under:

Table 2.3: Staff Strength

Name of Unit	Sanctioned strength	Actual men-in-position	Excess (+)/ Vacant (-)
Traffic	5883	6372	(+)489

The above table reveals that men-in-position was in excess of the total sanctioned strength by 8.31 *per cent*.

Accepting the observation, Delhi Police in its reply (March 2013) stated that taking into account the mounting pressures of traffic problem and operational requirements, the competent authority had provided excess strength by posting more police personnel, including women, to this unit till restructuring of the force. However, the pay and allowances were drawn from other Districts/ Units and not this unit.

2.1.4.1 Developing Traffic and Communication Network

The scheme had two components viz., Introduction of '**Intelligent Traffic System**' and setting up of an '**Integrated Data Communication Network (Cyber Highway)**' to be implemented by Traffic and Communication Units of Delhi Police.

The project was to be implemented in three phases. The Phase I was to cover area connected with Commonwealth Games 2010 requirements. The remaining areas of Delhi and further integration with NCR were to be taken up in subsequent phases.

(a) Allocation and Expenditure

The details of expenditure under the scheme are given in **Table 2.4**:

Table 2.4: Year-wise allocations and actual expenditure

(₹ in crore)			
Year	Original Allocation	Final Allocation	Actual Expenditure
2007-08	20.00	00.00	0.00
2008-09	32.00	2.01	2.01
2009-10	40.00	10.63	10.63
2010-11	80.00	0.00	0.00
2011-12	82.00	9.06	9.06
Total	254.00	21.70	21.70

It could be seen from the table that the actual expenditure on this scheme was 100 percent of the final allocation but only nine *per cent* of the original allocation during the period 2007-08 to 2011-12. It was also seen that the expenditure was incurred only on Cyber Highway component of the project for which final allocations were made from the original allocations. This shows that the scheme was not implemented effectively and completely by the Delhi Police and the planning and budgeting of the unit was deficient leading to unrealistic budgetary projections.

(b) Intelligent Traffic System (ITS)

ITS was introduced keeping in view tremendous increase in traffic during the Commonwealth Games 2010. The objective behind the scheme was establishment of State of the Art Traffic Management Centres, upgradation/ expansion and integration of the existing ITS projects, implementation of various ITS user services, improved connectivity with the NCR, inculcate a sense of discipline amongst road users and educate public on road safety for better road user behavior and effective enforcement of traffic regulations.

The 'Manual of Policies and Procedures of Employment of Consultants', issued by the Ministry of Finance (2006) provides that for the cases having financial implications of more than ₹ 10 lakh, a Consultancy Evaluation Committee (CEC), comprising of at least three members at appropriate level shall be constituted by the employer in order to carry out the consultant selection procedure. The CEC shall be responsible for all aspect and stages of the consultant selection. Even in case of selection of consultant by direct negotiations having financial implication of more than ₹ 10 lakh, the CEC is required.

Audit observed that no such committee was constituted by Delhi Police. In the absence of CEC, no procedure such as issuing of EOI, short listing of consultant, preparing term of reference and issuing RFP and evaluation of technical and financial proposals was adopted for appointment of consultant. Delhi Police, however, appointed RITES directly on nomination basis (without inviting any EOI and RFP), though the cost of the project and the consultants fee was ₹ 168.90 crore and ₹ 7.20 crore (demanded by RITES) respectively. It was further observed that RITES hired outside agency for the project indicating that it did not have requisite technical experience.

The 'Manual' also provides that the employer shall constitute a Consultancy Monitoring Committee (CMC) comprising at least three members at appropriate level, including user's representative after the selection procedure is over to monitor the progress of the assignment as per TOR, to assess the quality of the deliverables, to accept/ reject any part of assignment to levy appropriate liquidated damages or penalty, if required.

Delhi Police, did not constitute CMC to monitor progress of the consultancy assignment. In absence of CMC, monitoring of the assignment of consultancy

could not be done properly. Delhi Police appointed (February 2009) a consultant (RITES) for the project after approval of MHA. The appointment was made only for pre investment activity. This led to delays in finalisation and inviting tenders and deficiencies in tender document. Delhi Police appointed the consultant in February 2009, however, it invited tender in March 2010 for Cyber Highway i.e. after 13 months and again in July 2011. However, it could not award the work due to non-response in the first tender process and scrapping of tender due to deficiencies (the L-1 did not quote any price for some items and did not fill up tender documents strictly as per the requirement) in the bid of L-1.

ITS could not be implemented during 11th Five Year Plan even after incurring expenditure of ₹ 7.50 crore which included consultancy fee (₹ 1.66 crore) and expenditure on setting up of a control room (₹ 5.84 crore). Thus, Delhi Police, by not following the manual, could not ensure due planning and diligence in appointment of the consultant and implementation of ITS resulting in non implementation of the project and unfruitful expenditure of ₹ 7.50 crore.

Meanwhile, MHA introduced (March 2012) a new surveillance system, 'Integrated Intelligent Security Surveillance System' (IISSS) with which ITS was to be integrated in due course while the pilot phase of ITS was taken up by the Delhi Police. Thus, even though Delhi Police did not initiate ITS project to bring in an Intelligent Traffic System during the 11th Five Year Plan, it embarked on another project of similar nature.

Delhi Police in its reply (March 2013) stated that RITES was appointed as consultant on nomination basis with the approval of Ministry of Home Affairs, Government of India. Further, it stated that reports on evaluation of Technical bids by RITES were considered by Purchase Committee on whose recommendation the tender was scrapped with the approval of MHA, as there were shortcomings in bid by the L-1 bidder. It also stated that for IISSS appointment of consultant through duly constituted committee of the Delhi Police is under process through open tender system.

The reply is not acceptable as the consultant was appointed on nomination basis and the committee referred to in the reply was a Purchase Committee and not a CMC which would monitor the performance of the consultant against pre determined TOR.

(c) Integrated Data Communication Network (Cyber Highway)

Cyber Highway project was the second part of the scheme 'Developing Traffic and Communication Network'. Cyber Highway was envisaged as the backbone network for data, voice and video communications at 243 access points of Delhi Police. For this purpose, a network (bandwidth among different nodes) was to be established by Mahanagar Telephone Nigam Limited (MTNL). Under the scheme, Delhi Police Wide Area Network (DP

WAN) was to be provided for secure and scalable connectivity among Police Headquarter, District Headquarters, ACP Offices, Police Stations, Police Posts, Police Exchanges through MPLS[†], VPN[‡] links by MTNL.

During 11th Five Year Plan a provision of ₹ 31.10 crore was made, whereas only ₹ 21.70 crore was utilized during the period. Accepting the position, Delhi Police stated (March 2013) that as on February 2013, expenditure was ₹29.87 crore.

(d) Avoidable expenditure of ₹ 1.02 crore and committed liability of ₹2.62 crore

As per agreement with MTNL, it was specified that 12 key applications of Delhi Police were to be run on Cyber Highway, some of which were - Common Integrated Police Application (CIPA) for Police Stations, Computerised Inventory Management System (CIMS), Delhi Police Intranet (Intra DP) and Traffic Monitoring System (TMS) etc.

Clause No 4.2 of the agreement also provided for recurring cost of ₹ 3.64 crore per annum towards bandwidth charges, manpower and digital signature. Delhi Police was to make advance payment (including tax) of ₹ 1.02 crore i.e. 50 per cent of annual bandwidth charges, which was released to MTNL in March 2010.

MTNL had been providing bandwidth and manpower since July 2011 which were reported to be utilized by Delhi Police for various applications (including Intra DP, CIMS, TMS and CIPA).

Scrutiny of record, however, revealed that Cyber Highway was not utilised as of August 2012 as most of the applications were not running.

A test check of records in selected district offices (in September and October 2012) revealed the following:

- **Intra DP:** Connectivity on cyber highway was provided in one out of four district offices.
- **CIMS:** CIMS was installed in general store, clothing store, motor transport store and petrol pumps of district offices. It was noticed that out of 15 stores available in four districts, connectivity through cyber highway had been made in 12 stores. However, CIMS was functioning in only three petrol pumps.
- **TMS:** TMS, under which 36 monitoring cameras were installed at nine locations in 2006-07 by Traffic Unit, was not connected through Cyber Highway. Instead these were connected through optical fiber connectivity of Bharti Airtel for which annual payments were made to them.

[†] Multi protocol label switching

[‡] Virtual Private Network

- **CIPA:** Connectivity of Cyber Highway was made in all the police stations in selected four districts but CIPA was running on Cyber Highway only in four police stations on trial basis as of November 2012. Broadband connectivity of MTNL for CIPA existed in all the police stations and monthly payments were made to MTNL.

Further, ITS was also to be run on Cyber Highway but the same was not implemented leading to further non-utilization of Cyber Highway.

As a result of under utilization, the recurring expenditure of ₹ 1.02 crore paid in advance on account of bandwidth charges remained unfruitful, besides creation of committed liability of ₹ 2.62 crore (₹ 3.64 crore – ₹ 1.02 crore), on account of recurring charges payable for the period July 2011 to July 2012.

Delhi Police replied (March 2013) that connectivity had been provided in all 11 Districts DCP[§] offices but Intra DP was running only on 7 and rest 4 required LAN cabling. CIMS was not fully functional due to bugs. Further, the trial for the critical application of CIPA was being carried out in 12 Police Stations. Connectivity has also been provided to CCTV systems of 32 places, IVDCRS^{†*} and AVTS^{††}.

The reply is not acceptable as most of the applications referred to above are either non-operational or partly operational, making the Cyber Highway underutilized.

2.1.4.2 Road Safety Cell Scheme

Road Safety Cell of Delhi Traffic Police was created in the year 1975. It is a plan scheme of Delhi Police, centrally sponsored by the Ministry of Home Affairs. The scheme is continuing from 10th Five Year Plan (2002-07).

(a) *Incorrect booking of expenditure*

Scrutiny of the records revealed that during the year 2007-08, Delhi Police had booked expenditure in excess of the actual expenditure under the scheme. A sum of ₹ 8.25 crore was incurred by the Traffic Unit against which an amount of ₹ 9.17 crore was booked. Thus, there was incorrect reporting/booking of expenditure, resulting in non-reconciliation of ₹ 0.92 crore.

Delhi Police accepted the audit observation and stated (November 2012 and March 2013) that the excess expenditure was done on the sub-heads 'Motor Vehicles and Machinery & Equipment'. They also mentioned that expenditure incurred have been reconciled and are reflected in the demand for grants of the concerned financial year, however, no supporting evidence was

[§] Deputy Commissioner of Police

^{†*} Integrated Voice & Data Communication & Recording System

^{††} Automatic Vehicle Tracking System

supplied for verification. Audit observed that the above two sub-heads did not pertain to the plan scheme, further indicating unjustified expenditure.

(b) Blockade of fund

The Municipal Corporation of Delhi (MCD) submitted an estimate of ₹ 0.33 crore in December 1999 for construction of an auditorium at Traffic Training Park, Punjabi Bagh. Scrutiny of records revealed that Delhi Police deposited the sum of ₹ 0.33 crore to the MCD in three installments between 1998 and 2000. The estimate was revised by the MCD to ₹ 1.17 crore in 2004 incorporating the earthquake resistance measures in structure, water proofing resistance structure, electrical cabling etc., which were not included in the earlier estimates. As the work further increased by including work of air conditioning, electrical wiring, fire safety norms etc., the MCD submitted a fresh estimate of ₹ 4.33 crore in March 2007. But work was started by the MCD in January 2009.

In addition to the amount already paid to the MCD, Delhi Police again released a sum of ₹ 2.50 crore during the year 2010-11 and ₹ 0.66 crore during the year 2011-12, amounting to a release of ₹ 4.33 crore. The construction work was under suspension since August 2011 and the MCD had not conveyed any valid reason for suspension of work. Delhi Police was aware of the suspension of work but still sanctioned an amount of ₹ 0.66 crore in October 2011. Thus, even after making payment of ₹ 4.33 crore, construction of the auditorium was not complete as of February 2013.

It was also observed that the auditorium was being constructed on land owned by the MCD. The MCD had provided land to Delhi Traffic Police for use as Traffic Training Park for the benefit of general public. Delhi Police had not initiated any action for transfer of the title from MCD to its own favour. Delhi Police may endeavor to get the title of the land transferred in its name as early as possible.

Delhi Police in its reply (March 2013) stated that the Traffic Training Park is in possession of the Delhi Police since 1975. The reply is not acceptable as the Delhi Police did not have clear title of the land and amount given to MCD remained blocked as the work could not be carried out by any other agency.

2.1.4.3 Scheme on Induction of latest technology

After taking into consideration the multifaceted challenges such as countering the ill- designs of terrorist, control of crime, strengthening and upgrading the existing VVIP security apparatus and better traffic management etc., the scheme was conceived with the aim to induct the latest technology in the multiple spheres of policing.

It was one of the plan schemes of Delhi Police during 10th Five Year Plan with the aim to strengthen the scheme and continue with City Video Surveillance System (CVSS). The scheme continued in 11th Five Year Plan.

The MHA approved ₹ 5.00 crore for 11th Five Year Plan. However, Delhi Police utilized only ₹ 3.26 crore, out of which ₹ 2.47 crore was incurred by Traffic Unit on CVSS.

(a) Planning

Delhi Police justified continuation of the scheme from the 10th to 11th Five Year Plan by stating that it was imperative to keep inducting equipment/ gadgets of latest technology not only as a deterrent but also to effectively counter the law and order, security, terrorist and crime related emerging challenges.

It was, however, seen that Traffic Unit did not procure any new equipment for induction of latest technology during 11th Five Year Plan under the scheme, though the available funds lapsed. The expenditure was incurred only on payments on account of CVSS that was already installed in 10th Five Year Plan.

Audit, however, observed that High Resolution traffic monitoring cameras under CVSS were out of service due to various reasons such as lack of repair, removal, theft etc.

Delhi Police replied (March 2013) that procurement of Auto Glass Light Transmission measurement meter and Red Light and Speed violation check camera were dropped during the 11th Plan period due to inadequate competition (single bid) and induction of ITS project, respectively. However, in the current five year plan, proposals for procurement of modern equipments/ technology under the scheme have been initiated.

(b) Non-levy of liquidated damages for delay in commissioning of project

The work of supply, installation and commissioning of CVSS was awarded to M/s Turbo Consultancy Service Pvt. Ltd. in March 2006 at a cost of ₹ 3.06 crore which included the hiring charges of fiber optical connectivity of ₹ 1.53 crore for three years @ ₹ 51.27 lakh per year. The Agency was to provide onsite guarantee/warranty for all goods and equipment for the contract period of five years after acceptance of the system.

As per clause 8 of the contract, the system was to be installed and commissioned within six weeks i.e. by May 2006. Clause 18 of the contract further stipulated for deduction of liquidated damages @ one *per cent* for each and every week, subject to a maximum of five *per cent* of the contract price of the delayed/undelivered goods or delay in rendering any service. The system was commissioned in June 2008. Though, the system could not be commissioned within due date, penalty amounting to ₹ 15.30 lakh was not levied.

Delhi Police replied (March 2013) that the system was inaugurated in December 2006 after installation and connectivity and prosecution was started on the basis of details provided by the system, however, the Technical Committee did not accept the system till June 2008 due to a minor discrepancy of non installation of Storage Area Network (SAN).

The reply is not acceptable as the installation of SAN was an integral part of the project.

(c) Under-performance and discontinuation of system

The clause 11 (a) of the agreement stipulated that the agency was to provide, free of cost, comprehensive on-site warranty for all goods/equipment for a period of five years from the date of final acceptance of system. If the supplier failed to repair or replace the defective equipment/item, the purchaser was free to get the same repaired/replaced from the market and its cost was adjustable from the supplier's contract performance security. Further, as per clause 11 (i) of the agreement, the supplier was also responsible for onsite maintenance of the system at a reasonable price for a minimum period of five years after expiry of the warranty period, assuming the life span of the system to be 10 years.

It was seen that due to non-maintenance of monitoring cameras and theft etc., the number of prosecution fell down sharply, as given in **Table 2.5:**

Table 2.5: Month wise Prosecution Statement

Month	2012
January	3056
February	1700
March	353
April	1554
May to December 2012	0

It was also seen that against the proposal of 50 cameras, Traffic Unit had installed only 36 cameras at nine locations in Delhi. But scrutiny of records revealed that AMC support provided by the vendor for maintenance of cameras was deficient and many cameras stopped working after April 2012.

Delhi Police, however, neither took any action against the agency as per clauses of the contract nor made any alternate arrangement for the repair and maintenance, although the system, which proved to be useful for prosecution as well as control of traffic slowly went out of order and finally stopped functioning after April 2012. Further, deductions from quarterly rent amounting to ₹ 20.45 lakh for non-functional cameras was not made from the vendor's bills for the period April 2007 to March 2012.

Delhi Police replied (March 2013) that the Original Equipment Manufacturer (OEM) had also mentioned that the installed cameras under the system are currently 'End of Sale' and 'End of Support' as part of their product lifecycle. Delhi Police further stated that the system has lived its life in the era of fast and modern technologies.

The reply is not acceptable as the contract for the system provided for the warranty for five years and support during the life of the system which was supposed to be 10 years. Comment of OEM further proves that due diligence at the time of purchase of the system was deficient.

2.1.5 Communication Unit

The main aim and objective of the Communication Unit of Delhi Police are to provide wireless and land-line communication for maintenance of law and order, traffic management, VVIP/VIPs security and other major and minor arrangements. Communication Unit is headed by Deputy Commissioner of Police (PRO) who is assisted by Assistant Commissioners.

Total sanctioned strength and actual men-in-position in respect of Communication Unit as on 1 April 2012 is given in Table 2.6:

Table 2.6: Staff Strength of Communication Unit

Name of Unit	Sanctioned strength	Actual men-in-position	Excess (+)/ Vacant (-)
Communication	2601	1887	(-) 714

The men-in-position against sanctioned strength was deficient in the Communication Unit.

Accepting the fact Delhi Police stated (March 2013) that the shortage of staff was mainly because of delayed recruitment. Thus, timely action had not been taken by Delhi Police for filling up of vacant posts.

2.1.5.1 Modernisation of Delhi Police

In order to achieve its objective of upgrading and enhancing the communication set up of Delhi Police, the Communication Unit proposed in 11th Five Year Plan, the project, 'Integrated Data Communication Network' (Cyber Highway) for implementation and procure communication infrastructure. The Ministry of Home Affairs also introduced a new Scheme namely 'Police Modernisation Scheme in Union Territories' in April 2006. Under the scheme, ₹ 12 crore was proposed for modernization of Communication infrastructure of Delhi Police.

(a) Financial allocation

An amount of ₹ 8.47 crore was approved during the period 2007-08 to 2011-12 for Communication Unit under Police Modernisation Scheme. Delhi

Police, however, utilized only ₹ 2.70 crore during this period, which was only 27 per cent of the approved outlay. It was also observed that Delhi Police did not incur any expenditure on Communication Unit during the years 2007-08, 2010-11 and 2011-12.

Confirming the expenditure of ₹ 2.70 crore, Delhi Police stated (March 2013) that this was spent as per actual requirement.

Reply is not accepted as the purpose of initial allocation of ₹ 8.47 crore, for the 11th Plan Period, was defeated when the final allocation was reduced substantially, compromising on modernization efforts of Delhi Police during the 11th Plan Period.

(b) Planning and implementation

The MHA approved (March 2010) the proposal of Delhi Police to expand/upgrade the existing Advanced Vehicle Tracking System (AVTS) at a cost of ₹ 1.55 crore and Existing Control Rooms of units with Digital Voice Logger at ₹ 1.92 crore in 2010-11. However, funds of both the projects were not utilized by the Delhi Police.

The proposal for expansion of GIS/GPS based AVTS System (at a cost of ₹ 1.55 crore) was again made by Delhi Police in Annual Action Plan of 2011-12. Due to non-implementation of the scheme in the year 2011-12, the funds lapsed again.

Thus, Delhi Police made proposals/plans for Modernisation of Communication Unit repeatedly, but did not implement them, leading to non utilization of funds.

In reply (March 2013), Delhi Police stated that the proposal for the AVTS upto the Police Station level was sent to the GNCTD in August 2011 but the same has not yet been finalized despite considerable efforts from Delhi Police.

2.1.5.2 Up-gradation/ expansion of communication infrastructure

Delhi Police submitted (February 2008) the proposal to the Ministry of Home Affair for implementation of new plan scheme 'Upgradation and Expansion of Communication Infrastructure of Delhi Police' in 11th Five Year Plan. The objective of the scheme was to upgrade and expand the existing Communication Infrastructure to meet the enhanced requirement and to achieve extended communication coverage by procuring and installing new Communication Infrastructure equipment. The scheme was approved by the Ministry in March 2008 with an outlay of ₹ 5.00 crore to be incurred on Mobile Workshop/Communication/Car Calling/Video Vans and High Mast Towers in four financial years starting from 2008-09.

(a) Planning and implementation

Communication Unit proposed to procure following infrastructure under the scheme during the 11th Five Year Plan as given in **Table 2.7:**

Table 2.7: Infrastructure to be procured

Sl. No.	Particular of items	No. of items	Purpose
1	Mobile Workshop	4	For on the spot repair and replacement of defective wireless sets to ensure uninterrupted communication
2	Mobile Communication Vans	3	To perform as Mini Mobile control rooms during law and order arrangements
3	High Mast self supporting Towers	2	To improve the communication coverage
4	Mobile car calling system	2	For Management of parking/calling back the vehicles during arrangements
5	Mobile PA System Van	1	For short notice deployment of PA System
6	Mobile Vehicle Van	1	For remote monitoring of events

It was observed that out of total outlay of ₹ 5.00 crore, Delhi Police (Communication Unit) could spend only ₹ 54.60 lakh (about 11 *per cent*) during the plan period. The expenditure was incurred on procurement of one Tata vehicle, fabrication of Tata vehicle and two Maruti Gypsys for Mobile Workshop (during 2008-09) and procurement of eight Maruti Gypsys for Mobile Radio Workshop, Car calling and PA System in 2011-12. It was seen that even though eight Maruti Gypsys were purchased in July 2011, these could not be utilized as they were not yet fabricated (July 2012).

Delhi Police in its reply (March 2013) stated that 9 vehicles had been fabricated and remaining two were under fabrication and expected to be completed in two months.

Fact remains that the Delhi Police could not ensure fabrication of all the units till date.

2.1.6 Other points**2.1.6.1 Execution of work**

As per section 4.2.1 of CPWD Works Manual, and Rule 132 (i) and (ii) of the General Financial Rules, estimates for execution of works, should be prepared in accordance with the CPWD specifications and DSR and tender should be awarded to L-1 after preparing the justification of rates on the basis of market

rates. The payment should be released on the basis of recordings in the measurement books.

District offices of Delhi Police conducted minor works which included repair and maintenance of residential and office buildings of Delhi Police under jurisdiction of respective District Police offices. The four selected Districts incurred ₹ 4.88 crore on minor works during 2011-2012.

A test check of records for the period 2011-12 revealed that the above provision was not followed by any of the four District Offices while inviting tenders or releasing payment to the contractor as all the awarded works were below ₹ 10000. As a result the District Offices could neither project the estimates of items before inviting the rates from agencies/market nor verify the rates quoted by agencies with respect to prevailing market trends.

Delhi Police stated (March 2013) that the Districts/ units were authorized to execute minor repairs under Delegation of Financial Powers upto ₹ 10000 and since the work involved petty repairs, executing the work in accordance with CPWD specifications and DSR would not be possible. However, 'extra ordinary repairs' have been carried out through PWD and like agencies on the basis of estimates provided by them.

The reply is not tenable as the work could have been executed through CPWD by tendering for minor works rather than splitting into small work orders valuing less than ₹ 10000 each. Further, there are no works called 'extra ordinary works', and it is not clear how this was decided by Delhi Police.

2.1.6.2 Non-adjustment of abstract contingent advances amounting to ₹ 154.55 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 drawl or at the end of financial year. As per information provided by PAO-IV, contingent advances amounting to ₹ 154.55 crore were pending for adjustment as on 31 March 2012. It was also observed that an amount of ₹ 4.58 lakh on account of Provisional and Logistic Branch of Delhi Police was outstanding since 1996-97. Non-adjustment of advances for long periods was fraught with risk of misappropriation and fraud.

Delhi Police replied (March 2013) that the present pending position was ₹ 131.40 crore and regular pursuance is being done for adjustment of outstanding advances.

Conclusions

Delhi Police did not implement plan schemes effectively during the 11th Five Year Plan. Some schemes were continuing from the previous plan period as well. Absence of adequate monitoring mechanisms and deficient financial control led to incorrect appropriations apart from underutilization of the

resources under the schemes. Non- implementation of the schemes impacted the readiness of Delhi Police to tackle situations of law and order and traffic management etc. efficiently and effectively.

Intelligent Traffic System was introduced during Commonwealth Games 2010, but was not implemented even after incurring an expenditure of ₹ 7.50 crore during 11th Five Year Plan. Due to non- maintenance of CVSS, prosecution rate fell down sharply after January 2012 as system stopped functioning completely after April 2012. Communication Unit purchased eight Maruti Gypsies in July 2011, which were not utilized till 2012, as these were not fabricated for the specific purpose. Abstract contingent advances amounting to ₹ 154.55 crore were pending for adjustment as on 31 March 2012 including an amount of ₹ 4.58 lakh, outstanding since 1996-97.

Recommendations

- *Delhi Police may ensure that it follows the codal provisions and the manuals related to project management and put in place a system of effective monitoring of Project Planning and implementation, for timely completion of projects.*
- *Delhi Police may ensure that allocations are utilized for the purposes they are meant for better financial control.*

Public Works Department

2.2 Thematic Audit of Delay and Deviation in Execution of Works

Executive Summary

Thematic audit was taken up to highlight the instances of delays and deviations in execution of works. In four out of 13 Divisions selected for audit, there was excess expenditure over budget allocation ranging from ₹ 0.16 lakh to ₹ 167.60 lakh. In 107 test checked works, there was delay in completion upto maximum of 48 months. Some of the major reasons for delay in completion of works were non-availability of site, drawings, lack of co-ordination with client department and absence of coordination between Civil and Electrical Divisions. PWD had not adhered to the general conditions of the contracts as neither compensation of ₹ 11.19 crore for delay in completion of works was levied nor any amount withheld where the contractor failed to maintain the progress of the work according to the milestones. Though, there were considerable delays on the part of consultants in five Building Projects, PWD did not levy compensation despite the penal clause in the agreements.

The deviation in works was mainly due to increased scope of work, execution of extra work and change in drawings/designs. In 61 works, there were total deviations amounting to ₹ 13.38 crore, which ranged between 12 *per cent* and 159 *per cent* of the original estimated cost. In 39 works, no specific reasons for deviation valuing ₹ 3.31 crore were recorded. In 19 works of Signages and Upliftment of lifts, valuing ₹4.95 crore, tenders were invited from manufacturers/authorized dealers/specialized agencies, without provision in the detailed estimates and were executed under the head 'repair and maintenance of work' instead of main work.

There was an absence of internal control mechanism to monitor the progress of work to avoid delay and deviation in the works. Although physical and financial progress of the works was being monitored by the higher authorities through monthly progress report, yet there was no system to control the delay in completion of works which resulted in cost overruns.

2.2.1 Introduction

Execution of works in Government departments is undertaken by Public Works Department (PWD), Government of NCT of Delhi. PWD is responsible for planning, designing, construction and maintenance of residential, non-residential buildings and strengthening and widening of roads. The Principal Secretary, Government of NCT of Delhi is the administrative head of PWD, who is assisted by Engineer-in-Chief, Chief Engineers, Superintending Engineers and Executive Engineers.

The CPWD* Works Manual prescribes procedure for planning and execution of works. It also provides a basis for internal control framework in public works. Central Public Works Accounts Code strengthens the internal control framework and provides a platform to ensure accountability in planning and execution of public works. Bypassing or contravention of provisions of either of the two, leads to delay and deviations in public works and points to deficiencies in planning and execution of such works.

2.2.2 Audit objective and scope of audit

This audit was taken up to highlight the instances of delay and deviations along with the reasons thereof. The audit findings based on the test-check of records were communicated to PWD/Government (December 2012). The reply was awaited as of March 2013.

During thematic audit conducted between April and October 2012, 13 projects/divisions (two Building Projects-civil, one Building Project-electrical, four Civil Road Maintenance Divisions, two Building Maintenance Divisions and four Electrical Maintenance Divisions) out of total 57 projects/divisions involving expenditure of ₹435.44 crore out of total budget of ₹ 2142.94 crore of PWD. They were selected on random selection basis. The records of 348 works for the year 2011-12 were test checked.

2.2.3 Audit criteria

The thematic audit of the PWD was benchmarked against criteria derived from the following sources:

- Provisions of CPWD Works Manual,
- Provisions of General Conditions of Contract and Agreement, and
- MoRTH[†], IRC[‡] and CPWD specifications.

* Central Public Works Department

† Ministry of Road Transport and Highways

‡ Indian Road Congress

Audit findings

2.2.4 Lack of budgetary control

Monitoring of expenditure through budgetary controls is an effective tool for financial management. Works expenditure forms a significant component of state expenditure.

Rule 54 and 55 of the General Financial Rules, 2005 stipulate that a Head of Department or controlling officer should be in a position to estimate the likelihood of saving or excess every month and regularize them in accordance with the instructions under the rules. The Accounts Officer should report to the Head of Department immediately, on first appearance, of any disproportionate expenditure, particularly in respect of recurring items of expenditure of any grant or appropriation, of any primary unit of appropriation thereof. However, it is the authority, who administers the grant/appropriation, is ultimately responsible for control of expenditure and not the Accounts Officer. It was noticed that in four Electrical Maintenance Divisions (M-151, M-251, M-252 and M-253) and one Civil Road Maintenance Division (M-411), there were excess expenditure over budget allocation ranging from ₹ 0.16 lakh to ₹ 167.60 lakh (**Annexure-2.1**).

The reasons for excess expenditure were not available on the records made available to audit.

2.2.5 Delay in execution of works

Section 29.1 of CPWD Works Manual stipulates that the time allowed for carrying out the work as entered in the contract, shall be strictly observed by the contractor and work should be proceeded with all due diligence on the part of the contractor throughout the stipulated period of the contract (time is deemed to be the essence of the contract). Test check of records of divisions revealed that the provision was not adhered to by the PWD as explained in the succeeding paragraphs.

2.2.5.1 Non levy of compensation for delay attributable to consultants

As per the instructions issued by the Central Vigilance Commission (November 2002), the contract with the consultants should incorporate clauses having adequate provisions for levying penalty on the consultants in case of defaults by them at any stage of the project including delay attributable to the consultant.

In two Building Project Civil Divisions, four consultants were appointed for five works. While entering into agreement with the consultants, PWD did not

adopt an uniform pattern for penalty clause in all the works as indicated below:

Table 2.8 : Details of compensation not levied

Name of the work	Overall delay (days)	Consultant's delay (days)	Fee payable (₹ in lakh)	Compensation leviable (₹ in lakh)
Building Project Civil B-13				
C/o [†] 143 Nos. Type III Qtrs at Shalimar Bagh	792	249	126.60	6.33 [*]
C/o 156 Nos. Type IV Qtrs at Shalimar Bagh	747	262		
C/o of Boys and Girls Hostel at Judicial Academy at Dwarka	461	356	97.00	4.85 [*]
Building Project Civil B-23				
C/o 200 Beds Hospital at Ashok Vihar	742	98	97.00	1.00 [‡]
C/o of New OPD Block at LNJP Hospital	209	82	65.00	3.25 [*]

Clause 2 of the General Conditions of Contract stipulate that compensation of maximum of ten *per cent* of tender cost may be levied in case of delay in completion of work. However, it was noticed by audit that in the Building Project (B-23), PWD did not adopt uniform pattern for penalty clause. In one case (C/o 200 Beds Hospital at Ashok Vihar) maximum compensation leviable was restricted to ₹ onelakh whereas in all other cases (including Building Project Civil B-13), it was restricted to maximum of five *per cent* of the fee payable which resulted in undue benefit to the consultant.

It is also evident from the above table that there were delays in completion of these five works ranging between 209 days and 792 days, out of which, the delay attributable to the consultants ranged from 82 days to 356 days. Although there were considerable delays on the part of consultants, yet PWD did not levy compensation despite the penal clause in the agreements. Thus, PWD neither adhered to the instructions of the Central Vigilance Commission nor levied penalty on the consultants as per provisions of the agreement.

[†] Construction of

^{*} 0.25 *per cent* of total fee payable per day, subject to maximum of 5 *per cent*.

[‡] ₹ 1000 for every day of delay subject to maximum of ₹ 1.00 lakh

2.2.5.2 Completion of works

Section 15 of CPWD Works Manual stipulates that before approval of NIT, clear site and set of drawings as referred to in the schedule of quantity of work, should be available. Scrutiny of records relating to 107 works (Annexure-2.2) test checked, revealed the following:

- (i) There was delay in completion of the works ranging between 96 days and 1452 days.
- (ii) In 23 works, sites were not available between 72 days and 1262 days.
- (iii) In 10 works, drawings were not available from 22 days to 1452 days.
- (iv) In six works, there were hindrances due to Civil/Electrical work ranging between 28 days and 816 days.
- (v) In four works, hindrances were due to delay in approval of various proposals by the client department. However, no correspondence in respect of hindrance on the part of client department was available on record.
- (vi) In 78 cases, no Hindrance Register was prepared as required under Section 29.7 of CPWD Works Manual, which stipulates that whenever any hindrance comes to the notice of Assistant Engineer, he should at once make a note of such hindrance in the register and immediately make a report to the Executive Engineer within a week. Further, the hindrances which are under control of the contractor should not be entered in the register.

From the above, it is evident that PWD did not fulfill the pre-requisite conditions before award of work.

(a) *Non-levy of compensation in delayed work*

As per Clause 2 of the general conditions of contract, if contractor fails to maintain the required rate of progress of work, PWD should levy compensation at the rate of 1.5 per cent of the tendered value of the contract per month of delay, to be computed on per day basis subject to the maximum of 10 per cent of the tendered value of the work. During scrutiny of the records relating to delayed work, it was noticed that:

- (i) in two Building Projects, three Electrical Maintenance Divisions, three Civil Road Maintenance Divisions and one Civil Building Maintenance Division, Executive Engineers had not levied compensation amounting to ₹ 11.19 crore in 108 works where there were delays in completion of the works(Annexure-2.3). Reasons for non-levy of compensation were not made available to audit.
- (ii) The work for 'Construction of EDP Cell cum Referral Clinic/ Administrative cum OPD Block and Additional parking basement at G.B. Pant hospital' which was stipulated to be completed by 10 July

2008, was finally completed on 30 November 2011. No entry in the hindrance register was made after 26 March 2010 and provisional final bill was paid on 29 March 2012, though there is no provision in the manual for making final payment provisionally. Compensation, amounting to ₹ 2.51 crore (10 per cent of TA-₹ 25.13 crore) under Clause 2 of the agreement was not levied for the delay of 20 months and no extension of time was also granted.

Audit observed that PWD had not adhered to the general conditions of the contract as compensation was not levied in the delayed work. Thus, PWD did not enforce effectively the available provision for ensuring timely completion of works.

(b) *Non-withholding the amount for non achievement of milestones*

As per Section 29.1 (4) of CPWD Works Manual, to ensure good progress of the work during execution, the contractor shall be bound in all cases, in which the time allowed for any work exceeds one month to complete the work as per the milestones given in the Schedule 'F' under Clause 5 of the contract. In the event of not achieving the necessary progress as assessed from the financial progress, a percentage of the tendered value of work as mentioned in the Schedule 'F' would be withheld for failure in achieving each milestone.

It was noticed that although there were delays in completion of the work as per milestones in 107 cases, yet PWD did not withhold an amount of ₹ 2.13 crore in 47 works (**Annexure-2.4**). Thus, by not applying the clause of milestones, PWD was not able to exercise necessary control on the progress of works executed by the contractors, which further indicated deficient monitoring of works by PWD.

2.2.6 Deviation in execution of works

Deviations in works are mainly due to the increase/decrease in items of bill of quantity, additional/modification of work and execution of work without there being a provision in the estimates. The following instances of deviation were found during audit of selected divisions:

2.2.6.1 Deviations from detailed estimates

As per Section 16.10 of CPWD Works Manual, there are 52 electrical works declared as specialized in nature. Further, as per item at Sl. No.21 of Appendix-1 to CPWD Works Manual, the Chief Engineer has full powers to accept the tenders for smaller works likely to crop up during the execution of work/project for which no provision exists in the sanctioned project estimates, subject to availability of funds under sub-head 'contingencies'. A test check of the records of Electrical Maintenance Divisions M-251 and M-252 (**Annexure-2.5**) revealed that in all the 19 works which were related to providing of signages and upliftment of lifts, tenders were invited from

manufacturers/authorized dealers/specialized agencies, even though these works are not included as specialized works in works manual. The execution of these works was irregular as:

- (i) There was no provision for these works in the detailed estimates prepared by PWD. However, the works were awarded and executed without obtaining the approval of competent authority.
- (ii) All the works amounting to ₹ 4.95 crore were executed under the head 'repair and maintenance of work' instead of main work. As all the works were new in nature, they should have, therefore, been executed under the Major Head - 4059 instead of Major Head – 2059. But the PWD has executed these works under Major Head – 2059, which was not in order.

Thus, by inviting the tender for non specialized work from specialized agencies/manufacturers of limited make, the competition was restricted, resulting in non-availing of the benefit of competitive rates. Furthermore, the approval of Chief Engineer was also not obtained which was a violation of provisions of the manual.

2.2.6.2 Inconsistency between the tendered amount and actual payment

Section 4.2.1 (2) of CPWD Works Manual stipulates that detailed estimate should be complete and as comprehensive as possible and should be supported by detailed drawings, preliminary structural plans, preliminary lay out drawings of various services, detailed drawings and/or specifications etc. for the various components of work involved. Further, Section 24.1.2 (3) stipulates that if total deviation of quantity of any individual item is beyond the deviation limit as specified under Clause 12 of the contract, then deviation beyond 10 *per cent* on either side of estimated cost, should not be made at site, without in principle approval of technical sanctioning authority.

Test check of records of various divisions revealed that in 61 works (**Annexure-2.6**), divisions made a payment of ₹ 51.55 crore for the works against the total tendered amount aggregating to ₹ 38.18 crore. Thus, there were total deviations amounting to ₹ 13.38 crore in these works ranging between 12 *per cent* and 159 *per cent*. The deviations were mainly due to increased scope of work, execution of extra work and change in drawings/designs. All the deviations were approved by the competent authority. However, there was a general tendency in the PWD to increase the scope of work after award of work and later on obtain the approval of deviated quantity from the competent authority. Differences between the tendered cost and actual payment were noticed which were due to failure of the PWD in assessing the quantities correctly at the time of preparing estimates.

Some of the works where there were deviations as compared to tendered amount (TA) are summarized below:

- (i) The work of 'Providing and Laying Mastic Wearing Course on various flyovers and junctions' (M-111) was escalated by ₹ 87.47 lakh (21 *per cent* of TA of ₹ 4.25 crore) and was attributed mainly to increase in the quantities of Dense Bituminous Concrete (DBC) and Mastic Wearing Course on account of deteriorated condition of road.
- (ii) In the work 'Strengthening of Road No. 25 from T-Point of LohaMandi to R-Block New Rajinder Nagar' (M-111), there was deviation in quantities valuing ₹ 67.32 lakh (12 *per cent* of TA of ₹ 5.45 crore). Out of which, ₹ 49.58 lakh was in respect of Mastic Wearing Course, quantity of which increased from 5500 to 17893 sqm (225 *per cent*). In addition, extra work of mastic (₹ 17.42 lakh) at intersection of roads was executed which was not included in the estimates.
- (iii) The cost of the work 'Resurfacing of Road No.36 - Mayapuri side and 89 (Extension) Girdhari Lal Goswami Marg' (M-111) increased by ₹ 1.09 crore (26 *per cent* of TA of ₹ 4.22 crore) mainly as the quantity of DBM was increased from 1406 cum to 3351.49 cum (138 *per cent*) valuing ₹ 1.06 crore. The reason for the deviations was stated to be heavy traffic in Mayapuri Industrial Area, cracks in road surface, water stagnation due to uneven profile of the road etc.
- (iv) There was escalation of ₹ 65.77 lakh (63 *per cent* of TA of ₹ 1.05 crore) in the work 'Construction of Bus Bays and improvement of Footpath on NH-8 (Gurgaon Road side carriage way) near Metro Station Dhaula Kuan' (M-111). The escalation was mainly due to execution of extra work of RCC pipe to drain out the rainy water and to extend the Dhaula Kuan underpass pipe line (₹ 13.24 lakh), execution of culvert slab over pipeline/drain (₹ 19.38 lakh) and increase in quantities of tack coat/DBM due to change in drawing/design (₹ 12.37 lakh).
- (v) The cost of the work 'Widening of Eastern Approach Road of ISBT Bridge from 3 lane to 4 lane both side' (M-213) increased to ₹ 1.71 crore (17 *per cent* of TA of ₹ 10.33 crore) mainly due to extra items of pumping work, sloping earth, dumped stone which required clearance, removal of existing footpath railing, wall works, steel work for existing under pass area, cleaning the drain and its approaches to site, providing of RCC pipe at culvert (₹ 1.04 crore) and increase in the estimated quantities in earth work and construction of toe wall (₹ 0.22 crore).
- (vi) The cost of the work 'Providing Central Median on various roads under PWD Zone M-2' (M-213) was escalated by ₹ 1.71 crore (47 *per cent* of TA of ₹ 3.66 crore). The main reasons for deviation in quantities valuing ₹ 64.57 lakh were due to increased cement work, interlocking paver block, kerb stone. In addition, extra works of tack coat, DBM and mastic wearing course amounting to ₹ 90 lakh were also executed.

- (vii) The Administrative Approval and Expenditure Sanction (A/A & E/S) of ₹ 30.58 lakh was accorded for the work 'Providing and laying C.C. Pavement on internal Road Type-I Quarters at G.B.Pant Hospital' (M-231) and accordingly the work was awarded at tendered amount of ₹ 41.32 lakh. The work was escalated by ₹ 65.87 lakh (159 per cent of TA) which was due to increase in the quantities of earth work (223 per cent) and C.C. Pavement (194 per cent). Thus, the actual expenditure exceeded the A/A and E/S by 251 per cent.
- (viii) No specific reasons for deviation in quantities valuing ₹ 3.31 crore were recorded in 39 works where a payment of ₹ 8.37 crore was made against a total tendered amount of ₹ 5.07 crore.
- (ix) In three works namely 'Construction of Foot over Bridge on Outer Ring Road at Bhairon Road Mandir, SH: Civil Work' (M-411), 'Providing and laying C.C. Pavement on Internal Road Type-I Qtrs. in G.B. Pant Hospital' (B-231) and 'Improvement of drain and footpath at Mahendra Park, (RHS), at Road No.43' (B-312), there were deviations/extra items in quantities valuing ₹ 1.76 crore, ₹ 0.66 crore and ₹ 0.17 crore (45 per cent of TA of ₹ 3.90 crore, 159 per cent of ₹ 41.32 lakh and 34 per cent of TA ₹ 49.30 lakh) respectively. No prior approval of the competent authority was obtained, which was in violation of the provisions of the manual. In the work of Construction of Foot over Bridge, case of deviation was sent to Superintending Engineer for ex-post-facto sanction after a delay of 30 months from the date of completion.

From the above, it is evident that all the deviated and extra items were executed mainly due to failure of PWD in assessing the requirement of quantities correctly. It was noticed that during the execution of work, either new works were executed or scope of work increased, pointing to the fact that proper site survey/site conditions were not given due consideration while framing estimates.

2.2.6.3 Excess expenditure on deviated quantities- ₹ 64.29 lakh

The payment of deviation items beyond the permissible limit is to be made as per schedule 'F' of the contract which provides for a deviation limit upto 100 per cent in respect of 'foundation work' for which the contractor is to be paid at agreement rates only. If deviations are beyond 100 per cent, market rates will be applicable. For 'other than foundation work', a deviation limit of 30 per cent is allowed for payment at the agreement rates, and market rates are payable to the contractor in deviations exceeding the limit of 30 per cent. Scrutiny of the records revealed the following:

- (i) The work 'Construction of Prison Complex for Department of Prison, SH: Internal Electrical Installation and Fans for Building of Prison' at Mandoli(B-142) was awarded at tendered amount of ₹ 6.15 crore and

was to be completed by 19 November 2010. The work had not been completed (October 2012). The quantities of MS conduits were increased from 18032 meters to 51541.73 meters (186 *per cent*) due to change of route and introduction of new services like PA system, TV conduits against which ₹ 26.13 lakh for 28100.13 meters was paid at market rate.

- (ii) The work of 'Construction of EDP Cell cum Refer Clinic at G.B.PantHospital(B-23) was awarded at tendered amount of ₹ 25.13 crore which was completed on 30 November 2011 at a cost of ₹ 29.25 crore. In 28 items, quantities were deviated due to change in scope of work, change in drawings and lesser quantities taken in the estimates against which ₹ 38.16 lakh was paid at market rates.

Since the market rates were higher than the agreement rates, PWD had to incur excess expenditure of ₹ 64.29^{**} lakh beyond prescribed limit.

2.2.6.4 Non-adherence to MoRTH/IRC specifications/General Condition of Contract/Manual

(a) Unwarranted inclusion of item in bill of quantity of the agreement- ₹0.16 crore

In two works namely 'Street scaping and beautification of various roads under PWD Zone M-1 SH: Street scaping work' (M-111) and 'Widening of Eastern Approach Road of ISBT Bridge from RD 1850 to RD 2450 from 3 lane to 4 lane both side' (M-213), barricading was included as separate item in the schedule of quantity of agreement against which an amount of ₹ 16.16 lakh was paid. Payment for the item was inconsistent with the MoRTH specification No.112, for Road and Bridge work, which states that traffic safety arrangements including erection and maintenance of barricades would be included in the work and would be contractor's responsibility.

(b) Unwarranted execution of work- ₹27.35 lakh

As per Indian Road Congress specification-107-1992, bitumen mastic is required for wearing course in different situations of heavy duty road pavements; whereas Mastic Asphalt is normally required over the deck slab of bridge structures to serve as wearing course.

The work 'Road Restoration of M B Road from GT Road to Sabhapur village SH: Restoration of footpath cut by Army Sena Bhawan'(M-213) was awarded at tendered amount of ₹17.98 lakh and payment of ₹32.27 lakh was made to the contractor. During audit, it was noticed that while preparing the estimates, the quantities of tack coat and Mastic Wearing Course on ramps were taken as 2947 sqm and 2800 sqm against which quantities of 6960 sqm and 3314 sqm amounting to ₹ 27.35 lakh were executed. Thus, the execution of Mastic Wearing Course and tack coat on ramps on roads was unjustified in terms of prescribed provision.

^{**} (Market rates - Agreement rates) x Quantity beyond 30% of agreement quantities

2.2.6.5 Other topics of interest

(a) Deviation in work due to delayed decision.

The work 'Construction of GPO Building, near Metcalf House at Bela Road SH: SITC of Fire Fighting System' (B-142) awarded at tendered cost of ₹ 1.43 crore, was completed on 5 July 2010 at a cost of ₹ 2.80 crore (95.80 per cent above the TA). The main reason for deviation in quantities and extra item was inclusion of Central Air Conditioning System in the building after a lapse of one year (July 2009) from the stipulated date of completion (August 2008). It was noticed that when the decision of air conditioning of the building was taken, most of the work of fire fighting system was completed. Inclusion of Central Air Conditioning System in building caused shifting of already laid infrastructure and route diversion of the fire fighting systems. This resulted in deviation of ₹ 1.37 crore from tendered amount. No analysis of the cost escalation was brought to the notice of the higher authority.

(b) Deviation of ₹0.46 crore from the sanctioned estimate

In order to improve the drainage system from Ashram intersection to NeelaGumbad at Nizamudin, Executive Engineer (M-411) awarded the work 'Improvement of Mathura Road from Ashram to NeelaGumbad, New Delhi SH: Improvement of Drainage System from Bhogal to NeelaGumbad' at tendered cost of ₹ 1.63 crore. The work which was to be completed on 31 December 2009 was finally completed on 1 September 2010. The final payment of ₹ 1.57 crore has been made to the contractor. Test check of the records revealed that the work amounting to ₹ 0.46 crore beyond Barapulla Nallah towards Neela Gumbad could not be completed due to existence of various service lines of Delhi Jal Board, BSES, etc. It could not be ascertained in Audit whether PWD had pursued the matter for removal of these hindrance with the service providers as nothing was on record. As a result, the drain from Bhogal to NeelaGumbad could not be improved despite incurring an amount of ₹ 1.57 crore. Thus, the work was awarded without ensuring clear site, resulting in failure of PWD in fulfilling the basic purpose of improving the drains.

(c) Deviation from standard analysis of rates- ₹29.06 lakh

As per Standard Data Book of MoRTH, there is no provision of water charges while calculating the rates of items. However, it was noticed that division added the water charges at the rate of 1 per cent while preparing the rate of items for MoRTH items relating to the works namely, 'Re-surfacing of Bituminous Road under Zone M-1, PWD, Delhi' and the work 'Strengthening of Road No.17 (Nelson Mandela Marg) from T-point Baba Gang Nath Marg to T-Point MehrauliMahipalpur Road and Mathura Road from Bhogal ROB to

Neela Gumbad, New Delhi' (M-411). Thus, by deviating from Standard Data Book, the PWD added water charges which resulted in inflation of estimates by ₹ 29.06 lakh.

(d) Delay in award of work

The estimates for strengthening of roads No. B-2, B-5, B-7 and B-8 in Rohini (M-312) were approved in April 2009. Scrutiny of the records revealed that the work was approved in April 2009, whereas the work was awarded in March 2011 i.e. after a delay of 24 months. During this intervening period, the road surface was further damaged with development of pot holes, resulting in requirement of increased quantity of Bituminous Macadam (BM) from 609 cum to 2852.94 cum (368 *per cent*). Thus, due to delay in award of work the cost of BM increased by ₹ 79.94 lakh.

2.2.7 Absence of internal control and monitoring

Effective monitoring of the programme is the key factor to achieve the objectives and benefits timely. It was noticed that while physical and financial progress of the works were being monitored by the higher authorities through monthly progress report, there was no system in PWD, to control the delay in completion of work, resulting in cost overrun. Prescribed status reports were regularly submitted to the Superintending Engineers by the Executive Engineers, however, the steps for expediting the execution of work and removal of bottlenecks, adherence to time schedule, avoiding deviation from specifications etc., were not taken. Further, there were no effective internal control mechanism in PWD as in most of the cases, hindrance registers were prepared after the completion of works, to grant extension of time without levy of compensation. In addition, though PWD incorporated a milestone clause in the agreement to ensure timely progress of work, in number of instances, PWD had not withheld amount for non achieving milestone.

Conclusions

The thematic audit highlights deficient planning and monitoring, as there were delays in completion of works, due to slow progress made by the contractors as well as consultants. PWD did not use penal provisions to ensure minimization of such delays. The delays as well as deviations were also caused due to unavailability of clear sites or non-consideration of actual site conditions at the planning stage. Some instances of non-adherence to codal provisions or unauthorized modifications in the same were serious and needed to be addressed by PWD. These are to be further followed up by putting a mechanism in place to monitor prevention of recurrence of such cases.

Recommendations

- *The detailed estimates may be made strictly according to the MoRTH/IRC specifications and during approval of estimates, appropriate checks should be ensured for adherence to these specifications.*
- *Hindrance free site and drawings may be made available to the contractors for timely completion of works.*
- *The progress of works may be reviewed at periodic and regular basis at various levels so as to identify bottlenecks and ensure speedier removal of such bottlenecks for early completion.*
- *Total project costs may be reviewed regularly with respect to the actual works done to prevent deviation at later stage.*
- *System of monitoring and evaluation of projects should be strengthened and made effective.*

Chapter 3

Audit of transactions

Audit of transactions of Government departments under General Sector and Economic Sector, 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 Avoidable expenditure of ₹ 1.45 crore

Adoption of a price variation clause in its work contracts by PWD, which was not in line with general conditions of contract resulted in avoidable expenditure of ₹ 1.45 crore in two works.

Rule 204 (ii) of GFR stipulates that standard forms of contracts should be adopted wherever possible, with such modifications as are considered necessary in respect of individual contracts. The modifications should be carried out only after obtaining financial and legal advice.

Payments on account of price variations of labour, materials, petroleum, oil and lubricants (POL) used in work are made to the contractors under Clause 10CC of general conditions of contract. But this clause is not applicable for works where stipulated period of completion is 18 months or less. A new clause 10CA was introduced in September 2004 for escalation in such cases, which was applicable for escalation in respect of reinforcement steel bars and/or cement only whereas clause 10C was applicable for other components (labour etc., the price of which vary due to statutory orders).

Audit conducted a test check of contracts relating to following works awarded by Division F-111 division of PWD:

Sl. No.	Name of Work	Name of Contractor	Date of award	Estima ted Cost	Tendered Cost	Stipulated date of start	Stipulated date of Completion	Actual date of comple tion
				₹ in crore				
1.	Construction of Flyover at Naraina ‘T’ Point, Ring Road.	M/s Navayuga Engineering Co. Ltd.	20.02.2007	65.77	97.91	14.03..2007	13.12.2008	In Progress
2.	Construction of Bridge over Pond (Neela Hauz) on Aruna Asaf Ali Road, New Delhi	M/s. Valecha Engineering Ltd.	16.04.2008	25.16	34.45	08.05.2008	07.09.2009	25.09.10

Audit observed that though standard Clauses 10CC and 10 CA were available to compensate the contractor for variation in prices, yet these clauses were not incorporated in the NIT/agreements of above works. Instead a new clause, 10CCA, was adopted which was not in line with general conditions of contract issued by the Central Public Works Department (CPWD) and its manual provisions. In this clause, components of material and labour were taken as labour 22 per cent, steel 25 per cent, cement 15 per cent, fuel 5 per cent, machinery and machine tools 18 per cent and payment/ recovery on account of price variation was to be made bill wise. The clause was inserted without taking any legal or financial advice as required under Rule 204 (ii) of GFRs.

Due to inclusion of this clause, 10CCA, in the agreement the department had to pay ₹ 11.54 crore (₹ 8.88 crore for work-I and ₹ 2.66 crore for work-II) to the contractors in the shape of price variation. Audit observed that this amount included ₹ 1.45 crore (₹ 1.16 crore for work-I and ₹ 0.29 crore for work-II) on account of machinery components which was not payable under any provision of CPWD manual. Thus, out of a total of ₹ 11.54 crore paid to the contractors in the shape of price variation, an amount of ₹ 1.45 crore was avoidable.

The Project Manager stated (July 2012) that the NIT approving authority included this clause as per the decision of Engineer-in-Chief, PWD for bridge/ flyover works. It was added that as far as component of Machinery and Machine tools was concerned, it plays a major role in works like flyovers and underpasses. Therefore, inclusion of this component in the said clause was more realistic than dividing the total provision in other components.

The reply was not acceptable on the following grounds:

- The payment of price escalation on the machinery and machine tools was not justifiable as these are capital goods, which is one-time purchase and deployed at sites as required.
- The General Conditions of Contract have been formulated with Clauses 10 C, 10CA and 10 CC for price variation. Insertion of a new clause 10 CCA was not justifiable.

Thus, unjustified adoption of a new price variation clause by PWD in above works resulted in extra expenditure of ₹ 1.45 crore.

The matter was referred to the Department (March 2012), their reply was awaited (March 2013).

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 detected the following instances of impropriety and extra expenditure.

Irrigation and Flood Control Department

3.2.1 Avoidable expenditure of ₹ 86.48 lakh due to rescission of contract

The inconsistency in decision of the government on a project ‘upgradation of the existing Water Bound Macadam road along Najafgarh Drain from Dhansa Bund to Kakraula Regulator’ led to rescission of contract resulting in avoidable extra expenditure of ₹ 86.48 lakh.

Pursuant to the approval (2001) of the Government of NCT of Delhi (GNCTD), the Irrigation and Flood Control Department (Department) prepared a scheme of upgradation of the existing Water Bound Macadam (WBM) road along Najafgarh Drain from Dhansa Bund to Kakraula Regulator. The scheme was forwarded to the Ministry of Rural Development, GOI seeking sanction under the Pradhan Mantri Gram Sarak Yojna. The Ministry released (February 2002) ₹ 5.00 crore to the Government of NCT of Delhi for the project.

The Department awarded (May 2003) the work to M/s Capital Construction Company (the contractor) at a tendered amount of ₹ 3.97 crore with stipulated date of start and completion as 20 May 2003 and 19 February 2004 respectively.

Audit scrutiny of records revealed that the Department had received (29 January 2004) instructions from the Principal Secretary to the Chief Minister, Delhi, not to carry out any work on the proposed road till further instructions, as the work would lead to a large scale plying of trucks and other vehicles, disturbing the calmness of the place which was being developed into a Bird Sanctuary along with water body. Accordingly, the work was suspended by the Department on 5 February 2004. The Department represented the case to the Government for reconsideration of the decision not to carry on the work of 'upgradation of the road along Najafgarh Drain from Dhansa Bund to Kakraula Regulator', justifying the project on the lines that the road was in existence for the last 15 to 20 years and was being used by the cultivators of the nearby villages for transporting their agricultural produce and related inputs for their fields and upgrading the same road would not, all of a sudden, attract a lot of trucks and vehicles, as was apprehended. The GNCTD acceded to the request of the Department and allowed (June 2004) the resumption of the work. Accordingly, the contractor was asked (29 June 2004) to restart and complete the work at the earliest. However, the contractor refused to complete the work at the agreed rates. The Department then rescinded the work (January 2005) at the risk and cost of the contractor on the grounds of slow progress of work and failure of the contractor to execute the work by the extended date. The Department had paid ₹ 67.77 lakh for the work done by M/s Capital Construction upto the stage of rescinding of the work (i.e. upto 3rd RA Bill). The contractor invoked arbitration clause and raised claims against the Department. The Chief Engineer (I&FCD) appointed an Arbitrator to adjudicate the disputes/claims. The Arbitrator gave award (February 2011) holding the Department responsible for breach of contract by not handing over the site in time, stopping the work for a period of nearly five months and unjustified rescission of contract. Accordingly, the Department paid the awarded amount of ₹ 40.53 lakh in addition to ₹ 67.77 lakh already paid to the contractor.

The Department awarded the balance work to M/s Manohar Lal Gupta & Co. (P) Ltd. on 27 July 2005 at a tendered amount of ₹ 4.11 crore with stipulated date of completion 02 March 2006. The rates of items received were higher than the rates in the first contract. The work was finally completed on 11 June 2008 at a cost of ₹ 3.71 crore. It was observed that there were 11 items which were partially executed by the first contractor and the balance of these works was executed by the second contractor. The difference in the cost of work done by the second contractor as compared to the rates of the first contractor worked out to ₹ 86.48 lakh.

The Department while confirming the facts in their reply stated (January 2013) that they made all sincere efforts to get the work executed through the first agency but due to reasons beyond their control i.e. direction from the higher officers, the execution of the work had to be suspended for nearly five months. They further stated that objection of avoidable expenditure of ₹ 86.48 lakh on account of comparison of rates of 2nd agency and the 1st agency on the quantities executed by 2nd agency was not fully justified as the first agency i.e. M/s Capital Construction Company would have got additional payment on account of increase in price/wages due to statutory order(s) under clause 10C of the agreement, had the work not been rescinded. The reply of the Department was not tenable as the stipulated date of completion of the work was 19 February 2004 and had the work not been suspended by the Department on 5 February 2004, the charges of 10C (if applicable) would not have been as extensive as those paid on account of differences between the two contractors.

Thus, the inconsistency in the decision of the Government on the project led to rescission of contract resulting in avoidable extra expenditure of ₹ 86.48 lakh. It also delayed the scheduled completion of the work from February 2004 to June 2008.

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.

Public Works Department

3.3.1 Unfruitful expenditure of ₹ 0.73 crore on Solar Water Heating Systems

Unfruitful expenditure of ₹ 0.73 crore deprived Dr. Baba Saheb Ambedkar Hospital of benefits of anticipated savings in energy bills even after an investment of like amount.

In pursuance to Delhi Government guidelines on mandatory installation of Solar Water Heating System (SWH System) in Hospitals and after discussion with Medical Superintendent, the Executive Engineer, Electrical Maintenance Division-352, Public Work Development (Department) prepared a preliminary estimate of ₹ 0.84 crore for supply of 27 SWH Systems to be installed in Dr. Baba Saheb Ambedkar Hospital (Hospital). Accordingly, Medical Superintendent of the Hospital issued (July 2008) an Administrative Approval and Expenditure Sanction (A/A & E/S) for ₹ 0.84 crore subject to regular submission of monthly physical and financial progress report to the Hospital by the Department till the completion of work. The terms and conditions of AA & ES also required the Department to obtain a certificate of satisfactory execution of work from the Hospital, before recording the completion certificate of the work.

After obtaining approval from the Chief Engineer- Z-III, PWD, the Executive Engineer, M-352 issued three supply orders for 26 SWH Systems for ₹ 0.75 crore to three DGS&D approved firms in July 2008. The stipulated delivery period was 45 days from the date of receipt of supply order by the suppliers.

All three agencies supplied the systems during August and November 2008 and a payment of ₹ 0.68 crore (90 *per cent* of supply order plus taxes) was made during September 2008 and March 2009 to suppliers in accordance with the terms and conditions of the rate contract. Audit scrutiny revealed that Junior Engineer (E), Division M-352, PWD informed (June 2009) the Hospital and the Assistant Engineer of the Division that Solar panels installed at the terrace of Hospital building had been broken and the copper parts stolen from the panels, but neither the Hospital nor PWD initiated any action in the matter. After one year, Junior Engineer again informed (June 2010) the Hospital as well as the Assistant Engineer about the theft. This time, Assistant Engineer intimated the Executive Engineer (June 2010) that the work of installation of SWH Systems had been completed except testing and commissioning to be done by the concerned agencies, but about 196 panels of systems had been damaged and copper tubes stolen. Executive Engineer further passed on the information to the Superintending Engineer (25 June 2010). Instead of taking any concrete action (i.e. lodging FIR with the Delhi

Police, ordering departmental enquiry, taking steps for making the systems functional etc.), the department wrote as a routine drill (30 July, 13 August, and 26 October 2010) to the Hospital about the theft of copper tubes from the systems.

Thus, even after a lapse of 38 months (July 2009 to August 2012), PWD neither lodged FIR with the Police nor initiated any action except preparation of estimate of ₹ 44.58 lakh, to make the systems functional. It resulted in an unfruitful expenditure of ₹ 0.73 crore (including ₹ 0.05 crore on other related works like pipe lines etc.) and the Hospital was deprived of benefits of anticipated savings in energy bills, even after an investment of like amount.

In its reply to Audit, the Hospital stated (November 2011) that the watch and ward was responsible for the systems only after these were handed over to it and as the systems were not handed over, it was not responsible for any theft/loss. PWD neither informed the Hospital about the installation of the systems, nor asked for any security for that purpose. It further added that PWD did not submit any monthly physical and financial progress report of work, which was in violation of terms and conditions of AA & ES.

On being pointed out, the Department stated that the watch and ward of the building was under the medical authorities and that area had a restricted entry and the lock and key arrangement was with security of the Hospital.

The Department's reply was not acceptable as before the theft came to their notice, PWD did not intimate the Hospital about the status of the work, though it was required to do so under the terms and conditions of AA & ES. Moreover, the systems were not handed over to the Hospital before they were stolen. As per the Hospital version, the PWD maintained the civil and electrical works of the hospital building and had its civil and electrical office within the hospital premises. PWD undertakes various civil and electrical works simultaneously, without the knowledge of hospital administration. The main access to the roof of building where the systems were installed is through the Lift Machine Room and the key of the same was with PWD staff. Therefore, security and safety of the materials during execution of work was the responsibility of PWD.

4.1 CCO-Based Audit Report of Department of Transport, Government of National Capital Territory of Delhi

Executive Summary

To implement the Integrated Multi-Modal Transit Network, the DOT established the Delhi Integrated Multi-Modal Transit System (DIMTS), a SPV, initially as a public limited company under the Companies Act, which subsequently, became Joint Venture (JV) with Industrial Development Financial Corporation Limited (IDFC). Though a private company, the DOT continued to accord special treatment by awarding works on nomination basis to the company in violation of the established financial norms. The DOT accepted the proposals as submitted by the DIMTS, without any scrutiny for their reasonableness - financially and technically. Even though the Government continued to hold chairmanship of the Board of Directors of the company and post of other Directors, they were also in the concerned Committees of the Government dealing with issues of the DIMTS. This presented a case of potential conflict of interests, apart from stifling competition and transparency.

Even though the results could not be achieved during the plan period, the DOT, without concurrence of the Finance Department, awarded the work related to BRT to the DIMTS at a higher rate than that of PWD.

The DOT implemented 'the corporatisation of private stage carriage buses (Cluster buses scheme)' without a well laid out plan and concurrence of the Finance Department or Legislature. The approvals were obtained from the Finance Department as *fait accompli*. The DOT did not follow the prescribed rules and continued to incur expenditure through different heads, not related to scheme expenditure, through mechanisms to park substantial government funds outside the government account. It did not monitor the credit of receipts from the concessionaires to government accounts.

M/s ESP was given undue advantages despite not being able to deliver the projects in time nor providing reliable tests apart from putting undue burden on the vehicle owners.

The award of work for TPTI to M/s ESP, on nomination basis was irregular and it also involved unauthorized levy of fee for TPTI. The certificates of fitness for vehicles, issued by the firm were potentially unreliable.

The DOT proposed to purchase 19 RSDs at substantial cost and in deviation of the Cabinet decision, even though the technology was not proven for pollution checking.

The DTIDC had not started functioning properly even after two years of its creation and not implementing the schemes properly. Functional overlaps with the DOT as well as involvement of the DIMTS were unwarranted in light of creation of a specialized Corporation. The DTIDC made payments to the DIMTS even though it did not have control on the execution of the works by the DIMTS, resulting in unauthorized and irregular payments.

4.1.1 Introduction

The Department of Transport (DOT) of the Government of National Capital Territory of Delhi (GNCTD) is entrusted with the responsibility of policy making, co-ordination, implementation, monitoring and regulatory functions of all transport related aspects of the Government. Its mission is to provide safe, eco-friendly, cost-effective and efficient mode of transportation through well integrated, multi-modal transport system to the residents of Delhi.

The DOT had implemented 20 plan schemes (**Annexure - 4.1**). Against a budget of ₹7706.65 crore for the schemes for the period 2007-2012, ₹7609.67 crore was spent. Out of an annual budget of ₹ 2498.40 crore for 2011-2012 of DOT, ₹ 1797.86 crore was spent on these schemes. Three out of 20 schemes, namely, Mass Rapid Transit System (MRTS), Revival and Restructuring of the Delhi Transport Corporation (DTC) and Delhi Metro Rail Corporation (DMRC) Feeder Bus Service were sponsored by both the Central Government and the State Government either in the form of equity share contribution or through Additional Central Assistance under JawaharLal Nehru National Urban Renewal Mission (JNNURM) of the Government of India (GoI). Remaining 17 were 100 *per cent* State Government sponsored schemes.

4.1.1.1 Organizational structure

The DOT functions under the overall supervision of the Principal Secretary-cum-Commissioner, who is assisted by one Special Commissioner, three Additional Commissioners, 10 Deputy Commissioners and one Deputy Controller of Accounts. There is only one Drawing and Disbursing Officer (DDO) for maintenance of accounts and returns in respect of the DOT. There are three agencies-DMRC, DTC and Delhi Transport Infrastructure Development Corporation (DTIDC), assisting the DOT in the implementation of its schemes. The DTIDC has been established in August 2010 for operation, management and maintenance of Interstate Bus Terminals (ISBTs), bus stands and depots, besides being responsible for creation, development, financing and maintenance of transport infrastructure. The registration of vehicles and issue of driving licenses is done by 13 Zonal Offices (MLOs) situated in different parts of Delhi.

The organization structure of the DOT is at **Annexure - 4.2**.

4.1.2.1 Audit objectives

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

- Financial management including budgetary and expenditure control,
- Operations, management and monitoring of projects, and
- Internal controls and monitoring.

4.1.2.2 Audit scope and methodology

Audit adopted the Chief Controlling Officer (CCO) approach to encompass financial audit, compliance audit and review of operational performance of the DOT and its units in a top-down manner. The sample selection for audit was based on the budget allocation and expenditure incurred on various schemes.

Seven Plan schemes and one Non-Plan scheme were selected for detailed scrutiny based on expenditure during 2011-2012 and judgment sampling. Out of seven plan schemes, three schemes, implemented¹ by the DTIDC were also scrutinized. Transactions undertaken by the DDO during March 2012, though not related to schemes were also covered under audit.

An entry conference with the Principal Secretary-cum-Commissioner, DOT, the GNCTD, was held on 12 July 2012 to discuss the audit objectives, criteria and scope. An exit conference was held on 5 March 2013 at the conclusion of the audit. Replies of the Department received thereafter (March 2013) have been duly incorporated in the report.

4.1.2.3 Audit criteria

The performance of the department was benchmarked against criteria derived from the following:

- The Motor Vehicles Act, 1988 and Rules thereunder,
- 11th Five Year Plan of the Department,
- Various instructions, decisions and directions issued by the GNCTD,
- The General Financial Rules, 2005,
- Office Memoranda, circulars, instructions and guidelines issued by the concerned Monitoring Committees,
- The Transaction of Business of the GNCTD Rules, 1993,
- CVC guidelines, PPP guidelines and Guidelines on establishing Joint-Venture in infrastructure sector brought out by the Ministry of Finance, GoI.
- Manual of Policies and Procedures of Employment of Consultants, GoI

4.1.2.4 Budget and expenditure of eight selected schemes

The budget provision and actual expenditure of eight selected schemes for the year 2011-12 are given in the **Table 4.1**:

Table 4.1: Budget provision and actual expenditure of eight selected schemes for the year 2011-12

(₹ in crore)			
Sl.No.	Plan Scheme	Budget allocation	Expenditure
1.	Mass Rapid Transit System (MRTS)	1499.50	1499.39
2.	Development of Alternate Mode of Transport	9.25	9.25
3.	Modernization of Infrastructure For Certification of Road Worthiness of Vehicles	3.50	0.62
4.	Studies and Consultancy Services	2.00	0.82
5.	De-congestion and Rationalization of ISBT's	1.00	0.96
6.	Development of Bus Terminals and Depots	20.00	18.36
7.	Loan to DTIDC	20	20
	Non-Plan Scheme		
8.	Corporatisation of Private Stage Carriage Buses in Delhi (Popularly known as Cluster Scheme)		76.32

¹ De-congestion and rationalization of ISBT. Development of Bus Terminals and Depots and Loan to DTIDC

4.1.3 Internal control mechanism of the DOT

Internal control is an integral component of an organisation's management process, which is established to provide reasonable assurance that the operations are being carried out effectively, efficiently and economically. Audit noticed the following deficiencies in the operation of internal control mechanism in DOT:

4.1.3.1 Periodic inspection of works

Monitoring is an effective tool to ascertain the effects and impact of schemes or projects being implemented by the department. It was noticed that while physical and financial progress of schemes were being monitored by higher authorities through monthly progress reports, no system for conducting periodical physical inspection of works by the higher authorities was in place. Planning and Monitoring Cell (P&M Cell), DOT, responsible for inspecting the field work, did not perform any such activity, though it incurred an annual expenditure of ₹ 0.44 lakh to ₹ 4.48 lakh during 2007-12.

The DOT stated (March 2013) that Monitoring Cell separately was not created as per the scheme mentioned in the 11th Five Year Plan. However, a token amount of ₹ one lakh was kept in each year under this scheme. Planning Branch of the DOT used to conduct quarterly meeting under Chairmanship of Secretary-cum- Commissioner to monitor the physical and financial progress of the different branches.

The reply of the department failed to address the audit contention that 'Planning and Monitoring Cell' envisaged in the 11th Five Year Plan which was responsible for inspection the field work did not conduct the physical verification. The DOT had accepted this in its earlier reply (October 2012). Moreover, scrutiny of the minutes of the four meetings held on 20.10.2011, 23.01.2012, 02.03.2012 and 30.03.2012 under the chairmanship of the Pr. Secretary-cum-Commissioner of Transport revealed that DOT discussed only financial progress of the scheme and not physical progress.

4.1.3.2 Response to Audit

At the close of March 2012, six Audit Inspection Reports involving 32 paragraphs, were pending for settlement. Lack of response to Audit shows inaction on the part of the DOT which resulted in recurring of irregularities and consequent loss to the Government.

The DOT stated (March 2013) that Audit Inspection Reports for the relevant financial years were being scrutinized and replies would be submitted in due course of time.

4.1.3.3 Non-adjustment of abstract contingent advances - ₹ 3.08 crore

A scrutiny of Abstract Contingent (AC) Advance register revealed that 40 advances, amounting to ₹ 3.08 crore pertaining to the period 2004-2012, were pending for adjustment as of November 2012, in violation of Receipt and Payment Rules². Out of ₹ 3.08 crore, two cases amounting to ₹ 1.98 crore related to advances paid to M/s ESP India Pvt. Ltd. for setting up four

²Rule 118 (Annexure-4.4).

automated inspection and certification lanes during the 2008-09 and 2009-10. Six cases involving ₹0.29 crore related to advance paid to M/s NICS I for purchase of laptop/computer/software during the period November 2004 to March 2008. The remaining 32 cases amounting to ₹ 0.81 crore pertained to the period October 2004 to March 2012. Thus, due to failure of the DOT to settle AC advances for such a long period, possibility of misappropriation cannot be ruled out.

The DOT stated (March 2013) that out of 40 advances, 10 advances were being settled.

4.1.4 Constitution of 'Special Purpose Vehicle' (SPV) for Integrated Multi-Modal Transit Network

The integrated multi modal transit network (IMMTN) envisages augmentation of mass transport by providing adequate, accessible and affordable modes like buses, mini buses, electric trolley buses, complimented by a network of rail based mass rapid transit network like metro, commuter rail and light rail for specific areas with due emphasis on intermediate public transport, non-motorised transport and augmentation of infrastructure. Consequent upon approval of the Cabinet in February 2006, to implement the IMMTN, a SPV, the Delhi Integrated Multi-Modal Transit System (DIMTS), was established as a public limited company under the Companies Act, with authorized capital of ₹ 1000 crore. The initial paid up capital of ₹ 100 crore was contributed by the DOT under the scheme 'Development of Alternative Modes of Transport'. The Chief Secretary, Principal Secretary (Finance) and Commissioner (Transport), GNCTD were the promoter Directors of the company and the Board of Directors consisted of the Chief Secretary, GNCTD as Chairman and Managing Director, four full time Directors and eight part time Directors. It was also decided that financial gaps arising out of costs, financial and social commitments mandated by the Government, shall be met with the financial grants from the Government.

Subsequently, the Cabinet granted (July 2006), in-principle, approval to the proposal for the joint venture (JV) between the DIMTS and the Infrastructure Development and Finance Corporation (IDFC) with equal equity participation. The Cabinet also authorized the DOT (June 2007) for signing of the Shareholders' Agreement with the IDFC which was signed in July 2007. It was felt that inputs of a financial institution at the project preparation stage would be very useful in promoting the role of private sector and minimizing liability of the GNCTD.

It was seen that actual equity stake of the GNCTD in the JV stood at 49.99 per cent, while IDFC was to have equal participation. Rest of the shares of the DIMTS were held by minority shareholder since the inception of the DIMTS, GNCTD has not, however, reflected its shares in the DIMTS, in its Annual Finance Accounts. Detailed breakdown of the shareholding was not made available to audit.

The guidelines on 'Joint Ventures in Infrastructure Sector' issued by the MoF were applicable when a joint venture company was set up to formulate, develop or implement any infrastructure projects or services associated with it.

4.1.4.1 Allocation of works to DIMTS

The Cabinet approved (September 2008) allocation of various assignments on nomination basis to the DIMTS and constitution of a committee under the Chairpersonship of the Chief Secretary (CSC) with Principal Secretary (Finance) and Commissioner (Transport) as members to determine the fee structure for various works to be assigned to the DIMTS. Audit observed that even though the DIMTS was converted into a private company (July 2007), the DOT continued to favour it in allocation of works on nomination basis. The DOT did not explore available opportunities to go for other consultants through open bidding to have better terms in public favour. The violation of laid down norms was, despite the repeated observations of the Law Department of the GNCTD that the DIMTS-DOT agreements, including the Integrated Mechanism Agreement (IMA) for Corporatisation of the Private Stage Carriage Buses, were to minimize the responsibility of DIMTS and extend maximum benefit to the company.

The DOT stated (October and December 2012) that it was evident from the objectives, guiding the constitution of the company, restructuring its management by converting it into 50:50 joint venture and binding provisions of Shareholders' agreement, projects assigned to the DIMTS as a matter of government policy, were formally approved by the Cabinet through a series of considered decisions on record. The Cabinet decisions abundantly fulfilled the requirement of full justification for selection of a particular consultant under special circumstances, as stipulated in GFRs³ and the requirement of detailed justification for outsourcing a specific organization as stipulated in GFRs⁴. The DOT further stated (March 2013) that the DIMTS had been created as a single window to provide the entire gamut of services needed to integrate different elements of the city-wide transportation system.

The reply, however, failed to address the audit observation that even after the DIMTS became a non-Government Company, the DOT continued to allot works to it on nomination basis. Rule 176 of GFRs relates only to 'consultancy by nomination' whereas the DOT, following a piecemeal approach, allotted implementation of various projects such as, Automatic Vehicle Tracking and Location System (AVLS) related services, implementation of automatic fare collection system, managing fare collection personnel and related services, and Integrated Mechanism for Corporatization of Private Stage Carriage Buses (Cluster Scheme) to DIMTS, on nomination basis.

The reply is not acceptable as the DIMTS is a private company. As per the instructions on JVs in Infrastructure Sectors, if the public sector entity owns more than 50 per cent shares, the JV would be regarded as a public sector entity. However, if the share of public sector entity is 50 per cent or less, then the JV is a private sector company and would, therefore, not be accountable to the Government, Public Accounts Committee, Committee on Government Undertakings, C&AG, etc. Nor would the Government rules relating to procurement and expenditure apply to such a JV. Such a JV must, therefore,

³Rule 176 of GFRs (Annexure-4.4).

⁴Rule 184 of GFRs (Annexure-4.4).

be treated at par with other private companies and any procurement of goods or services from such a JV must follow the normal tendering processes as per GFR.

The DOT further stated (March 2013) that the services obtained from DIMTS were in the nature of management services, software solutions and integration etc. and not as suppliers of materials and that DIMTS was a management consultant and not an operator.

The reply is not acceptable as DIMTS was engaged not only as consultant but also as implementer of projects as brought out in **paragraph 4.1.5.2 (vii)** here. Further, as regards the contention that DIMTS was a consultant providing various services, the GOI Manual of Policies and Procedures of Employment of Consultants (August 2006) provides for detailed process of engaging a consultant through a transparent bid process unless the consultancy was for ₹10 lakh or less when consultants could be hired on nomination basis. However, audit scrutiny revealed that DIMTS has already been paid in excess ₹10 lakh as discussed in **paragraphs 4.1.5.2 (vi), (vii) and 4.1.5.5 (i)**. Further, the engagement of DIMTS at project formulation stage and at implementation stage was in contravention of the CVC order⁵.

4.1.4.2 Unjustified payment to DIMTS

The DIMTS did the initial work related to formulating the detailed scheme, preparation of bid document and bid evaluation for 'Corporatization of Private Stage Carriage Buses in Delhi,' at a fee of ₹ 45 lakh. Audit observed that DOT released (July 2008) an additional payment of ₹ one crore, as asked by DIMTS, for preparation of report on project structure, revenue model and business plan without verifying or monitoring the work done by it, which was unjustified.

The DOT stated (November 2012 and March 2013) that amount was not additional as it was incurred on account of additional work which included obtaining inputs based on best international practices with respect to project structuring, revenue model, legal advice, business plan of PPP projects for the cluster scheme in consultation with international experts.

The reply is not acceptable as the scope of work approved (October 2007) by the DOT at a fee of ₹ 45 lakh included works of detailed formulation of scheme, submission of concept document, draft tender document, final bid evaluation report, placement of orders on operators, signing of agreement and formulation of revenue sharing model covering the complete life cycle of the consultancy for scheme that would encompass project structuring and formulation of revenue sharing model as well.

4.1.4.3 Appointment of the DIMTS as Project Management Consultant for civil projects

Despite the fact that the DIMTS was privatised in July 2007 and other government agencies like the PWD, the DSIIDC, the DTC etc. were available options for civil works and Project Management Consultant, the DOT

⁵ CVC order No. 75/12/04 (**Annexure-4.4**).

continued assigning the works to the DIMTS on nomination basis which was irregular in light of the CVC orders (July 2007).

The DOT stated (March 2013) that the DIMTS was the only specialized agency in Delhi to carry out any transport related projects of complex nature with end to end delivery. The DOT further replied that the DIMTS was not assigned the execution of civil infrastructure projects. It was assigned Project Management Consultancy for specific civil works mentioned in Cabinet decisions. The DOT also replied that the CVC orders did not negate the GFR provisions which clearly permit awarding work on nomination basis under special circumstance (Rule 176) and CVC order related mainly to procurement contracts.

The reply was not acceptable as the DIMTS, created in 2006, was newest and 'not the only specialized agency', as other organizations like DSIIDC, PWD, DTC, DMRC, RITES among others were also involved either in civil infrastructure projects or transport sector.

The reply was not acceptable as the DIMTS was awarded civil infrastructure projects e.g. Construction of Bus Parking Depot at Sunehrinallah near Lodhi Road or works related to ISBTs like upgradation and renovation of ISBT at Kashmere Gate, which were in the nature of works that could also be allotted to agencies as pointed out above, especially the DTC which undertakes civil works for Bus Depots.

The reply was also not acceptable as brought out in para 4.1.4.1 and the fact that these works were not under special circumstances as per provisions of paragraph 1.5.3 of Manual on Policies and Procedures of Employment of Consultants. Further, the reply of the DOT on the CVC order relating to only procurement contracts was contradictory and wrong for the reason that the CVC order related to public procurements for works, purchase and consultancy contracts.

4.1.4.4 Non-assessment of works assigned on nomination basis due to absence of 'independent technical cell' in the DOT

The DOT recognized the conflict between two roles of the DIMTS - 'a major player in the sector' and 'advisor to the department' and was of the view that DIMTS can perform the dual role, provided DOT was equipped with a technical cell, which could be created from outsourced personnel, to review and assess the functioning of DIMTS. The personnel in the cell would be transport engineers, planners, economists, project appraisal experts and allied research staff.

Para 11.3 of the Cabinet decision (No. 1473 dated 30 September 2008), of the Cabinet stated that in order to obviate any question of bias, it was necessary that the independent technical cell be made available to the DOT to scrutinize and give neutral advise on the proposal of the DIMTS, where they were interested parties.

Audit scrutiny revealed that after establishing DIMTS in April 2006, the DOT dropped its technical cell, even though after the Shareholders' agreement with IDFC was signed in July 2007, DIMTS became a private company.

Thus, in absence of independent technical cell, an assurance about the unbiased technical scrutiny of DIMTS proposals received by DOT and other agencies could not be drawn. In fact, the DOT continued to clear proposed payments without appropriate technical vetting. Non-concurrence of the Finance Department further compounded the irregularities in clearing these proposals and making payments.

The DOT stated (March 2013) that DIMTS was not awarded the execution of works and on the contrary it was awarded the task of monitoring the execution of works on behalf of the DoT.

The reply was not tenable as the observation was related to DOT's capacity to examine proposals from consultants/agencies. Reply of the DOT confirmed that the requisite expertise was not available with the DOT and it did not independently scrutinize the designs and proposals submitted by DIMTS.

4.1.4.5 Appointment of Chief Secretary, GNCTD, as Chairman of a private company

DIMTS was incorporated in April 2006 as a public limited company, and subsequently, a JV with IDFC was created. It was also decided that the Chief Secretary (CS) would be the ex-officio Chairman of the JV. CS along with other senior bureaucrats, who hold various positions in the Board of Directors of the DIMTS, decide the fee payable to the DIMTS for various works. Thus, the presence of CS as Chairman of the Board, presented a situation of potential conflict of interest, as the DIMTS was a private company.

The DOT stated (December 2012 and March 2013) that CS and other members of CS committee being also on the Board of Directors of the DIMTS, did not in any way mean that they would not take decisions in best public interest. In fact, all these officials are senior bureaucrats and they are in a fiduciary capacity of a nominee director to take care of the shareholder interests (viz. government).

The Department of Expenditure, Ministry of Finance, GoI, in guidelines (July 2009) for joint venture in Infrastructure Sectors, remarked about conflict of interest that, it was, normally, not advisable for government officials to become chairpersons or hold other offices in a JV where the shareholding of private sector entities is 50 *per cent* or more as it could give a misconception of the JV being a government company or the JV availing of unintended benefits or favour. The DOT could not offer any justification for this arrangement. Further, no independent Director had been appointed in the BoDs of the DIMTS as per the Shareholders' agreement.

4.1.4.6 Interim course of action by Committee headed by Chief Secretary for finalizing IM fee

As per Cabinet decision No. 1466 dated 22.09.2008, it was decided that the DIMTS shall be paid three *per cent* of the gross revenue from the operators including fare box and advertising revenue to meet the cost of providing service as IM. Within a week's time, a Committee (the CS Committee) headed by Chief Secretary was constituted under another Cabinet decision No. 1473 dated 30.09.2008, to decide the terms of payment to the DIMTS for taking up assignments. Audit observed that until May 2012, the CS committee allowed

the DOT to continue with the existing arrangement of payment of a fixed amount of ₹ 50 lakh per month, in violation of earlier cabinet decision for payment of fee at three *per cent* of fare box collection. Thus, the decision of finalization of fee paid to DIMTS, taken by the Committee was not in order.

The DOT stated (March 2013) that it was a transitional arrangement and three *per cent* of the DOT collectibles was with reference to the entire cluster scheme. Further, IM had to incur both fixed and variable cost components and the fixed costs would have to be incurred till the critical mass of 1000 buses was achieved.

The reply confirmed the facts pointed out by audit which indicated violation of the Cabinet decision on fee for the IM.

4.1.5 Review of projects management and implementation of selected schemes.

The review of operational performances of the selected schemes was carried out to evaluate whether the planning and implementation of schemes was efficient, effective and economical, and internal control and monitoring mechanism for schemes was in place and effective.

4.1.5.1 Development of alternate mode of transport

The objective of the scheme was to create sustainable multi-modal transport, such as High Capacity Bus System, Monorail and Light Rail Transit to supplement the Metro Rail, DTC and other bus services.

The GNCTD planned a city wide public transport network to augment transport services in Delhi. Under this plan, 38 corridors were proposed to be implemented under different modes of transport. These corridors were proposed to be implemented in three phases - Phase-I by 2011, Phase-II by 2016 and Phase-III by 2021. In the Phase – I, 14 Bus Rapid Transit (BRT) corridors for introduction of public transit systems were identified and approved by the GNCTD.

On the directions/orders of Delhi High Court on traffic issues in Delhi, the GNCTD constituted a special task force under the chairmanship of Chief Secretary, which decided (January 2011) that 14 corridors would be taken up for preparation of Detailed Project Reports (DPRs), seven each by DIMTS and Public Works Department (PWD). Accordingly, the DOT issued (April 2011) work order to DIMTS, on nomination basis, for preparation of DPRs of seven corridors covering 115.6Kms at a total cost of ₹ 36.99 crore (₹ 32 lakh/km). On the request of the DIMTS, the DOT released first installment of ₹ 9.25 crore to DIMTS (May 2011) for the work.

(i) Irregular expenditure of ₹9.25 crore for preparation of DPRs of BRT corridors

The DOT released first installment of ₹9.25 crore (May 2011) to DIMTS without appropriate approval of the Finance Department, which was irregular. The Finance Department instructed (July 2011) DOT to ask for refund of the amount from DIMTS.

The DOT stated (December 2012) that assignment of work to DIMTS was as per the Cabinet decision of March 2011. The reply was not acceptable since it

was decided in the 11th meeting of the Special Task Force in January 2011, convened by the Chief Secretary that “the DIMTS was already doing work for the DOT, they should also be shortlisted for taking up works for BRT corridors”. In fact, the work was assigned to the DIMTS on their request (March 2011). After being pointed out by Audit (August 2012), the DOT sent a proposal (October 2012) to Planning and Finance Department for ex-post-facto sanction of mobilization charges of ₹ 9.25 crore for the work.

(ii) Award of work to DIMTS for preparation of DPRs at unjustified higher price

Scrutiny of records revealed that the cost of preparation of DPRs, as quoted by bidders to PWD for seven corridors covering 105 kms, worked out to ₹ 9.73 lakh per km. However, the DOT did not compare the rate of DIMTS vis-a-vis PWD, which resulted in excess payment of ₹ 25.74 crore (₹ 22.27 lakh per km) to the DIMTS.

The DOT stated (March 2013) that there was huge difference between scope of work of DPR requisitioned from DIMTS by the DOT and the DPR prepared by the PWD on account of the fact that scope of work of DPR awarded to PWD did not have ITS component, Operational Plan International input and peerreview in its scope. Further, PWD would add agency charges and PWD’s consultants would end the engagement with submission of the Report and would not provide support for clearances from EPCA, UTTIPEC.

The reply could not be verified by Audit as the letter for award of work (outlining scope) to PWD as well as DIMTS was not shared with Audit. Further, the Chief Minister had directed that work of all the corridors be undertaken by PWD and the Finance Department had observed that fund released to DIMTS was very high.

4.1.5.2 Corporatization of Private Stage Carriage Buses in Delhi

The objective of the scheme was to gradually phase out the existing private stage carriage buses (blue-line) in such a manner as to synchronize the phasing out with the induction of the fleet of new buses with private participation through companies including those formed by the existing or prospective operators.

In July 2007, the DOT decided to revamp the bus system to provide a reliable, safe and comfortable travel to the citizens and launched a scheme to corporatize the private Stage Carriage Buses in Delhi. Accordingly, it entrusted (August 2007) the task of providing consultancy for formulating the detailed scheme, preparation of bid document and bid evaluation to the DIMTS, at a fee of ₹ 45 lakh. The DIMTS submitted (October 2007) a ‘Report on methodology for operations of privately owned stage carriage buses in Delhi’. The Council of Ministers (CoM) vide the Cabinet decision of November 2007, decided that:

- The buses may be low-floor, semi low-floor and standard floor type,
- The principles and terms and conditions of the revenue sharing model should be formulated and finalized in the bid document, and
- It would be pre-mature to consider the issue of subsidy.

DIMTS further forwarded the 'Request for Qualification' (RFQ) in January 2008, Request for Proposal' (RFP) in July 2008, Report on Business Model in August 2008 to DOT and recommended the 'Gross Cost' based selection system with introduction of incentives and Unified Time Table (UTT). In the 'Gross Cost System', the operators are contracted to provide service and are compensated on the basis of bid amount towards providing that service. In such system, the passenger revenue are retained by the concessioning authority. In the 'Net Cost System' passenger fares go to service provider and the bid amount is the estimated difference between the cost of providing the service and collection. All stakeholders - DOT, Planning Department, Finance Department and DIMTS decided collectively to explore the Gross Cost model in Cluster 1. The Cabinet approved (September 2008) modified gross cost system which provided for built in incentives and disincentives to ensure good performance.

Accordingly, DOT issued RFP (December 2008) along with draft Concession Agreement to seven pre-qualified applicants. Clause 1.30.3 of RFP document mentioned that the proposal of the bidders would be evaluated based on payment by the DOT to bidder on 'Consolidated Year One Fare' (CYOF). In response to RFP, only four bidders submitted their bids which were evaluated by the 'Evaluation Committee'. Consequently, M/s Star Bus Service Pvt. Ltd. (L-1) emerged as successful bidder quoting lowest CYOF of ₹ 85.78 crore including capital cost (inclusive of depreciation and finance cost), consumables, manpower, overhead charges and short term marginal rate.

For managing the operation of private stage carriage buses, DOT entered (April 2011) into an 'Integrated Mechanism (IM) Agreement' with DIMTS on nomination basis. The amended Article 5 of the IM Agreement prescribed the procedure for receipts and disbursements in respect of the scheme.

Though, 17 clusters consisting of 657 routes were planned, DOT was not able to make cluster one to five fully operational as it failed to provide depot space. As of March 2012, the average number of buses on road was 208 against the planned induction of 351 buses for four clusters (one, three, four and five) and against service of 912 buses as per the concessionaire agreements for clusters one to five.

(i) Adoption of business model

The DOT recorded (April 2008) on its file that disadvantages of the gross cost model outweighed the advantages. A case study of Indore City Transport Services Ltd. revealed that net cost model was running quite successfully. It was further recorded that if the gross cost model was adopted, there might be cash outgo from the Government, of about ₹ 21 crore in first year in the first cluster which would be ₹ 350 crore for 17 clusters on a proportional basis, if assumptions were correct. The Planning and Finance departments had also stressed on a self financing and self sustaining model without involving any subsidy to the private operators, and the DOT also did not find the gross cost model viable. It was only after the discussion held under the chairpersonship of Chief Secretary, that the gross cost model was chosen to be explored for Cluster 1, and the same was presented to the Cabinet as favourable model for Delhi. When in principle approval of the draft concession agreement was sought (September 2008), it was mentioned that the technical, financial and

legal aspects would again be got vetted from Finance/Law Department before releasing these documents to prequalified applicants. At the same time, it was also decided that the financial support to be provided by the State would be decided based on the evaluation of the bids once they were received.

It was also decided that the operational results of the Cluster 1 would be evaluated before embarking on subsequent clusters. Thus, the DOT committed to the gross cost model involving fund outgo from government. Scrutiny of records further revealed that Cabinet approved (November 2009) the issue of RFQ and RFP for remaining 16 clusters on this model without analyzing the operational results of the Cluster 1. The DOT accordingly, floated the bid documents for the Clusters 2 to 9 on the gross cost model. During finalization of the bidding for the Cluster 6 to 9, the Finance Department again remarked that the proposed cluster scheme, to be introduced in all 17 clusters, would result in annual financial implication of ₹ 778 crore with the provision of upward increase in Consumer Price Index, cost of CNG etc, which appeared to be more than the Government support to DTC to meet its operational losses and the liability to be borne by the Government for next 10 years Finance Department felt that a self-financing model may be devised and adopted so that there was no burden on the public exchequer on this account. Despite the repeated objections of the Finance Department, the DOT did not take up the matter with DIMTS to devise a different model whereby, the outflow from the public exchequer could be controlled. Thus, DOT headed further with the same model for other clusters, without waiting for the result of performance of Cluster 1, which involved substantial fund outgo from the Government to private players.

Audit observed that the DOT released ₹ 42.89 crore to private operators for the operation of four clusters (1, 3, 4 and 5) against the revenue collection of ₹ 27.41 crore during 2011-12.

The DOT stated (December 2012) that gross cost model was approved by the Council of Ministers and the subsequent introduction of buses under the cluster scheme was entirely bonafide and had borne rigorous scrutiny of the High Court of Delhi. It further stated (March 2013) that the cluster 1 could not be operationalised, primarily due to non availability of depot space. It also stated that the Government continued to support the DTC heavily through deficit financing and other means.

The reply was not acceptable and relevant as it did not address the issue of the scheme being self sustaining. Further, floating of bid documents for clusters 2 to 9 without the evaluation of Cluster 1 results, compelled the DOT to continue with a potentially unsustainable option involving financial outgo from the Government. The contention of the DOT regarding the urgency of phasing out blue line buses for compliance with the orders of the High Court without waiting for the review of performance of cluster 1 was also not acceptable as non-provisioning of depot space, in terms of concession agreement, indicated that the DOT did not take into account all factors and limitations before implementing the project. This was corroborated by the fact that the DOT could not augment the city bus fleet up to 11000 (private buses and DTC buses in each cluster of routes was proposed to be 50:50) by the end of March 2009 as per the directions of the High Court. It even failed to

comply with the Cabinet direction for completing bids against all clusters by June 2009. Further, comparison with DTC was not relevant as the Corporatisation of Stage Carriage Buses was to eliminate the Blue Line Buses which were run on self sustaining basis. Further, during approval (July 2012) of award of concessions for Cluster 6 to 9, the DOT itself had held that the Business Model was not acceptable to it. Adoption of the business model entailed a fund outgo to the tune of ₹15.48 crore during 2011-12, though only a partial rollout of the scheme was done.

(ii) Incorrect inclusion of DIMTS' fee in gap funding

Rule 176 of GFRs and CVC order of July 2007 inter-alia state that tendering process is a basic requirement for the award of contract by any Government agency. Moreover, the Viable Gap Funding (VGF) guidelines for PPP project by the GoI explicitly state that a private company shall be eligible for VGF only if it is selected on the basis of open competitive bidding. Audit observed that DIMTS had been paid ₹ 7.19 crore as IM fee though it was selected on nomination basis. DOT also entered into agreements with DIMTS for implementation of 'automatic fare collection system using smart card enabled electronic ticketing machines' (June 2011) and for 'management of fare collection personnel and related services in cluster buses' (May 2011) for which DIMTS was paid ₹ 35.32 lakh and ₹5.53 crore respectively during the period May 2011 to June 2012. Since DIMTS was nominated for the above mentioned works, total fee of ₹ 13.07 crore paid to it, should not have been considered while computing the viable gap funding requirements.

The DOT in its reply stated (December 2012 and March 2013) that DIMTS was paid its fee which did not constitute viable gap funding. The viability gap funding is made to bus concessionaire in the shape of amount of gap between the earnings from the sale of tickets and CYF amount payable.

The reply is factually incorrect as while replenishing the Designated Account, DOT not only paid the difference between actual collections and CYF payable to concessionaires but also the related expenses as DIMTS fee for working as IM, fee for implementing automatic fare collection system and fee for management of fare collection personnel and related services in the form of payments adjusted with collections.

(iii) Non-involvement of independent monitor in bid evaluation process

A scrutiny of the bids evaluation process revealed that there were two persons nominated by the DOT to oversee how DIMTS carried the open tendering process and selected the successful bidder. Despite the fact 'the Corporatization of the Private Stage Carriage Buses' was a PPP project, no independent monitor, as a representative from the Finance Department or Law Department etc. was involved in the process to ensure the transparency in the tendering process.

The DOT stated (December 2012 and March 2013) that it was wrong to conclude that the cluster bidding process had no independent monitoring as the evaluation of the bid and recommendation were duly got vetted from the Finance Department as well as Law Department.

The reply of the Department was not acceptable because the role of an independent monitor, having an independent position in relation to sponsoring

authority was to monitor and record the conduct of participants and proceedings particularly during the tendering and contract finalization stages. However, fact remains that no independent monitor was present during the bid evaluation.

(iv) Designated Account

After the draft 'Integrated Mechanism Agreement' (IMA) was vetted (December 2010) by the Law Department, the DOT did not send the agreement for comments of the Finance Department, even though it involved financial liability in the form of IM fee, as well as establishment of 'Designated Account' (DA) by DIMTS in the name of 'Bus Concessions Integrated Management Fund'. As per the agreement, all the receipts (collected through fare collection mechanism and any other sources such as advertising revenue etc) were to be deposited into DA. The DOT was initially required to put in the DA, six months advance of estimated payments to be made to concessionaire.

(a) Release of ₹30.00 crore for DA without due approval of Legislature

DOT released (May 2011) ₹20 crore as advance to DIMTS for depositing in DA without prior approval of the Finance Department and against financial rules, by debiting non-plan head-3055-D.3 (3) (1) –'Subsidy to DTC' for concessional passes. The DOT sent a proposal to the Finance Department to change the nomenclature of head 3055-D. 3 (3) (2)-'Grant-in-Aid to DTC (Non-plan)' to 3055-D. (3) (3) (2) – 'Operation of Cluster Buses under Corporatization scheme, IM, AVLS and AFCS (Non plan)' and requested subsequently to transfer ₹20 crore from head 3055-D. 3 (3) (2)-Compensation for meeting deficit of cluster buses to head 3055-D. 3 (3) (1)-Subsidy to DTC for concessional passes (Non-plan) to regularize the expenditure made out of this head. Even though Finance Department asked DOT to get back the released amount from DIMTS, it had to agree to the proposals, as fait accompli, as DIMTS had already spent the amount and recovery was not possible. Finance Department again sanctioned ₹ 10 crore (March 2012) and ₹ 12.50 crore (June 2012) for replenishment of DA as interim measure subject to overall review of the cluster scheme.

The procedure for creation and management of DA along with change in nomenclature of the budget head was in violation of GFRs⁶, Delegation of Financial Powers Rules⁷ and Transaction of Business Rules⁸ of GNCTD. It was also seen that the Detailed Demand for Grant for 2012-13 depicted the head-3055-D (3) (3)(2) as 'Compensation for meeting deficit of cluster buses' in English and as 'Grant in aid to DTC' in its Hindi description. Thus, the creation of DA and change of nomenclature leading to introduction of concerned head in the budget was incorrect for want of necessary administrative and legislative approvals.

The Department stated (October 2012)that vide minutes of meeting held in February 2012 the concurrence of Finance Department (Budget) to transfer

⁶ Rule 57 of GFRs (Annexure-4.4)

⁷ Rule 10 (4) of Delegation of Financial Powers Rules (Annexure-4.4)

⁸ Rule 5 (6) (d) of Transaction of Business rule, 1993 of GNCTD (Annexure-4.4)

₹ 20 crore for meeting deficit of cluster buses was accorded by Principal Secretary (Finance).

The reply is not acceptable as the Finance Department accorded its approval in February 2012 as *fait accompli* and also at the same time maintained that replenishment of DA was interim measure subject to overall review of the scheme of corporatization of bus cluster. The DOT stated (March 2013) that the amount was released by apportioning the amount to a new sub-head under the existing major head of “3055-Road Transport” which was an existing scheme under the budget approved by the legislature.

The reply of the DOT failed to address the audit contention regarding procedure for creation and management of DA along with change in nomenclature of the budget head which was in violation of GFRs, Delegation of Financial Powers Rules and Transaction of Business Rules of GNCTD.

(b) Parking of government revenue in Designated Account

As the DOT adopted the gross cost model, revenue collected was required to be deposited in government account as per codal provisions. While agreement provides for a fare collection service provider to collect the fare and deposit it in DA. Audit observed that the DIMTS, who was appointed as fare collection service provider on nomination basis, utilized the collected amount from DA, towards its own fees and CYF to the concessionaires and the DOT replenished DA to bridge the gap between total revenue and total expenditure.

Hence, parking of government revenue in DA was against the spirit of ‘gross cost system’ and also without the concurrence of the Finance Department. Since, there is no provision for keeping government receipts outside the government account, the procedure of operation of DA through DIMTS was irregular.

The DOT stated (March 2013) that amounts collected as fares were intended to meet the expenses towards operation of cluster scheme and thus, the conclusion that depositing these sums into DA is against the Gross Cost Model, is incorrect.

The reply was not acceptable as DOT itself earlier recorded that in Gross Cost Model system, the passenger revenue is retained by concessioning authority, thereby, transferring the revenue risk to concessioning authority. Therefore, the DOT should have ensured that all revenues are being collected and handed over properly.

(c) Monitoring of deposit of passenger fare receipts in DA

As per the Clause 5.1.1 of IMA, the DIMTS maintained the DA at Syndicate Bank, Delhi Secretariat Branch. Scrutiny of the records revealed that apart from this account, DIMTS had also opened other bank accounts in which passenger fare collections were first deposited and transferred to DA later. Though, the DIMTS played dual role of collection of fare revenue as well as maintenance of related accounts, the DOT did not have any mechanism to monitor timely and correct deposit of receipts in DA. Article 4.1.26 of the ‘IM Agreement’ permits the DOT to inspect the accounts and records in respect of services rendered by the DIMTS. However, no such inspection of accounts and records was conducted by the DOT.

The DOT stated (December 2012 and March 2013) that the mechanism of reconciliation at department level was based on monthly statement of revenue collected and deposited in the DA from the other accounts in the form of monthly utilization certificates and depot-wise/cluster-wise/route-wise monthly revenue statement.

The reply failed to address the issue of non-monitoring of receipts deposited into DA, given the fact that the DIMTS played a dual role. Moreover, DOT did not conduct any inspection or audit of accounts or records of revenue and expenditure rendered by the DIMTS.

(v) *Extended period of two years of IMA over concession agreement period resulting in additional liability of ₹ 12.00 crore*

Scrutiny of records revealed that the period of concession agreement was 10 years whereas it was 12 years for IM agreement, which was objected to by the Law Department on the ground that the DIMTS was not a concessionaire that has to recoup its upfront investment in capital assets over a long duration. Thus, the extended period of two years of IMA over concession agreement period resulted in additional contractual liability of ₹ 12.00 crore on the DOT.

The DOT stated (October 2012) that the IMA with the DIMTS did not have a term of 12 years as it has been appointed for the period till the operation of the bus clusters and further reasonable period thereafter, required for winding up the operations of the bus clusters and transition to any new scheme. The DOT further stated (March 2013) that the DOT reserved the right at its option to extend the concession agreement by a further period of up to two years by notifying the concessionaire at least one month prior to the expiry of the period.

The reply was not convincing as Article 1 of the IMA defines 'expiry' as 'expiry of agreement by efflux of time at the end of 12 years from the appointed date' meaning 'date of the agreement'. Further, Article 2.1 anticipates transition to new scheme implying DIMTS would continue on nomination basis. The reply was also not acceptable as the extension is contingent on the DOT taking a decision at the end of the concession period, whereas the term for the IM was for extended period of two years from the beginning itself. Further, the Law Department had also suggested that the term of the DIMTS appointment should be kept only for one year, extendable further (at the sole discretion of the DOT) from time to time.

(vi) *Unfavourable clause in IMA in violation of Cabinet decision resulting in unjustified payment of ₹ 5.96 crore to DIMTS*

After the approval of the Cabinet in November 2007, GNCTD appointed the DIMTS as IM and a formal agreement was signed (April 2011) i.e. after lapse of 40 months. As per Cabinet decision of September 2008, DIMTS was to be paid three *per cent* of gross revenue from the operators including fare box and advertising revenue to meet the cost associated towards providing service as IM. However, the DOT entered into IMA, whose Article 6 as amended (May 2011) stated that 'the DOT shall pay to the DIMTS a fee of ₹ 50 lakh per month or such other amount as may be decided by the Committee constituted in pursuance of Cabinet decision (September 2008) or three *per cent* of fare-box in the month or as amended by the Government from time to time,

whichever is higher'. Scrutiny of the records revealed that the DIMTS was paid an amount of ₹ 7.19 crore (inclusive of service tax) for the period May 2011 to May 2012. As against this, considering the fare box collection of ₹37.04 crore for the same period, actual IM fee at three *per cent* worked out only to ₹1.23 crore. Thus, the DOT incurred an unjustified payment of ₹5.96 crore by violating the decision of the Cabinet.

The DOT stated (November 2012 and March 2013) that the determination of IM fee as fixed percentage of the gross receipts was premised upon estimates of receipts under the scheme in its totality i.e., with a full roll out of buses in all 17 clusters. It further stated that ₹ 50 lakh was the minimum amount to sustain IM activities till critical mass of 1000 buses was being inducted in phases. It, further, added that it had put up a revised fee structure to the Committee of CS and followed its decision.

The reply was not acceptable, as financial prudence was not exercised while dealing with the DIMTS, which was a separate entity and working to achieve its own profits. Further, the Committee of CS in its meeting of November 2011 asked DIMTS to reassess its actual cost and decided that the DOT may continue with the existing arrangement subject to adjustment of payments in due course. It was only in meeting held in May 2012 that it was decided that fee of IM should not be linked with the fare box collection and that the DIMTS should propose a revised graded structure of fee linked to number of buses in operation. Thus, the fact remains that the DOT made unjustified payment of ₹ 5.96 crore as IM fee to the DIMTS for May 2011 to March 2012.

(vii) Automatic Vehicle Location Tracking and Monitoring with Passenger Information System (AVTMPS) Project

Pursuant to the order of the Delhi High Court (September 2007), DOT decided that DTC would implement the Global Positioning System enabled AVTMPS for its own buses as well as the cluster buses and the DIMTS would provide technical support to the DOT in terms of required specification of the hardware, software and vetting of RFP document prepared by DTC at a fee mutually agreed to.

It was also decided that DIMTS may be appointed as bid process manager for selecting vendor for the project at a onetime fee of ₹ 50 lakh and as technical advisor and supervisory agency for Traffic Control Centre at a monthly fee of ₹ 36 lakh, to be subsumed in the fee of three *per cent* of gross revenue when it comes in place as IM. However, the DOT asked the DIMTS (June 2009 i.e. within two weeks of the earlier decision that the project be undertaken by the DTC) to submit their proposal for implementation wherein requirement of accountability would have to be accepted by DIMTS. It was decided in the meeting held under the chairmanship of Chief Minister of Delhi in July 2009 that the DIMTS would undertake setting up of AVTMPS/GPS and Passenger Information System and order was passed by the DOT whereby, the DIMTS would, besides DTC private cluster buses, execute the project for government departments as well as autos and taxis. Accordingly, an agreement was signed with DIMTS in March 2010.

The DOT stated (March 2013) that earlier the DTC initiated a project for implementation of GPS system in its buses on PPP model but tender of the DTC did not materialize as the vendor did not honor the contract and his security was forfeited by the DTC.

The reply of the DOT is not acceptable. After back out by the vendor, the DIMTS submitted its proposals for setting up of GPS/AVTMPS project (November 2008 and March 2009) to DOT. The matter was discussed in DOT on May 4, 2009 as DIMTS was not willing to take the responsibility for smooth functioning of various activities related to effective and efficient implementation of the system. Therefore, DOT again decided to get the project implemented by DTC with the concurrence of Finance Department (May 2009). However, contrary to this, project was awarded to DIMTS for implementation in June 2009.

Further observations on AVTMPS Project are discussed in subsequent paragraphs:

(a) Appointment of Consultant as Implementing Agency

Scrutiny revealed that the DOT had obtained Finance Department's concurrence (May 2009) for the project to be undertaken by DTC, whereas the project was awarded to the DIMTS. The DOT awarded the project on nomination basis without a comprehensive plan and due diligence required for such a major technical project with long term financial implications and without ensuring commensurate and assured service delivery as well. DIMTS was engaged as Project Management Consultant (PMC) even though the terms and conditions dictated by it were not acceptable to the DOT. DIMTS was not only the PMC, but also the project implementation agency, which was in violation of CVC order⁹.

(b) Vetting of the Automatic Vehicle Location System (AVLS) agreement

Scrutiny revealed that citing urgency AVLS agreement was not sent to Finance Department for vetting. The contention of urgency was not justified as draft AVLS agreement was received by the DOT almost one month before the date of AVLS agreement. In any case, signing of the agreement without concurrence of the Finance Department was irregular.

The DOT stated (November 2012 and March 2013) that proposal of AVLS was approved by the Finance Department and agreement was vetted by the Law Department. The entailed payments were being released to project fund through Finance Department. The DOT further stated that the Council of Ministers in its meeting held on June 01, 2009 inter alia discussed the implementation of GPS in buses and directed that the project would be implemented by the DIMTS and not by the DTC. The meeting was attended to by the then Pr. Secretary-cum-Commissioner (Transport) and he accordingly put up a note in this regard for the approval of the Chief Secretary/Cabinet Secretary to the Cabinet.

The reply was not acceptable as PAO withheld payment to the AVLS Project Fund due to the fact that DOT had obtained Finance Department's concurrence (May 2009) for the project to be undertaken by DTC, whereas the

⁹ CVC order No. 75/12/04 (Annexure-4.4).

project was being implemented by DIMTS. The DOT placed (February 2012) a draft revised sanction for consideration of the Finance Department, which allowed continuing with the present arrangement subject to approval from the Minister of Transport and post-facto ratification from the Cabinet, if required. However, such approvals were not found on record. Hence, contention that the payments were being released to the Project Fund through the Finance Department was not acceptable. The reply on the Cabinet decision of 01 June 2009 and corresponding note of the Pr. Secretary-cum-Commissioner (Transport), approved by the Chief Secretary also, could not be corroborated for the fact that the Cabinet decision 1533 dated 01 June 2009 did not mention about implementation of AVTMPS by DIMTS. However, the DOT went ahead with the appointment of DIMTS as implementer of the project.

(c) Parking of government funds outside Government Account

System of AVLS Project account being operated by the DIMTS, involves keeping substantial government fund outside Government Accounts which was not in conformity with the provisions available under the General Financial Rules.

The DOT stated (November 2012 and March 2013) that CS Committee meeting of December 2011 specifically dealt with release of fund to the AVLS Project Account and that concurrence from the Finance Department for the financial commitment was obtained.

It further stated that GFRs also permit advances to be given to entities. The placing of funds in advance with the DIMTS was on an analogy with the procedure followed for deposit works and DIMTS spent funds in accordance with Rule 215(3) of GFRs where it had been laid down that the funds for such projects or schemes may be released in one or more installments.

The reply was not acceptable as the issues regarding concurrence of the Finance Department to operation and procedure of DA and Project Account remained unresolved in the meetings of the Chief Secretary Committee held in November 2011 and May 2012.

Further, the 'Deposit Works' is applied to works of constructions or repairs of building and mechanical/electrical equipments, the cost of which is met out of government grants to autonomous bodies or institutions through their administrative ministries. Rule 215 (3) of GFR addresses the schemes or projects relating to creation of assets and that too when schemes are to be undertaken by autonomous organizations, and the DIMTS was not an autonomous body.

(d) Service Delivery and Service Level Agreement management charges

The charges for 'Service Delivery and SLA Management' of the activities of the GPS Vendor/GPRS vendor as approved and agreed to by the DIMTS in the meeting of Committee of CS, held in December 2009, had not been approved by the Finance Department. The DOT paid ₹ 2.94 crore for the period from 03 March 2010 to 30 November 2011 as 'Service Delivery and SLA Management' charges to the DIMTS which was, thus, irregular.

The DOT stated (March 2013) that DIMTS had been informed vide letter dated 17 February 2010 that the Finance Department had concurred to the

payment of ₹ 12 lakh plus service tax per month as service delivery and SLA Management charges to the DIMTS.

The reply was not acceptable as the DOT had not stated upfront whether approval of the Finance Department was obtained. Further, no supporting evidence was observed by audit.

(e) Backend management charge

The DIMTS was appointed as technical advisor and supervisory agency for Traffic Control Centre at a monthly fee of ₹ 36 lakh to be subsumed in the IM fee of three *per cent* of gross revenue when the DIMTS would come in place as IM. Audit scrutiny revealed that the DIMTS as IM came in place in April 2011. However, the DOT continued to make payment for Backend Management Charges of ₹ 36 lakh (as per AVLS agreement), even after the IM agreement. An amount of ₹ 3.11 crore was paid to the DIMTS as Backend Management charges for the period from 06 April 2011 to 30 November 2011, without it being subsumed in the IM fee, which was, irregular and avoidable expenditure.

The DOT stated (March 2013) that as per Article 6 of IM Agreement backend management service charges for AVLS would be deducted from IM Fees, once the Cluster fleet reaches critical mass level of 1000 buses. There is no increase in fees based on escalation stipulated in the Agreement since CS Committee meeting dated 15.5.2012 decided that fixed charges shall be paid.

The reply failed to address the audit contention that the Finance Department approved appointment of the DIMTS for backend management charges at a fee of ₹ 36 lakhs per month till the system of IM was in place, when the said fee was to be subsumed in the IM fee.

(f) Irregular expenditure amounting to ₹ one crore

It was observed that the DOT proposed to open a new head under Plan from 2010-11 onward for payment of service charges under AVLS project and for the year 2009-10, the DIMTS might be paid from the Plan Head MH-2041 D1 (4) (2) (4) OE. However, the DOT did not initiate the process to open the new head in the year 2010-11 and released (February 2011) an amount of ₹ 1 crore for replenishment of AVLS Project Fund from a different heads of account. Thus, expenditure of ₹ 1 crore was irregular in view of violation of the Transaction of Business Rules¹⁰.

The DOT stated (March 2013) that in view of the Hon'ble High Court directions to implement the AVLS Project in a time bound period in the Public Transport Buses, it was considered by it to re-appropriate the funds from MH-2041 D 1(4)(2)(4) O.E.

The reply was not acceptable as it failed to address the audit observation that instead of opening a new head of account, the DOT released ₹ one crore for replenishment of AVLS Project Fund out of a different head of account i.e. "MH-3075-D-4 (1) (1) (3) Studies Consultancy Services" during the Financial Year 2010-11.

¹⁰ Rule 5(2) (a) and 5 (6) (d) of Transaction of Business rule, 1993 of GNCTD (Annexure-4.4)

(viii) Non-concurrence of Finance Department and blockade of fund related to Electronic Ticketing Machine (ETM)

The ETM project was to be implemented by the DIMTS by purchasing ETMs (minimum 5000 ETMs) and depot infrastructure for which the DOT released (July 2011) ₹8.00 crore without the approval of the Finance Department. On being pointed out by the Principal Secretary (Finance), it requested the DIMTS to refund the amount. However, DIMTS refunded only ₹ 5.40 crore (March 2012) as an amount of ₹ 86.95 lakh had been utilized for 503 ETMs and stated that ₹1.72 crore would be refunded after some time with interest. It was also seen that it was conveyed to the DIMTS that the ETMs and depot infrastructure would be purchased in a phased manner, depending upon the actual requirement, yet, the department released ₹eight crore in lump sum resulting in loss of interest of ₹ 31.45 lakh on ₹ 5.41 crore (@ of 9.25 per cent per¹¹ annum for nine months and potential loss of ₹25.19 lakh on ₹ 1.72 crore for 19 months (upto 31.10.2012 from the date of release). Further, even though ₹ 86.95 lakh was spent on procurement of ETMs, the expenditure continued to be irregular.

The DOT stated (October 2012 and March 2013) that Rule 140 of the GFRs gives full powers to the Head of the Department for procurement of goods and prior approval of Finance Department was not required to release the payment to the DIMTS. It further stated that at the time of releasing ₹eight crore to the DIMTS for the ETM project, it was envisaged to cover the entire fleet of 6200 buses of DTC and also the cluster buses. However, DTC did not agree to be part of the project.

Reply was not acceptable as the release of advance payment without even placing requisite order amounted to parking of funds outside Government Account, which was also evident from the fact that the DIMTS purchased only 503 ETMs costing ₹86.95 lakh and did not return the balance amount but invested the same. Further, reference of the GFR also entails observance of due procurement process, which in this case, was not done as the work was allotted to DIMTS on nomination basis.

4.1.5.3 Modernization of infrastructure for certification of road worthiness of vehicles

The objective of the scheme is the maintenance and upgradation of outdated equipment of Vehicle Inspection Unit (VIU) at Burari and setting up of new Inspection and Maintenance Units in different zones to decentralize the registration and fitness of commercial transport vehicles.

The DOT had set up two fully automated vehicle test lanes in 2005 at Burari with all test equipment networked. The test system hardware and software architecture is flexible and expandable to enable easy future field addition of new tests. Audit noticed the following:

¹¹ Interest @ 9.25% as obtained from State Bank of India, Local Head Office for period between 241 days to less than one year

(i) Implementation of Automated Vehicle Inspection and Certification Lanes for commercial vehicles

With a view to modernising its VIU at Burari, the DOT accepted the proposal of Automotive Research Association of India (ARAI) to establish a pilot demonstration system on the inspection and certification for medium and heavy passenger motor vehicles by installing new equipment. The proposal was approved by the Expenditure Finance Committee (EFC) in September 2003 at estimated cost of ₹ 248 lakh for two lanes (one for medium duty vehicles and one for heavy duty vehicles). The ARAI hired the services of M/s. Environmental Systems Products (ESP) Inc. as consultant for preparation of tender and specification documents and also awarded the work to it. The establishment of the pilot demonstration system was completed in June 2005. Meanwhile on request of DOT, ARAI proposed for one safety and emission test lane and the DOT awarded the work to ARAI at a total cost of ₹ 113.52 lakh for which agreement was signed in March 2006.

The first two lanes were operationalised in February 2006 and third in March 2007. Facing several breakdowns since February 2006, the DOT awarded the maintenance and operation of lanes to M/s ESP in February 2008 for five years. As per the agreement, M/s ESP India Pvt. Ltd. was allowed to charge the prescribed vehicle test fee directly from the owners of the vehicles.

The DOT again placed orders in September 2008 and in May 2009 with M/s ESP for four test lanes with a cost of ₹ 3.23 crore (later reduced to ₹ 3.01 crore) and another four test lanes for Auto Rickshaw and Taxi Unit, with a cost of ₹ 3.36 crore (later reduced to ₹ 3.01 crore) respectively. The advances paid to M/s ESP for the eight additional test lanes were ₹ 5.41 crore. M/s ESP operationalised two test lanes in April 2011. Therefore, only five out of 11 test lanes could be operationalised since 2003 as of October 2011.

The DOT stated (March 2013) that the civil, electrical and machine installations work for all remaining six additional test lanes was under progress. However, the reply did not mention any target date by which the work would be completed.

(a) Irregularities in award of work

Following irregularities were observed in the process of award of work for the additional test lanes:

- The purchases were split to avoid the necessity of obtaining sanction of the EFC as the total cost for eight lanes would be ₹ 7.94 crore (₹ 3.23 crore, ₹ 3.36 crore and ₹ 1.35 crore).

The DOT stated (March 2013) that the purchases were not split as purchase orders for four lanes at VIU Burari and another four lanes at ARU Burari were placed in different financial year.

The reply was not acceptable as M/s ESP proposed (May 2008) for additional eight lanes (two lanes for three-wheelers, four lanes for Light duty and two for heavy duty vehicles). Further, the DOT itself had noted (July 2008) that proposal be sent to the Finance Department of Government of NCT of Delhi for consideration of EFC as the total cost for eight lanes would be ₹ 6.45 crore and relates to imported items.

- After the DOT placed order (September 2008) for four test lanes and for another four test lanes in May 2009, the machinery and equipment were delivered by M/s ESP in March 2010. Only two test lanes were operationalised by April 2011 but stock entry for machinery and equipment were not found on record.

The DOT stated (March 2013) that the machines had not been formally taken over by it and thus, stock entry had not been made.

The reply was not acceptable as M/s ESP Ltd had been paid 90 per cent of the amount due and machines were lying with the DOT. Further, machinery for two lanes was installed and tests were being conducted on those lanes.

- DOT paid advance of ₹5.41 crore (90 per cent of ₹6.02 crore) to M/s ESP without executing a formal agreement for services to be provided.

The DOT stated (March 2013) that the agreement was executed in February, 2011.

The reply was not tenable as advances were made during March 2009 to February 2010, whereas Supplementary Agreement to include above works was signed in February 2011.

- The advance to the supplier was paid from Major Head 5055 – DD-1(1)(3) – purchase of land for new inspection pit, without obtaining necessary appropriation or re-appropriation.

The DOT accepted audit observation and stated that the expenditure was booked under the head as no other head was available for booking the expenditure.

- The advance of ₹96.77 lakh paid to the supplier in March 2009, was debited to receipt Major Head 0041- Taxes on Vehicles.

The DOT stated (March 2013) that though the sanction order was issued for booking the expenditure under the head 0041, but the actual expenditure was booked under 5055(Plan), DD1(1)(3).

The reply was not tenable as the DOT failed to furnish any document which confirmed that the actual expenditure was booked under 5055(Plan), DD1(1)(3).

- M/s ESP Inc., as consultant, assisted ARAI to prepare tender and specification documents. ARAI allowed M/s ESP Inc. to participate in the tender for the project and thereafter awarded them the work.

The DOT stated (March 2013) that it was the responsibility of ARAI to ensure that no violation was committed.

The reply was not acceptable as the DOT awarded the work to ARAI and thus, it should have ensured that all the codal formalities were observed. Further, the work was implemented on behalf of the DOT and subsequently, it continued to allocate similar work to M/s ESP India Pvt. Ltd. on nomination basis.

- In March 2006, the DOT awarded the work of establishing third test lane at a cost of ₹113.52 lakh to ARAI who awarded the work to M/s ESP Inc. on nomination basis without tendering process. Thus, the

DOT lost the opportunity of obtaining competitive offers from potential vendors.

The DOT stated (March 2013) that as the first two lanes awarded to ARAI were procured on the basis of global tendering process, the third lane was also awarded to them at a negotiated price, as an extension of existing work.

The reply was not acceptable as each lane was independent of other, thus, this was a new work and couldnot be treated as extension of existing work.

(ii) Unjustified expenditure of ₹15.62 lakh for software updation

M/s ESP was issuing the vehicle test report in FORM 38 i.e., the prescribed form of Certificate of Fitness (COF). This created confusion among the public as they took their vehicle on road without obtaining appropriate COF issued by the Board of Inspectors of the Department. Observing this, DOT asked M/s ESP India Pvt. Ltd. to issue test report in the requisite format. For this, M/s ESP India Pvt. Ltd. modified the software in April 2008 and raised invoice for ₹ 15.62 lakh (July 2008) and the DOT paid the amount in March 2009. Audit observed that as per Clause 2.4.1 (o) of the agreement between DOT and M/s ESP India Pvt. Ltd., the vendor was to provide format of the test report as required by the DOT. Thus, the payment of ₹ 15.62 lakh to M/s ESP India Pvt. Ltd. for modification in the software was unjustified.

The DOT stated (March 2013) that the software was designed in such a manner that it generates fitness certificate in Form 38 and it was necessary to modify the software so that M/s ESP India Pvt. Ltd. would issue only test report.

The reply was not acceptable as M/s ESP India Pvt. Ltd. in its proposal had also mentioned generation of test reports. Further,for generation of test report, no new data/ information was required, hence, no modification/ updation of the software.

(iii) Unreliable certificate of fitness (COF)

M/s ESP India Pvt. Ltd. was to conduct various tests on vehicles before declaring it qualified for getting COF. The throughput of the test lanes was 18 to 22 vehicles per pit in eight hours. As such, at the most, 33 vehicles could be tested in 12 hours per day per pit, meaning 99 vehicles on three pits. A test check of the test statistics for April 2010 to March 2011, revealed that M/s ESP tested 300 to 459 vehicles per day on three pits (**Annexure-4.3**).

Similarly, the operator required 8-15 minutes for conducting Third Party Technical Inspection (TPTI) on a Compressed Natural Gas (CNG) driven vehicle i.e. at most eight vehicles can be tested in an hour on one lane. However, it was observed that during the month of March 2012, M/s ESP IndiaPvt. Ltd.had tested, on several occasions, more than 16 vehicles in one hour on one lane (Bay No. 8).

Thus, clearance of vehicles in excess of pit's capacity, indicated compromise with the prescribed tests and issue of unreliable COFs.

The DOT stated (March 2013) that tests were conducted on automated tests lanes, which were fully computer controlled and TPTI was simultaneously conducted at the same time. It further stated that they worked beyond working

hours to clear all the vehicles who deposited fee on given day to prevent backlog.

The reply was not acceptable as throughput of the test lanes was 18 to 22 vehicles per pit in eight hours and Audit had observed instances where the operator cleared as many as 26 vehicles per hour.

(ii) Implementation of Third Party Technical Inspection (TPTI) Unit for testing of CNG driven vehicles

The Ministry of Road Transport and Highways (MORTH) stipulated (November 2001) Mass Emission Standards for Compressed Natural Gas (CNG) driven vehicles. M/s ESP was allowed to charge the prescribed vehicle test fee under the Motor Vehicle Act (₹400, ₹300, ₹200 and ₹100 for heavy, medium, light, and two/three wheeler vehicles respectively) directly from the vehicles owners. M/s ESP offered (May 2009) to install, operate and maintain four setups of loaded mode emission systems and the DOT awarded (April 2010) the work of loaded mode tests and TPTI to M/s ESP for inspection of heavy and light commercial vehicles, medium motor vehicles, taxis, and auto rickshaws at the rates of ₹1600, ₹1200, ₹900, ₹600, and ₹350 (₹1000, ₹800, ₹600, ₹250 and ₹150 for re-inspections) respectively for which the supplementary agreement was signed in February 2011.

The DOT stated (March 2013) that they sought reduction of rates for TPTI from Association of State Road Transport Undertaking (ASRTU) to which ASRTU neither communicated their decision nor renewed the agreement and in the meantime M/s ESP India Pvt. Ltd. offered for conducting TPTI along with other tests at lower rates than ASRTU and thus, M/s ESP India Pvt. Ltd. was nominated for the work. The DOT also stated M/s ESP India Pvt. Ltd. agreed to conduct the loaded mode testing without charging any additional fee. However, no machinery for loaded mode testing had been commissioned yet.

The reply was not acceptable as in March 2007, ASRTU had also offered to conduct TPTI for inspection (re-inspection) of heavy commercial vehicles, light commercial vehicles, and medium motor vehicles at the rates of ₹1280 (₹800), ₹960 (₹640), and ₹720 (₹480) respectively. Further, as M/s ESP India Pvt. Ltd was a private company, the work could not be assigned to it on nomination basis without normal tendering process.

(a) Unauthorised levy of fee for TPTI

Section 64 of the Motor Vehicles Act, 1988 stipulates that the Central Government may make rules related to Certificate of Fitness (COF) with regard to its form, period of effectiveness and the fee to be charged. As per Rule 81 of Central Motor Vehicles Rules, 1989 (CMVR), the fee chargeable for conducting test of a vehicle for grant and renewal of certificate of fitness for two/three-wheeled vehicle, light motor vehicle, medium motor vehicle, and heavy motor vehicle is ₹100, ₹200, ₹300, and ₹400 respectively.

Audit observed that the Department has no authority under the Act to levy/modify fee chargeable for COF. It was also observed that M/s ESP India Pvt. Ltd. had not installed four setups of loaded mode emission systems at Inspection and Certification (I&C) test lanes. Thus, the fee charged from vehicle owners in excess of the fee chargeable under the Motor Vehicle Act

was unauthorized burden on vehicle owners and resulted in undue benefits to the vendor.

The DOT stated (March 2013) that Section 111 (d) of MV Act 1988 stipulated the power of State Government to make rules for “periodical testing and inspection of vehicles by prescribed authorities.” Further, Rule 98 of Delhi Motor Vehicle Rules 1993, stipulates – “The periodical testing and inspection of vehicles shall be conducted according to the methods prescribed in this regards by the Commissioner (Transport) from time to time.”

The reply was not acceptable as the DOT failed to furnish copy of notification issued regarding levy of fee for TPTI.

(iii) Procurement of Remote Sensing Device (RSD) and contract for their operation and maintenance

In July 2010, the DOT proposed for induction of “Remote Sensing Device” for pollution checking of moving vehicles at all major entry points of Delhi. The Department of Planning recommended (September 2010) only one RSD for a pilot project on Build Own Operate and Transfer (BOOT) basis as the DOT did not have wherewithal to operate and maintain RSD. However, the DOT proposed for procurement of 19 RSDs on direct or hire purchase basis. The DOT prepared global tender on the basis of tender of West Bengal (who were also in the process of procurement of RSD) and floated it in May 2011 for supply, operation and maintenance of RSD, on outright purchase or BOOT basis. It incurred an expenditure of ₹22.07 lakh on advertisement but received only single bid for the project. The proposed total outlay for the project for 10 years would be ₹245.41 crore.

The DOT stated (March 2013) that till date no RSD equipment had been purchased and bid had been annulled. It further stated that ARAI was a statutory testing agency under Rule 126 of CMVR, 1989 and the global tender was floated with the condition of approval of RSD technology from ARAI.

The reply was not acceptable as Rule 126 of CMVR, 1989 stipulates that every manufacturer or importer of motor vehicles other than trailers and semi-trailers should submit the prototype of the vehicle to be manufactured or imported by him for test by various agencies mentioned therein. Audit observed that the rule did not stipulate that RSD had to be approved by ARAI.

(a) Deviation from Cabinet decision

It was seen that the Cabinet approved (December 2007) opening of adequate number of Pollution Under Control (PUC) centres at border points of Delhi and refused its approval for the State to decide on pollution testing procedures. Thus, adoption of RSD for pollution testing was in deviation of the Cabinet decision to that extent.

The DOT stated (March 2013) that proposal of RSD was not started from the Cabinet decision. It further stated that RSD was found to be more suitable than the conventional equipment.

The reply was not acceptable as in the context of pollution check with RSD, ARAI had clarified (March 2009) that “the system cannot replace conventional Inspection and Certification (I & C) techniques but can complement the system. Secondly, there is no direct correlation between

conventional I & C and RSD data”. ARAI further clarified that the efficacy of RSD for checking air pollution for two-wheelers was not established for which the capture rate was only 30 per cent during trial run.

(b) Planning

The DOT conceptualized the project in January 2009. The ARAI recommended carrying out a pilot project using RSD for six to 12 months before implementing the technology in Indian scenario. International Centre for Automotive Technology (iCAT) also suggested for trial runs before adopting RSD. After conducting trial runs for about seven days in August 2009, the DOT went ahead (January 2012) for outright purchase of 19 RSDs at a likely cost of ₹ 37.81 crore and ₹207.60 crore for operation and maintenance respectively for 10 years against the advice of Planning Department for purchase of only one RSD as pilot project.

The DOT wasted considerable administrative efforts and time which could have been utilised to gain sufficient knowledge about the new technology by using various methods viz. discussion with the stakeholders, inviting Expression of Interest (EOI), or implementing pilot project etc. It was also seen that the Remote Sensing Device could not replace conventional Inspection & Certification (I&C) techniques, as adopted in PUC centres. It was neither legally sufficient in terms of the Central Motor Vehicles Rules¹², nor could its data be correlated with conventional I&C data. The system was also unreliable in the multi lane roads, two wheelers and was dependent on ambient conditions.

Further the tender bid invited by of Government of West Bengal was on BOOT basis for a period of three years for one RSD with likely expenditure of only ₹ 6.75 lakh per month for 36 months, including cost of equipment and operation and maintenance which was substantially lower than the cost for DOT.

The DOT stated (March 2013) that the technology was to identify the gross polluter and issuance of notices/direction under rule 116 of CMVR, 1989.

The reply was not tenable as the challans based on RSD tests would not be legally effective because as per sub Rule (3) of Rule 116 of the Central Motor Vehicles Rules, 1989, the measurement for smoke emission level and Carbon Monoxide level for vehicles etc. should be done with a meter approved by any agency referred to in Rule 126 of the principal rules or by the National Environmental Engineering Research Institute, Nagpur, provided that such a testing agency follows ISO or ECE Standards and procedures for approval of measuring meters

4.1.5.4 Studies and consultancy services

The objective of the scheme is to make relevant data/information available to know whether new mode of transport or modification of existing projects is feasible and if so, whether it is financially viable and what social benefits shall be derived there from.

¹² Sub rule (3) of rule 116 of Central Motor Vehicles Rules, 1989.(Annexure-4.4)

(i) Unauthorized diversion of budget amounting to ₹0.23 crore

During 2011-12, the DOT incurred an expenditure of ₹ 82.52 lakh under MH-3075 (Plan) D4(1)(3)-Studies and Consultancy. The expenditure of ₹82.52 lakh included an expenditure of ₹ 22.71 lakh on 'Radio campaign for publicity of online licensing facility' not related to Studies and Consultancy. Thus, the expenditure amounted to diversion of ₹0.23 crore.

The DOT stated that there was a thin line between studies and training and the advertisement was given as per approved rates of DAVP for general public awareness for availing on line facilities in respect of various services of DOT.

The reply was not tenable as expenditure of ₹0.23 crore related to Studies and Consultancy did not cover the objective of the scheme for which it was envisaged.

4.1.5.5 Decongestion and rationalization of ISBTs, development of bus terminals and depots and loan to Delhi Transport Infrastructure Development Corporation(DTIDC)

In August 2010, GNCTD formed a wholly owned separate legal entity, namely, DTIDC, under the Companies Act, 1956 with financial and administrative autonomy to cater to the ever increasing need of operation, management and maintenance of ISBTs, bus stands and depots, besides taking entire responsibility of creation, development, financing and maintenance of transport infrastructure.

The three schemes -'Decongestion and Rationalisation of Inter State Bus Terminals (ISBTs)', 'Development of Bus Terminals and Depots' and 'Loan to DTIDC' were selected for audit. Their objectives are to tackle the inter-state passenger/commercial traffic so that citizens residing at the outskirts of Delhi are not made to do much travel to get the buses to desired destinations, to check air pollution due to exhaust of the diesel buses of other states entering into and leaving Delhi, to reduce extra load from the Kashmere Gate ISBT and to outsource construction of new ISBTs, subject to availability of land at suitable sites, to develop bus terminals and depots at suitable sites in Delhi to improve the services of DTC which in turn would help in enhancing the convenience of the commuters. An amount of ₹ 60.00 crore was sanctioned to DTIDC for taking up the development as well as meeting out of expenses for development of ISBTs.

The audit findings are discussed in subsequent paragraphs.

(i) Unauthorized payment of ₹48.39 crore to DIMTS for renovation and upgradation of ISBT, Kashmere Gate

Sealed bids were invited by DIMTS(December 2009) for upgradation and renovation of ISBT at Kashmere Gate. The DOT accepted the tender of M/s Nagarjuna Construction Company (M/s. NCC) in June 2010 at ₹ 73.19 crore.

However, it was observed that the agreement between the DOT and the DIMTS for project management consultancy was signed in June 2010. Thus, inviting tenders by the DIMTS in December 2009 and their opening and processing in February 2010 i.e. before signing any agreement with DOT, was irregular.

Scrutiny of records revealed that the DOT and the DTIDC had been making payment to the DIMTS for the work executed by M/s. NCC, which was irregular as the agreement for renovation of ISBT was between the DOT and M/s. NCC. Furthermore, as there was no agreement between the DTIDC and the NCC or the DTIDC and the DIMTS, the DTIDC was not authorized to make any payment to M/s. NCC or the DIMTS.

The DOT and DTIDC had made a payment of ₹ 47.50 crore to the DIMTS, besides payment of ₹ 6.75 crore towards Project Management Consultancy (PMC) charges. The audit findings were as follows:

(i) The DTIDC, presently making payment for renovation and upgradation, has no control over the progress, workmanship, quality control etc. As a result, the work, due to be completed by February 2011, was still incomplete (August 2012). Only 66 *per cent* of work was completed, while payment of ₹ 47.50 crore had been made to the DIMTS. The DTIDC was in no position to take any action against the NCC or the DIMTS as it was not a party to the agreement. It was further not clear whether the final agreement, if at all made, between the DOT and the DIMTS had the concurrence of the Law Department of GNCTD.

Thus, the payment of ₹ 47.50 crore made to the DIMTS upto July 2012, was irregular.

ii) As per the agreement between the DOT and the DIMTS, the Project Manager was entitled to a remuneration of five *per cent* of actual cost of the project. In addition, Project Manager was also entitled a fee of three *per cent* of the minimum estimated cost/actual cost of the project for planning, design, structural drawing and architects fee. Thus, the total fee payable to the DIMTS works out to ₹ 5.86 crore (8 *per cent* of ₹ 73.19 crore). But scrutiny of records revealed that the DTIDC has already paid ₹ 6.75 crore upto July 2012 to the DIMTS on account of consultancy fee. Thus, DOT/ DTIDC has already paid an excess remuneration of ₹ 0.89 crore to the DIMTS.

The DOT stated (March 2013) that the Expenditure Finance Committee (EFC) under the chairperson of Hon'ble Chief Minister in its meeting of April 5, 2010, *inter-alia* approved the Phase-1 of the renovation of ISBT, Kashmere Gate at the successful bid amount of ₹ 74.89 crore plus Project Manager's remuneration for DIMTS @ 5 *per cent* on the estimated cost of ₹ 70.47 crore. Payment was made to DIMTS in accordance to the Project Management Consultancy agreement signed between Transport Department and DIMTS for redevelopment/upgradation of ISBT, Kashmere Gate. The DOT further stated that the agreement with NCC had been signed by the DOT. As a Project Manager, it was the responsibility of DIMTS to ensure the progress of the work including quality and workmanship and DTIDC would take necessary action in respect of completion of work as per various clauses of the concession agreement signed between Transport Department and NCC at the time of grant of extension of time to the said contractor.

The reply of the DOT strengthens the audit observation that bids were invited by DIMTS not only before signing of the agreement with the DOT, but even before the EFC decision of April 5, 2010 to renovate the ISBT, Kashmere Gate.

The fact remains that the contract for redevelopment/upgradation was signed between the DOT and M/s. NCC. Hence, making payment to M/s. NCC through the DIMTS could not be justified. The reply was also not acceptable as the work for upgradation/redevelopment was awarded by the DOT to M/S NCC Ltd. Hence, payment to the contractor through DIMTS instead of being made directly, could not be justified.

(ii) Irregular payment of ₹ seven crore to the DIMTS for ISBT at Anand Vihar and Sarai Kale Khan

The GNCTD appointed the DIMTS as Project Management Consultant for redevelopment of ISBTs at Anand Vihar and Sarai Kale Khan and released ₹ seven crore (₹ two crore in April 2008 and ₹ five crore in October 2008).

It was seen that whereas the agreement for Project Management Consultancy (PMC) work was signed between DoT and DIMTS in June 2010, ₹ seven crore was released to DIMTS much earlier (₹ two crore in April 2008 and ₹ five crore in October 2008).

The DTIDC stated (September 2012) that the payment released to the DIMTS before signing of PMC was as per the agreed terms and conditions and approval of the competent authority. The reply was not acceptable because the Cabinet decided in September 2008, whereas the amount of ₹ 2 crore was released to DIMTS in April 2008.

The DOT stated (March 2013) that the Council of Ministers vide Cabinet decision No. 1467 dated 22 September 2008 had assigned the responsibility of planning construction, project management operation, maintenance, design and implementation of upgradation/redevelopment of ISBT at Anand Vihar and Sarai Kale Khan to the DIMTS.

The fact remains that ₹ two crore was released (April 2008) to DIMTS even before Cabinet decision for upgradation/redevelopment of ISBT at Anand Vihar and Sarai Kale Khan.

(iii) Blockade of funds amounting to ₹ 20.36 crore in respect of development of Bus Terminal at Vasant Kunj

The DDA allotted a piece of land measuring 38,900 sqm to the DOT for construction of Bus Terminal or Depot at Vasant Kunj in January 2011 at a provisional cost of ₹ 20.36 crore. The payment was made by the DTC in February 2011 on behalf of the DOT.

The physical inspection of the land was done by a team of officers from the DDA, the DOT, the DTIDC and the DIMTS in May 2011 which observed that the land was encroached upon by a temple, *Nallah*, taxi stand, and tube well etc. Even then, the DOT took over the possession of the land in June 2011. The DOT also came to know in March 2012 that the ownership of the land was under litigation. The alternative land has not been received by the DOT, even after 14 months (September 2012) of making payment of ₹ 20.36 crore.

The DOT stated (March 2013) that Government was making all out efforts with the DDA to free the encroachment at the earliest and demarcate the portion of land, which was under litigation. The DOT further stated that it was making sincere efforts to get additional land from the DDA. A final decision

on the Vasant Kunj matter would be taken by the DOT in consultation with the DDA to construct the bus depot in the free land or to get alternative land.

The reply did not contradict the audit observations.

Conclusions

The DOT is mandated to ensure appropriate transport solutions keeping in view the increase in the population and traffic demands in Delhi apart from providing interstate transport solutions. The DOT undertook 20 schemes during the 11th Five Year Plan period. The DOT carried out most of its technical functions through private organizations since it lacked capacity to steer or even control and monitor them. The DOT appointed private entities like the DIMTS or the ESP on nomination basis, in non-transparent and non-competitive manner in violation of the codal provisions. It also favoured the entities, by circumventing rules or outright violations of codal provisions, cabinet decisions, guidelines, CVC orders and propriety. The DOT was neither able to ensure delivery of its intended services nor safeguard the interests of the Government or vehicle users, and ultimately discharging its mandated role in transport sector in Delhi.

Recommendations

- *The DOT may strengthen its budgetary control to ensure that expenditure does not exceed the allocation,*
- *The DOT should follow government rules and procedures in assignment of works/ consultancies/ studies to safe guard the public interest,*
- *An independent technical cell may be created to evaluate the proposals providing solutions to the traffic and transport related problems, and*
- *The department may develop a system of internal control and monitoring commensurate with its size and diversified activities.*

4.2 CCO based audit on the role of the Department of Food, Supplies and Consumer Affairs in managing supply of essential commodities

Executive Summary

A Chief Controlling Officer (CCO) based audit of the Department of Food Supplies and Consumer Affairs (the Department) was conducted to evaluate its role in managing equitable distribution of essential commodities to the intended beneficiaries at fair prices.

The Department was issuing ration cards to the beneficiaries under APL (unstamped) category which were not provided SFAs and kerosene oil. No realistic targets for identification of beneficiaries were adopted by the Department. Even after a lapse of more than 12 years, it was relying on figures projected by the GoI in March 2000 and no notification was issued during the year for issuing new cards.

The system of issuance, renewal/review and amendments of ration cards was deficient as no documents were being preserved by the Department in order to justify disbursement of SFAs to actual beneficiaries as per their entitled category.

Allocated quantities by the GoI could not be utilised in full by the Department due to unrealistic demand of SFAs projected by it in terms of number of beneficiaries.

Existence of FPSs/KODs in excess of norms in terms of number of beneficiaries, inadequate retailer margin and irregular enhancement of transportation charges at the cost of FPSs and beneficiaries coupled with non-follow-up of policy decisions to improve the financial returns, led to unviable operating conditions, thereby increasing the risk of FPS/KOD owners resorting to unfair means or closing down the business.

Non-implementation of revised policy on distribution of wheat flour to curb leakages of food grains under the TPDS, inadequate monitoring of FPS and inadequacies in complaints redressal mechanism reflected weak internal control mechanism prevailing in the Department.

The Department was performing insignificant activities under open market interventions in order to arrest inflationary trend in cases of abrupt price rise of certain essential commodities. In the absence of the database of existing wholesalers, millers and retailers to operationalize its mechanism of open market sale scheme, the Department was not in a position to check potential black-marketing practices and stabilize prices of essential commodities when required.

4.2.1 Introduction

The Department of Food, Supplies and Consumer Affairs (the Department) was established in 1962 to undertake Public Distribution and management of trade and commerce in essential commodities. It intends to secure equitable distribution and availability of essential commodities at fair prices by enforcing the Essential Commodities Act, 1955 and various Control Orders made there under.

The Department indents for monthly allocation of Specified Food Articles (SFA) to the Food Corporation of India (FCI) and authorizes the Delhi State Civil Supplies Corporation (DSCSC) to lift and deliver the same to the respective Fair Price Shop (FPS) for further distribution to various categories of beneficiaries. FPSs, in turn, are required to deposit the amount relating to the cost of SFAs and transportation charges in advance in the bank account of the DSCSC for their monthly allocation. The DSCSC pays the amount of SFAs to FCI at the time of lifting and retains the amount of transportation charges. The Department also undertakes activities in respect of Open Market operation to ensure equitable distribution and availability of essential commodities at fair prices.

As against the sanctioned strength of 1142 posts, 624 persons were in position as of March 2012, with 518 posts lying vacant. There are 22 DDOs in the Department, out of which 10 deal with the activities relating to the food and supply.

4.2.1.1 Schemes undertaken by the Department

The Department implements following schemes:

Centrally Sponsored Scheme (CSS)

- (i) Consumer Awareness Programme
- (ii) Annapurna Scheme

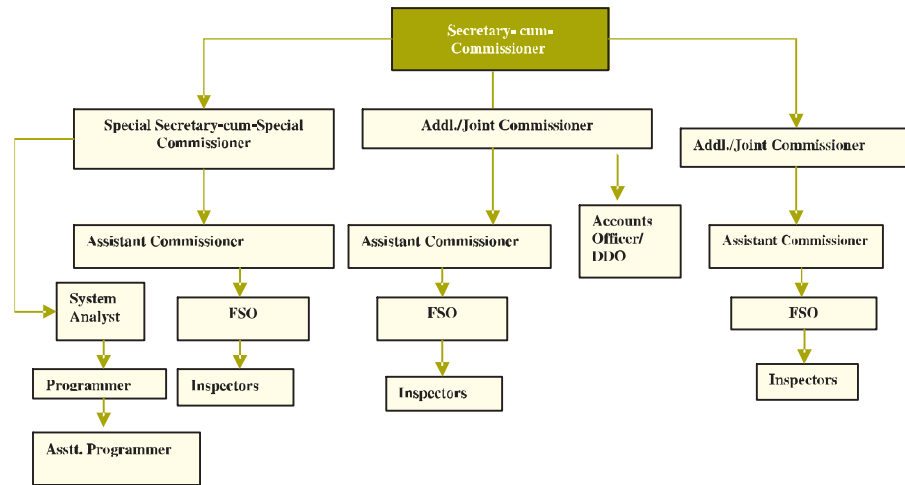
State Sponsored Scheme (SSS)

- (i) Annapurna Scheme (State Share)

4.2.1.2 Organizational structure

The Department is headed by the Secretary-cum-Commissioner assisted by a Special Secretary-cum-Special Commissioner and two Additional Commissioners. An Assistant Commissioner 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.

The organizational chart of the Department is given below:



4.2.2 Audit scope and methodology

CCO based audit comprising of financial audit, compliance audit and review of operational performance of the department and its units in a top down manner was undertaken.

CCO based audit for the year 2011-12, was conducted in the units selected through multiple level risk based statistical sampling.

- Head office of the Department,
- Two out of nine Zonal offices selected on the basis of number of beneficiaries. One Zone having the highest number of beneficiaries and one having the lowest number of beneficiaries have been selected.
- Three Circles under each of the selected Zones. Two Circles have been selected on the basis of the same criteria as applied for selection of Zonal offices and the third selected Circle was the one having median of number of beneficiaries of all Circles under the Zone.
- Three FPSs and three Kerosene Oil Depots (KODs) from the selected Circles following the same criteria as applied for selection of Circles.

Audit started with a entry meeting held in June 2012 with the Secretary-cum-Commissioner of the Department. An Exit Conference was held in February 2013 to discuss the audit findings.

4.2.2.1 Audit criteria

The performance of the Department in managing the supply of essential commodities was benchmarked against criteria derived from the following:

- The Essential Commodity Act, 1955,
- The Delhi Kerosene Oil Control Order, 1962,
- The Delhi Specified Articles (Regulation of Distribution) Order 1981,

- The Public Distribution System (Control) Order, 2001,
- The General Financial Rules, 2005,
- Guidelines, strategic goals, objectives and the targets of the Department to be achieved, and
- Transaction of Business of the Government of National Capital Territory of Delhi Rules, 1993.

4.2.3 Overall Human Resource Management

The Commissioner stated that full automation of FPS in all Districts is under process and is likely to be completed by June 2013; hence, overall human resource management shall be taken-up separately in subsequent audits. However, comments on human resource management with reference to the functional activities being undertaken by the Department have been suitably inserted in subsequent paragraphs.

4.2.4 Overall internal control mechanism of the Department

4.2.4.1 System of internal control procedure and internal audit system in the Department

The Directorate of Audit of NCTD conducts internal audit of the Department. The Department did not furnish the consolidated information with regard to the total number of observations outstanding against the Department as a whole.

Internal Audit of the headquarters of the Department had been conducted upto 2009-10 and 112 paragraphs were outstanding (containing observations as old as of 1976-77) for compliance.

The Internal Audit of the accounts of the New Delhi Zonal office has been conducted up to March 2009 and compliance in respect of 11 observations (some as old as of 1996-98) was yet to be given. Likewise, audit of the accounts of the North West Zonal office has been conducted up to March 2011 and compliance in respect of 23 observations (also containing observations made during the audit undertaken in 1996-97) was yet to be given to the Directorate of Audit.

4.2.4.2 Other issues under Internal Control

No laid down Office Procedure was adhered to at any level of hierarchy in the Department. Non-maintenance of guard file/compendium of orders relating to functional requirement at Zonal and Circle offices further compounded the absence of 'Manual of Office Procedure'.

4.2.4.3 Accountability mechanism

A three tier system viz. head office, zonal office and circle office exists in the Department for implementing and monitoring the activities relating to the management of supply of essential commodities. Lack of co-ordination amongst the aforesaid three levels was, however, noticed as all the functional wings were functioning as stand - alone units as elaborated in the subsequent paragraphs of the report.

4.2.4.4 Response to Statutory Audit

A Performance Audit of the Department was included at Paragraph 2.1 of the Report of the Comptroller and Auditor General of India on Civil and Commercial, Govt of NCT of Delhi for the year ended on March 2011. However, Action Taken Note (ATN) thereon was awaited as of March, 2013.

Audit of the accounts of the head office had been conducted upto 2009-10 and 10 audit paragraphs were outstanding and awaiting compliance as of October 2012. Likewise, audit of North West Zonal office had been conducted upto March 2009 and five audit paragraphs were pending compliance.

The Department did not furnish detailed information as requisitioned with regard to beneficiaries, allocation and distribution of SFAs, Kerosene oil and subsidy for the year 2011-12.

4.2.4.5 Vulnerability to fraud and corruption

The distribution of SFAs and kerosene oil involves issues relating to timeliness, quality and quantity as well as identification of eligible beneficiaries. Inadequate number of inspections of PDS outlets conducted by the Department, non-renewal and review of beneficiaries in order to eliminate bogus cards, improper categorisation of beneficiaries and non-transparency in the distribution system make the activities of the Department highly vulnerable to fraud and corruption with the risk of black-marketing, pilferage and/or diversion of SFAs and kerosene oil.

4.2.5 Overall monitoring mechanism

- No effective monitoring mechanism was in place as reflected by poor budgetary control, inadequacy and non-reliability of data with respect to beneficiaries, commodities and PDS outlets and passive role of the Department under open market operations.
- Receipts are generated on issuance of ration cards and their revision. Revenue is also generated on opening and renewal of FPS/KODs. Arrangement for keeping a watch on the dues on account of the above-mentioned activities was not found on record.
- Adequate monitoring mechanism was not in place at the level of the head office of the Department in order to keep a watch on the overall grants and appropriations as allocated to it by the Finance Department and their further disbursement to nine Zonal offices under its jurisdiction as discussed in subsequent paragraphs.

The Department stated (March 2013) that there were fortnightly meetings at the level of Commissioner (F&S), attended by all branch heads in which important issues concerning enforcement, distribution of SFAs and Kerosene, policy, new schemes, grievance redressal were taken up and strategies chalked out for better management. The Department also stated that during the period 2009-12, the enforcement wing had filed 69 FIRs for violation of provisions of the Essential Commodities Act, 1955. The contention of the Department was not convincing as effective monitoring mechanism was not observed in respect of budgetary control and database of beneficiaries, commodities and PDS outlets.

Audit Findings

4.2.6 Financial management

Resource and application of funds for last five years are depicted in Table 4.2:

Table 4.2: Resource and application of fund

Resources					(₹ in lakh)
Heads of receipts (Budget)	2007-08	2008-09	2009-10	2010-11	2011-12
Salaries and Wages	1205.00	1995.00	2298.10	1975.50	2500.00
Administration	397.75	530.75	563.24	536.00	562.54
Centre Share (CSS)					
(i) Consumer awareness programmes	9.00	-	-	8.30	-
(ii) Annapurna scheme	-	-	-	53.87	-
State share: Annapurna scheme	1.00	1.00	1.00	1.00	1.00

Application					(₹ in lakh)
Heads of expenditure	2007-08	2008-09	2009-10	2010-11	2011-12
Salaries and Wages	1187.96	1907.37	2199.57	1978.12	2092.02
Administration	374.36	515.50	374.97	467.16	509.72
Centre Share (CSS)					
(i) Consumer awareness programme	-	-	-	-	-
(ii) Annapurna scheme	-	-	-	-	-
State share: Annapurna scheme	-	-	-	-	-

It could be seen from the table that even though resources were available for implementation of CSS (Central as well as State share), they have not been utilized for the same.

According to Appendix 2 of Rule 48 of the General Financial Rules, Ministries/Departments are required to prepare their estimates, keeping in view the trends of disbursements during the previous years and other relevant factors like instructions on economy issued by the Ministry of Finance, from time to time. Rule 56 (2) further stipulates that savings as well as provisions that cannot be profitably utilized, should be surrendered to Government as soon as these are foreseen, without waiting till the end of the year. The objective is to minimize the scope for avoiding surrenders at a later stage. Financial management analysis of the Department revealed mismanagement with respect to planning of activities/expenditure in order to utilize the allocated funds as elaborated in the subsequent paragraphs.

The Department, in its reply (March 2013), stated that the funds under the Annapurna Scheme were allotted in year 2001, but as no eligible claimant could be located, the same were not utilized and were being surrendered. Reply of the Department was not acceptable, as it neither planned its activities

to identify the beneficiaries under the scheme, nor surrendered the funds which were lying unutilized for more than a decade. Moreover, the Department did not furnish reasons for non-utilization of funds amounting to ₹ 17.30 lakh allotted under the Consumer Awareness Programme.

4.2.6.1 Inadequate planning resulting in persistent savings

Scrutiny of budgetary statements for the years 2010-11 and 2011-12 revealed that there were persistent savings of ₹ 2.50 crore under the head 3456 D.1 (4) (5) - Provision for Market Intervention to check the rising prices of Essential Commodities, which was 100 per cent of the total appropriation. The Department, in its reply (November 2012), justified savings by referring to its surrender letter (March 2012). It further stated (March 2013) that the fund was preserved as contingency fund to deal with emergent situation of price rise and the same would be utilized only after issuing necessary guidelines by the GNCTD, as per the decision of the Cabinet, in case any particular commodity had an unprecedented price rise, generating public resentment. Reply of the Department was not acceptable as it did not utilize allocated funds to undertake the said activity to fulfill its mandate to secure availability of essential commodities during 2010-11 and 2011-12, even though there were instances of steep price rise during this period.

4.2.6.2 Unrealistic budgeting

The projections for the budget exceeded by ₹ 6.96 crore under the Non-Plan head and were short of ₹ 6.84 crore under the Plan head as compared to the actual expenditure under eight sub-heads as given in Table 4.3 :

Table 4.3: Statement of unrealistic budgeting in respect of the Department

(₹ in lakh)

Sl. No.	Sub-head	Budget estimates for 2011-12	Expenditure incurred during 2009-10	Expenditure incurred during 2010-11	Budget allocation approved for 2011-12	Actual expenditure incurred during 2011-12
Non-Plan						
1.	D.1(2)(3)-Assistance to voluntary agencies engaged in consumer movement, publicity, etc.	5.00	5.00	5.00	5.00	Nil
2.	D.1(4)(1)-Subsidized distribution of pulses to families below the poverty line	50.00	472.26	Nil	5.00	Nil
3.	D.1(4)(3)-Subsidy to consumers for Sugar	50.00	Nil	Nil	5.00	Nil
4.	D.1(4)(4)-Subsidy consumers for food under PDS	50.00	Nil	Nil	5.00	Nil
5.	D.1(4)(5)-Provision for Market Intervention to check the rising prices of Essential Commodities	250.00	1.12	Nil	250.00	Nil
6.	D.1(2)(5)-Annapurna Scheme	1.00	Nil	Nil	1.00	Nil
7.	D.1(3)(1)- Streamlining of PDS with focus upon BPL	350.00	74.50	204.73	250.00	60.18
	Total	756.00			521.00	60.18
Plan						
1.	DD(1)(1)(2)- Streamlining of PDS with focus upon BPL	200.00	Nil	Nil	1100.00	884.47
	Total	200.00	Nil	Nil	1100.00	884.47

It could be seen from above that the Department neither based its budget projections on the trend of expenditure during last two years, nor did it have any plan to utilize the funds allocated to it which indicated that the budget estimates were not prepared after adequate pre-budget scrutiny. Likewise, in New Delhi and North West Zonal offices, the projections for budget exceeded by ₹ 0.89 crore and ₹ 3.06 crore respectively (**Annexure-4.5**) as compared to actual expenditure. The Department agreed to audit observation on budgeting on realistic basis and regular monitoring for future compliance.

4.2.6.3 Mis-management of allocated funds resulting in savings not surrendered

Analysis of the budgetary statement for the year 2011-12 revealed savings as given in **Table 4.4** below:

Table 4.4: Statement of savings not surrendered

(₹ in lakh)

Sl. No.	Head of Account	Allocation as per budget estimates	Final modified allocation	Actual expenditure	Savings	Percentage
1.	D.1(1) Direction and Administration	2692.00	3062.54	2601.74	460.80	15.05
2.	3456 D.1(4) Consumer subsidy	265.00	92.00	21.95	70.05	76.14
3.	3456 D.1(2)(3) Assistance to voluntary agencies	5.00	5.00	-	5.00	100
4.	3456 D.1(2)(5) Annapurna (State share)	1.00	1.00	-	1.00	100
5.	3456 D.1(3)(1) Streamlining of PDS with focus upon BPL	250.00	368.00	60.18	307.82	83.65
6.	DD(1)(1)(2)- Streamlining of public distribution system with focus upon below poverty	1100.00	900.00	884.47	15.53	1.73
Total			4428.54	3568.34	860.20	

It could be seen from the table that the Department failed to manage the funds allocated to it as it did not plan its activities well to utilise the funds as elaborated below:

- In five cases (serial number 1 to 5), there were savings of approximately ₹ 8.45 crore exceeding in each case by ₹ one crore or by more than 25 *per cent* of total provision under individual sub-head.
- Injudicious additional appropriation of ₹ 3.00 crore in the sub-head-Salaries under the head-Direction & Administration and ₹ 1.18 crore under head-Streamlining of PDS with focus upon BPL, wherein allocations under the Budget Estimates were sufficient to meet the expenses, resulting in savings of over ₹ 7.16 crore, pointing to deficient budgeting under two sub heads.
- The Department did not surrender the overall savings of ₹ 8.60 crore, out of the overall allocation of ₹ 44.29 crore, that occurred under various heads, which could have been utilized for other purposes.

In its reply (November 2012 and March 2013), the Department attributed savings to non-receipt of claims at the end of the financial year, non approval by the Finance Department and non-utilization of allocation by referring to its surrender of ₹ 3.40 crore and ₹ 19.51 lakh (March 2012). Additional appropriation was attributed to frequent transfer of staff and non-filling of vacant posts. Reply was not acceptable as the Department did not plan its activities to utilize the funds resulting in non-utilization of funds for other development purposes. It also did not furnish letter of approval of the Finance Department conveying acceptance for surrender of funds.

Analysis of the budgetary statement of the selected Zonal offices revealed as under:

- In New Delhi Zonal office, in three cases, there were savings (₹ 0.17 crore) exceeding total provision by more than 25 *per cent* (**Annexure-4.6**). New Delhi Zonal office while confirming the facts relating to savings, stated (November 2012) that the sanction of margin money and transportation was cancelled by the Finance Department in respect of 'Streamlining of PDS with focus upon Below Poverty Line'. Likewise, in North West Zonal office there were savings (₹ 0.80 crore) exceeding total provision by more than 25 *per cent* (**Annexure-4.6**).

Injudicious re-appropriation of ₹ 4.65 lakh and ₹ 23.80 lakh was noticed in New Delhi and North West Zonal offices, where final savings were to the tune of ₹ 14.65 lakh and ₹ 73.80 lakh respectively, under the sub-head D.1(3)(1)-Streamlining of PDS with focus upon BPL.

- In New Delhi Zonal office, at the close of the year 2011-12, in three sub-heads in which savings of ₹ 0.23 crore occurred, the Zonal office had not surrendered any amount to the headquarters. In the case of North West Zonal office also, savings of ₹ 0.78 crore under the three sub-heads were not surrendered at the end of the year (**Annexure-4.7**).

The Department in its reply stated (November 2012) that the observations pertained to the respective Zonal offices. Reply is not acceptable as overall monitoring of the fund management is the responsibility of the Head office.

4.2.6.4 Incorrect preparation of reconciliation statements by New Delhi zonal office

The following irregularities were noticed in the reconciliation statements in New Delhi Zonal office:

- The reconciliation statement submitted by the DDO to the PAO, depicted budget allocation in rupees thousands whereas expenditure figures were in rupees.
- Total expenditure was understated by ₹ 3230, as the opening balance in the month of February 2012 was taken as ₹ 355994 instead of ₹ 359224.
- Budget allocation under the sub-head D.1 (3) (1) - Streamlining of PDS with focus upon BPL, was shown as ₹ 300 thousand instead of ₹ 1465 thousand, in the reconciliation statement for the month of March 2012.

In its reply (November 2012), Zonal Office confirmed the observations made by audit.

4.2.6.5 Excess expenditure over approved provisions

It was observed from the head wise budgetary statement of North West Zonal office that in two sub-heads, the expenditure had exceeded the available provisions by ₹ 1.55 lakh (**Annexure-4.8**). The Department in its reply (October 2012 and March 2013) stated that over all expenditure under the salaries and office expenses head was not in excess. Reply of the Department is not acceptable as it failed to keep a track of the appropriations to the Zonal office.

4.2.7 Compliance/Propriety Audit

4.2.7.1 Suspected enhancement of transportation charges without seeking concurrence of the Finance Department

Rule 26 of the Transaction of Business of the Government of National Capital Territory of Delhi Rules, 1993 provides that the Finance Department shall be consulted in all matters in which its previous concurrence is necessary under these rules. Further, Rule 18 (1) stipulates that when the subject of any proposal or matter relates to more than one department, no order shall be issued (nor shall the proposal be placed before the Council) till it has been considered by all the Departments concerned, unless the proposal is one of extreme urgency.

As per the view submitted by the Finance (Accounts) Department of GNCTD, the revision of issue price of SFAs is a policy matter and approval of Principal Secretary (Finance) is required. It was, however, noticed that approval for enhancement of retail prices of Sugar was obtained (September 2011) from the Lieutenant Governor of Delhi bypassing the Finance Department. Thus, an increase in the retail issue price of the Sugar by 15 paise per kg was made on account of revision of transportation charges. The Department was requested to furnish documentary evidence in respect of concurrence of the

Finance Department to the enhancement imposing an additional burden of ₹ 11.67 lakh on the BPL beneficiaries for the period from November 2011 to March 2012.

In its reply (March 2013) the Department stated that the proposal was approved by the Lt. Governor of Delhi and the matter was being processed for ex-post-facto approval of the Finance Department which was missed since the proposal did not have any impact on exchequer. Reply of the Department was not acceptable as impact of enhancement of the transportation charges was recurring in nature and imposed as an additional burden on the already economically weaker BPL beneficiaries, defying its mandate of providing essential commodities at fair prices under PDS.

4.2.8 Review of operational performance of the Department

As per the Citizen Charter of the Department (2011), the entire population of NCTD is divided in the following categories for the purpose of proper supply and distribution of SFAs and Kerosene oil:

- **Above Poverty Line (APL)** - Families having total family income above ₹one lakh per annum are issued unstamped APL cards and below ₹one lakh and above ₹ 24200 per annum are issued stamped APL cards (APL(S)). Beneficiaries of APL (S) cards only are eligible for SFAs (25 kgs of wheat and 10 kgs of rice) and kerosene oil (9.5 liters).
- **Below Poverty Line (BPL)** - Families having total family income below ₹ 24200 per annum are identified under this category and entitled to SFAs and Kerosene oil @ 25 kgs wheat, 10 kgs rice, six kgs sugar and 9.5 litres kerosene oil at subsidized rates.
- **Antyodaya Anna Yojna (AAY)**- Household with disabled adult and no assured means of subsistence, land less labourers, marginal farmers, artisans, craftsmen, widows, terminally ill persons, etc. are covered under this scheme. They are entitled for SFAs and Kerosene oil @ 25 kgs wheat, 10 kgs rice, six kgs sugar and 9.5 litres kerosene oil.
- **Annapurna Yojna (AY)** - Under this scheme, destitute persons of more than 65 years of age, having no regular source of income and not availing benefit of National Old Age Pension or State Pension Scheme are entitled for 10 Kg. of foodgrains free of cost every month.
- **Allotment of food grains to Welfare Institutions**- The Welfare Institutions recognised by the Department of Social Welfare, such as, Beggars' Homes, Nari Niketan, Hostels for SC/STs and Backward Class students, Homes for street children, destitutes, neglected, delinquent and abandoned children, juveniles, old persons, etc. are supplied food grains @ 15kg. per inmate per month at the rate prescribed for BPL.

In addition to above, SFAs (25 kgs of wheat and 10 kgs of rice) and kerosene oil (9.5 liters) are also disbursed to the beneficiaries of the Jhuggi Ration Card (JRC) holders at the rate prescribed for APL.

Actual quantity of SFAs and kerosene oil to be disbursed during the year and rates to be charged from various categories of beneficiaries, however, vary on the basis of the notification issued by the Government of India (GoI) from time to time.

4.2.8.1 Issuance of ration cards to APL (unstamped) beneficiaries

As on 31 March 2012, there were 1585313 APL (unstamped) cards/beneficiaries and 1779476 cards/beneficiaries taken together in respect of APL (stamped, JRC), BPL and AAY categories. Charter of the Department revealed that new ration cards were being issued only in respect of APL (unstamped) category. Further, as per the policy, no SFAs and Kerosene oil is being distributed to cardholders of the APL (unstamped) category. The Department was pursuing to issue ration cards to this category of beneficiaries to whom it was not providing any relief in terms of distribution of SFAs. The ration cards so issued are valid only for the purpose of procurement of SFAs and kerosene oil and not for any other purposes such as proof of identity, etc. Thus, engagement of the Department in this activity was unreasonable.

In its reply (March 2013), the Department attributed this activity to past practice, as ration card was used as family identity since last many years. The Department further justified its act by stating that earlier it had distributed the surplus allocation in January, February, July and September 2010 and that the issue needed a policy decision at the level of the GNCTD. Reply of the Department was not tenable in terms of the PDS (Control) Order, 2001, which provided that the ration card should not be used as the document of identity. Further, the contention of the Department that surplus allocation was distributed among APL (Unstamped) beneficiaries, also did not hold good as the Department had itself excluded the APL (unstamped) category cards from the projection it made during the current year.

4.2.8.2 Irregular increase in the retail issue price of wheat and rice for BPL category

GoI decided (August 2001) to give flexibility to the State Governments/UT Administrations in the matter of fixing the margin for the FPS owner by removing the restriction of keeping the difference between the retail issue price and the Central Issue Price (CIP) of food grains for distribution to BPL families under Targeted Public Distribution System (TPDS) within 50 paise per kg. Thus, the relaxation was available only for revision of retail issue price on account of fixing the margin for the FPS owner and not for revision of transportation charges payable to DSCSC.

However, scrutiny of records revealed that the Department increased transportation charges and sale price of SFAs w.e.f. 1 November 2011. The transportation charges in respect of supply of Wheat and Rice for BPL category were revised from ₹ 15 per quintal to ₹ 30 per quintal resulting in increase of end retail price to 65 paise per kg for the BPL category.

In its reply (March 2013), the Department assured that the retail issue price for BPL beneficiaries would be reviewed in terms of GoI directions as pointed out by audit.

4.2.9 Public Distribution System- Beneficiaries

4.2.9.1 Adequacy of data

(a) *Lapses in the system of identification of beneficiaries*

(i) In terms of Clause 2 (1) of Annexe to the PDS (Control) Order, 2001, State Governments shall ensure that no eligible applicant is denied a ration card under the PDS. It was, however, observed that no notification was issued by the Department for issuing of new cards to BPL category after March 2009. In fact, no realistic revised and fresh targets for identification of beneficiaries were adopted by the Department. Even after a lapse of more than 12 years, it was relying on figures as projected by the GoI in March 2000, according to which the number of BPL households in Delhi was 4.09 lakh. The Department intimated (July 2012) a deficit of 44739 cards for BPL/AAY category in comparison to the targets being pursued by it. The Department failed to furnish details of targets fixed with regard to the other category of cardholders as mentioned above. Absence of any realistic and updated targets with regard to identification of beneficiaries reflected failure and passive role of the Department in discharging its mandated responsibilities.

(ii) In a meeting held in May 2011 under the Chairmanship of the Minister (Power, Development and Food & Civil Supplies), it was desired to devise a procedure to invite applications only from the vulnerable section among BPL like aged, handicapped persons, so that these persons could be issued BPL cards, as inviting applications from all eligible BPL families would open flood of applications, whereas the available vacancies were around 54,000 keeping in view the target of 4.09 lakh BPL cards fixed by the GoI in March 2000. Similar practice had been adopted by the Department during the conversion of BPL cards into AAY cards during 2007 also, where instructions were issued for not converting BPL cards to AAY cards, as target of AAY cards in Delhi had since been achieved. As of March 2012, there were approximate 1.03 lakh AAY ration cards only. Since a proper system of food management entails a systematic issuance of ration cards to the eligible applicants on regular basis, inaction on the part of the Department to evolve such a system led to denial of ration cards to the eligible and needy residents of Delhi. Audit, therefore, could not ensure that the actual numbers of existing beneficiaries under various categories are the only eligible beneficiaries in Delhi under the PDS system.

In its reply (March 2013), the Department stated that despite repeated request by the GNCTD, the Planning Commission and GoI did not allow increase in the ceiling. Moreover, shortfall in the number of cards issued to BPL/AAY category was attributed to non-review of 24500 old BPL cards and approximately 14200 new fresh BPL cards not collected by applicants and accordingly eliminated. The Department also stated that it was reviewing the inactive category of APL/BPL cards which were reintroduced in the active category after due verification and approval. Reply of the Department was not tenable as even within the ceiling prescribed by the GoI, the Department did not make any effort, annually, to weed out bogus and ineligible cards, so that it was not forced to deny cards to genuine beneficiaries.

(b) Inconsistency of database with regard to the number of existing beneficiaries of various categories identified under TPDS

The total number of cards under various categories eligible for SFAs and/or kerosene oil as per the monthly allocations for the year 2011-12 is depicted in **Table 4.5** below:

Table 4.5: Number of card holders under different categories

Allocation month	APL (S)	APL (JRC & RCRC)	BPL	AAY	Total	Variation in the total number of cards in comparison to the previous month
April'11	1158471	255568	253011	98698	1765748	-
May'11	1158232	255552	253917	101095	1768796	3048
June'11	1158014	255697	253867	100715	1768293	-503
July'11	1156304	256518	256425	100223	1769470	1177
August'11	1156615	258014	259155	102036	1775820	6350
September'11	1157258	258709	260534	103047	1779548	3728
October'11	1155404	260251	260959	103138	1779752	204
November'11	1154608	260120	260939	102866	1778533	-1219
December'11	1152995	261443	261255	102949	1778642	109
January'12	1153102	261497	261444	103053	1779096	454
February'12	1152039	261526	262534	103503	1779602	506
March'12	1151953	261501	262522	103500	1779476	-126

Source: Allocation files of the Department

The total number of cards increased from 1765748 in April 2011 to 1779476 in March 2012. Records relating to the monthly allocation revealed variation in the total number of cards in different categories to the extent of 7569 cards {6350-(-1219)} during the year, even though the Department had not taken any activity either to issue new cards or renew and review existing cards during the year.

The Department, in its reply (March 2013), stated that the difference in number of cards might take place due to activation of cards on the request by the cardholders and verification by Inspector which were de-activated and also on the direction of PGC or Court's orders. The Department further stated that necessary rectification had been made and the system was now more or less stable.

Reply of the Department was not convincing as it did not furnish reasons for month wise variations as pointed out by Audit. Moreover, scrutiny of records (March 2013) for monthly allocation of SFAs during 2012-13, revealed that inconsistency in data base, still persisted. The variation in the number of cards was to the extent of 13877 cards which was on account of a maximum increase of 3000 cards in September 2012 to maximum decrease of 10877 cards in February 2013.

4.2.9.2 Non-updating of data with regard to the beneficiaries

As per clause 2(8) of the Public Distribution System (Control) Order, 2001, elimination of bogus cards as well as bogus units in the ration cards shall be a continuous exercise by the State Government to check diversion of essential commodities. For this purpose, the State Government shall get the lists of BPL and Antyodaya families reviewed every year, for updating the data of eligible and ineligible families. Further, a ration card shall be valid for a period of five years from the date of its issue unless it is suspended or cancelled earlier. A ration card shall be issued afresh or renewed after fresh verification of antecedents and such other checks, as may be prescribed by the State Government in this regard.

Non-adherence to the provisions of the PDS (Control) Order, 2001, in respect of review of BPL and AAY cards every year, was pointed out in the Report of the C & AG for the year ended March 2011 (Para 2.1.7.5). However, no initiative had been taken by the Department to evolve such a system during the period 2011-12.

In its reply (July 2012), the Department admitted non-revision of BPL and AAY cards during the year 2011-12 and stated that the cards had been reviewed biometrically in the year 2009-10. Reply of the Department is not acceptable as it had failed to adhere to the provisions stipulated under the PDS (Control) Order, 2001 and that reviewing of cards biometrically would only ensure physical existence of the beneficiary in Delhi without verifying the eligibility of the beneficiary in his present category on the basis of proof of income. No reply was furnished with regard to renewal of cards.

It was further seen that no caution had been exercised by the Department while authorising amendments and issuing duplicate ration cards, as the beneficiaries had been issued amended/duplicate ration cards irrespective of annual income declared afresh by them, thereby, losing an opportunity to revise the ration cards as per their present socio-economic status under various categories.

Scrutiny of 452 application forms in selected Circle offices revealed that in 72 cases, proof/declaration of annual income was not insisted from beneficiaries for the purpose of amendment and issuance of duplicate ration cards. Cases were noticed where the duplicate cards were issued on the basis of FIRs but the number of the duplicate ration cards were different than those mentioned in FIR. Cases were also noticed where the duplicate cards were issued on the basis of incomplete forms submitted by the applicants (**Annexure-4.9**). Irregularities in processing applications and ignoring the present financial status of the beneficiaries may lead to distribution of SFAs, kerosene oil and extension of subsidy to the ineligible people.

The Department stated (March 2013) that there was no such provision to ask for income certificate at intermediate levels or in case of issuance of duplicate ration cards on account of damage/loss/theft etc. It was further stated that detailed guidelines would be reiterated to enforce the existing provisions and Zonal ACs directed to enforce the provisions of PDS (Control) Order, 2001. Reply of the Department was not acceptable as it did not capitalize on the opportunity to verify the antecedents of the beneficiaries at the time of issuing

of amended/duplicate cards in the light of its failure to review the cards every year to update the data of eligible and ineligible beneficiaries.

4.2.9.3 Reliability and screening of data

The Department issues ration card to the applicants on furnishing the following proof/documents:

- Income of the household per annum,
- Residential status of the applicant and
- Photo identity card of the applicant issued by a Government agency.

(a) Irregularities in preserving documents- Income of the household per annum

The categorization of the applicants under various categories of beneficiaries is done on the basis of income criteria. It was, however, seen in audit that the selected Circle offices falling under the jurisdiction of the New Delhi and North West zonal offices, failed to furnish to Audit, income documents in support of issuance of ration cards, in respect of the selected FPS and KODs, for even a single beneficiary, to whom SFAs and kerosene oil/gas subsidy was being provided.

Thus, the Department did not evolve a process to review and eliminate bogus ration cards as instructed by the GoI vide its various control orders issued from time to time.

In its reply (March 2013), the Department stated that as per retention schedule, period of retention was two years. Therefore, the documents were not preserved thereafter. The Department further informed that scanning of document was now being done for all new cards. Reply of the Department was not tenable as it did not furnish documents even in respect of APL (Unstamped) category of cards which were issued by it during the period of audit. Further, retention schedule as referred to in the reply was also not made available to Audit. The destruction of documents before performing statutory obligations of the PDS (Control) Order, 2001, regarding review of cards every year to eliminate bogus cards and ineligible beneficiaries, was irregular.

(b) Non-credibility of beneficiaries under the LPG consuming category

A subsidy at the rate of ₹40 per month was approved by the Cabinet (June 2011) to those BPL and AAY cardholders who fall under the category of gas users and do not claim kerosene oil at subsidized rate. Scrutiny of information furnished to audit revealed that a maximum of 6748 of BPL and AAY beneficiaries per quarter were given gas subsidy. The Department did not provide the details of total card holders who opted for subsidy and those who could not be provided the subsidy.

Test check of the information in respect of the selected Zonal office revealed that 649 BPL/AAY beneficiaries under the jurisdiction of the North West Zonal office were given gas subsidy. It was, however, noticed that the forms for the subsidy were dispatched by post to 7312 beneficiaries, of which 2483 forms were received back undelivered and in respect of 4180 beneficiaries the Department had neither received back the forms undelivered nor received the filled up forms. Likewise, under the New Delhi Zonal office, gas subsidy was

extended to only 188 beneficiaries. Neither the Department, nor the concerned Zonal office/Circle offices had taken any initiative to ensure the reliability and authenticity of beneficiaries who had not responded. In such a situation, existence of bogus beneficiaries who are in receipt of SFAs, could not be ruled out.

In its reply (March 2013), the Department stated that intimations were sent via speed post to all BPL/AAY gas users and subsidy under the optional scheme disbursed to those beneficiaries who had submitted their details. It was presumed that being a meager subsidy, it did not evince suitable interest in the scheme. For checking bogus cards, precaution would be taken through the new computerized system where ration cards would be linked to Aadhar cards.

Reply of the Department was not convincing as it did not take any initiative to verify the actual existence of beneficiaries whose applications were received back undelivered or who did not respond and were also in receipt of other SFAs under PDS.

4.2.9.4 Irregularities in categorization of Homeless and Jhuggi Ration Cards (JRC) category of beneficiaries

The categorization of beneficiaries determines the quantum of disbursement of SFAs and kerosene oil/gas subsidy. Scrutiny of the records revealed that irregular categorization led to disbursement of SFAs at higher issue prices to the beneficiaries of Homeless and JRC category as elaborated below:

(a) In pursuance of the directions of the Supreme Court to cover homeless population by AAY cards in six months, the GNCTD decided (July 2007) that homeless families would be identified among the poorest of the poor. In compliance, the Department undertook, with the help of civil society organizations, a massive survey of homeless families in the city. In terms of the instructions issued (August 2008), the holder of homeless ration card shall be entitled to 15 kgs of SFAs and 10 litres of kerosene oil. However, it was observed that the homeless families were provided with BPL cards, not because of their socio-economic status but because the Department had exhausted the limit (1.57 lakh) for issuing AAY cards prescribed by the Government of India.

As per January 2012 allocation, there were 4388 homeless cards issued under the jurisdiction of five Zonal offices of Delhi. Irregular categorization of homeless cards led to disbursement of SFAs at higher rates to the poor and needy people, since BPL rates were being charged instead of the highly subsidized AAY rates.

In its reply (March 2013), the Department stated that the suggestion of Audit to consider homeless for distribution of SFAs at AAY rates would be put up for approval of competent authority after detailed examination.

(b) As per instructions issued (March 2009) by the Department with regard to issuing of new BPL ration cards, it was clarified that Jhuggi dwellers, possessing valid current APL ration cards, only may apply and convert it to new BPL cards. On acceptance of their applications for new BPL cards, the Jhuggi APL ration card was to be surrendered and cancelled

before the new BPL card was issued. It was, however, noticed that the Jhuggi ration cards were still being categorized under the APL category and distribution of SFAs being charged at APL rates, which were considerably higher than the BPL rates. As per allocation for the month of March 2012, there were 261396 beneficiaries under the Jhuggi Ration Card category. In its reply (July 2012) the Department stated that no such category of ration card, i.e. BPL-JRC was in existence and that no category was defined as BPL-JRC. The Department further stated (March 2013), that during the drive, the Jhuggi dwellers who opted for new BPL cards, were given fresh BPL cards based on the income criteria. Reply was not tenable in terms of Department's own instructions (March 2009), whereby JRC beneficiaries were to be issued BPL cards. Moreover, compliance to order issued in March 2009, was not furnished in support of contention made by the Department.

4.2.9.5 Fair Price Shops and Kerosene Oil Depots

(a) Allotment of licences

In terms of the Department's OM dated 18 June 1993, all Circle FSOs were to draw a 40-point roster in respect of their circles for following reservation in grant of FPS authorization and KOD license, as given in the **Table 4.6** below:

Table 4.6: 40-point roster for FPS and KOD authorisation

Sl.No.	Category	FPS	KOD
1.	Scheduled Castes/ Scheduled Tribe	25%	25%
2.	Women, whose spouse is not gainfully employed	10%	10%
3.	Ex-Servicemen/War widow	10%	10%

Other parameters being equal, preference was to be given to the following categories:

- (a) Young widows and war widows;
- (b) Physically handicapped;
- (c) Cooperative Societies; and
- (e) Unemployed graduates.

It was noticed that no roster at any level of hierarchy was maintained in the Department, in the absence of which actual representation of various categories in running FPSs/ KODs could not be ascertained. During 2011-12, three licenses for FPSs and one KOD were allotted under PDS. No information was made available regarding the category to which the FPSs were allotted, whereas the KOD was stated to have been allotted to the general category. One Circle office falling under the New Delhi Zone, admitted non-following of the prescribed roster for granting FPS authorization and KOD licence and assured to follow the same in future. Thus, fair implementation of the policy for allotment of FPS and KODs could not be ascertained by Audit.

The Department, in its reply (March 2013), informed that the 40 point roster was maintained at headquarters in distribution branch and fuel branch for FPS and KOD respectively and the category was assigned as per roster to the new vacancy of PDS outlet anywhere in the NCT of Delhi. Reply of the Department was not acceptable as incomplete extracts of rosters made available for audit scrutiny revealed that the rosters were being maintained in the form of running account and not Circle wise as stipulated in the orders issued by the Department itself. As the representation of various categories had not been worked out, irregular allotment of licences could not be ruled out.

(b) Renewal of licence

In terms of clause 4 under para 3(c) of the Delhi Kerosene Oil (Export & Price) Control Order, 1962, and Gazette order dated 30 January 2006 in respect of FPS, issued by the Department, every licence/authorisation granted shall be valid for a period of three years from the date of issue.

Renewal of 174 out of 176 FPS/KOD licences was reported by the North West Zonal office. It was noticed that nine licences were renewed with a delay ranging from 22 to 74 days. However, New Delhi Zonal office did not furnish information and record pertaining to the renewal of licences during the year, except for 12 cases relating to one Circle office.

Absence of proper maintenance of data bank with regard to the due date of renewal of licences had the potential of irregular supply of SFAs and kerosene oil to the invalid FPS and KODs.

In its reply (March 2013), the Department stated that as per extant guidelines and circulars, renewal of licence was presently done by maintaining the register in AC offices. The Department further assured that work relating to the renewal of licenses would be computerized to generate an alert at least two months in advance in respect of each PDS outlet renewal. Reply of the Department was not tenable as the overall monitoring in respect of validity of PDS outlets was not done by the Department. Moreover, no record was furnished by the Department in respect of New Delhi Zonal office relating to renewal of licenses and no reasons were furnished for delay in renewal of licenses in respect of North West Zonal office.

(c) Non-updation of data relating to number of functional FPSs and KODs

Audit analysis of data of allocation of wheat and rice to FPSs for March 2012 revealed that an intimation for closure of seven FPSs being run by DSCSC was communicated (August 2009) to the concerned Zonal offices by the Department after a delay of more than a year (September 2010). Further, it was noticed that out of these, five FPSs were still included for allocation for March 2012 and that out of these in respect of two FPS, the Department was still showing allocation for beneficiaries of APL (S) category. Likewise, one FPS and two KODs were included in the data of March 2012 allocation, though they had resigned from the business during June and August 2011. The Department in its reply (March 2013), stated that during the first quarter of 2012, the location of food grain was being switched over to new online e-PDS system from the earlier manual system and as such few shops might have

not been deleted from online system even after closure. The Department further stated that now necessary rectification had been made. Reply of the Department was not tenable as it did not take prompt action by intimating closure of PDS outlets to the concerned zonal officers reflecting inadequate monitoring. Moreover, compliance in respect of the contention made by the Department to have undertaken necessary rectification, was not shown to audit.

(d) Irregularities in renewal of FPS and KODs as per norms

Norms for setting up of FPSs and KODs were circulated by the Department in August 1997 and January 2000 respectively, wherein, a new FPS could be notified for a minimum of 1000 cards and a new KOD for a minimum of 850 cards. It was noticed that the licences of the FPS and KODs were renewed even though the number of beneficiaries attached with concerned FPS and KODs were far below the specified laid down limits. The deficit in terms of the number of beneficiaries ranged from 134 to 844 (**Annexure-4.10**).

Ignoring the laid down norms while renewing the licences of the FPS and KODs, again points to ineffective monitoring on the part of the Department.

In its reply (March 2013), the Department stated that deficit was noticeable only in respect of KODs as the APL(S) cards were not allowed to draw kerosene oil since June 2011. The Department, however, assured to take up the matter with the GNCTD for rationalization of FPS and KODs. Reply of the Department was not convincing as deficit was clearly visible in case of both categories of PDS outlets and the number of beneficiaries attached with the respective PDS outlets were inclusive of APL (S) cards.

4.2.10 Operational activities

4.2.10.1 Unrealistic projections of SFAs by the Department

Before commencement of a financial year, the Department projects demand for SFAs viz. Wheat and Rice to be disbursed to beneficiaries under various categories and sends requisition to the GoI for allocation of the same. As per the policy, allocation of food-grains for AAY and BPL categories are made at the rate of 35 kg per family per month. However, allocation for APL category is made depending upon the availability of stocks allocated by GoI. The Department furnished details (February 2011) to the GoI regarding the number of cards under various categories to which it intended to distribute SFAs with the request to allocate the full quota of SFAs. It was, however, noticed that the projections made by the Department were unrealistic and not based on the factual number of beneficiaries under various categories (**Annexure-4.11**). The actual number of cards in the category of APL, BPL and AAY were in deficit to the extent of 1386013, 35202 and 51537 respectively. Incorrect furnishing of information to the GoI led to excess allocation in respect of AAY beneficiaries and consequently non-lifting of wheat and rice adequate to cater to additional 51502 AAY beneficiaries and short allocation for 1291 BPL beneficiaries for wheat and excess allocation of 23489 BPL beneficiaries for rice. Likewise, there was short allocation for 331479 and 614039 number of APL beneficiaries for wheat and rice

respectively. No initiative on part of the Department was found on record to ascertain actual requirement of SFAs and rectify the deficiency in the system.

Moreover, no projections were furnished by the Department to the GoI in respect of Sugar and Kerosene oil for distribution to the beneficiaries of Delhi even though the data relating to the beneficiaries eligible for the same was available with it.

In its reply (March 2013), the Department stated that the figure sent to GoI included APL (unstamped) cards which was almost equal to the difference as pointed by Audit. The Department, however, clarified that it had excluded APL (Unstamped) cards from the projection sent to GoI for the current year. Reply of the Department was not acceptable as inclusion of APL (Unstamped) category of cards to whom the Department was not disbursing SFAs and kerosene oil was not justifiable. Moreover, no reply in respect of incorrect projection of demand for BPL and AAY category of cardholders had been furnished by the Department.

4.2.10.2 Discrepancies in allocation, lifting and distribution of SFAs and kerosene oil

(a) Variation in allocation of SFAs and kerosene oil

Audit noticed shortfall in allocation of SFAs and kerosene oil by the Department in comparison to allocation made by GoI during 2011-12 as given in Table 4.7 below:

Table 4.7: Shortfall in allocation of SFAs and kerosene oil

(figures in tons)

Category	Wheat			Rice			Sugar		
	Allocation by GoI	Allocation by department	Difference	Allocation by GoI	Allocation by department	Difference	Allocation by GoI	Allocation by department	Difference
APL	327228.00	321441.26	5786.74	96726.00	89371.00	7355.00	Nil	Nil	Nil
BPL	107370.49	105102.57	2267.92	47294.49	42680.31	4614.18	33636.00	20038.27	3121.10
AAY	45060.00	30364.91	14695.09	18024.00	12138.23	5885.77		10476.63	
Total	479658.49	456908.74	22749.75	162044.49	144189.54	17854.95	33636.00	30514.90	3121.10

(in KL)

Commodity	Allocation by GoI	Allocation by department	Difference
Kerosene oil	61380	60509	871

It could be seen from the above that the GoI allocated a total of 479658.49 tons of wheat and 162044.49 tons of rice against which the Department allocated only 456908.74 tons of wheat and 144189.54 tons of rice leaving 22749.75 tons of wheat and 17854.95 tons of rice unallocated. Thus, allocated quantities by the GoI could not be utilised in full by the Department due to incorrect demand of SFAs projected by it in terms of number of beneficiaries.

Likewise, shortfall to the extent of 3121.10 tons and 871 KL was noticed in allocation of Sugar and kerosene oil respectively. The Department did not furnish category-wise allocations for sugar and kerosene oil.

The Department also failed to furnish consolidated category and commodity-wise details with regard to the actual quantum of SFAs and kerosene oil distributed to the beneficiaries, indicating absence of a mechanism to compile such information.

The Department, in its reply (March 2013), stated that it was not possible to utilize 100 *per cent* allocation made by the GoI as it was based on the maximum limit of number of cards. The Department further informed that the percentage of unlifted SFAs and kerosene oil was negligible in comparison to allocation. Moreover, the actual distribution had to be rounded off, resulting in slight variation. It was also informed that wheat and rice are not stored by the Food and Supply Department in Delhi.

Reply of the Department was not acceptable as 100 *per cent* allocation made by GoI was not utilized by the Department due to unrealistic projections of SFAs by it. Moreover, the point raised by Audit related to short allocation of SFAs and Kerosene oil against the allocation made by the GoI and not regarding short lifting. Non-storage of wheat and rice by the Department had no bearing on short allocation made by it.

(b) Allocation and lifting of food grains under Annapurna Scheme

Destitute persons of more than 65 years of age having no regular source of income and not availing benefit of National Old Age Pension or State Pension Scheme are entitled for 10 Kg of food grains free of cost under the scheme. As per information furnished by the Department, there were only 11 beneficiaries under the scheme. A total of 110 kgs of wheat per month was allocated for the beneficiaries from April 2011 to June 2011, however, no information regarding lifting and distribution of food grains was furnished by the Department. Scrutiny of the records relating to lifting status of food grains as submitted by the DSCSC revealed nil allocation and lifting of food grains under the scheme. This indicates inaction on the part of the Department to identify beneficiaries and correlate data with other schemes. Similar observation was also made in the C & AG's Report for the year ended March 2011 (Para 2.1.8.4), however, instead of taking corrective action, the situation has further deteriorated. As per information furnished by the Department, the number of beneficiaries reduced from 128 in 2006-07 to 11 in 2011-12 and even these beneficiaries were not forthcoming to take the quantity allocated and hence the number of beneficiaries under the scheme was effectively nil.

The Department, in its reply (March 2013), informed that the poor response under the scheme was due to the eligibility conditions under the scheme and availing of benefits by the beneficiaries under other more lucrative schemes. It was also intimated that the matter had been taken up with the GNCTD to close the scheme, however, it was not agreed to by the GNCTD stating that efforts be made by the Department to identify beneficiaries under the scheme. Reply of the Department was not acceptable as efforts were lacking on the part of the Department to identify fresh beneficiaries by way of organizing consumer awareness programme. Moreover, the funds amounting to ₹ 53.87 lakh allocated during 2000-01 remained unutilized as of March, 2013.

(c) Irregularities in functioning of PDS outlets with regard to distribution of SFAs and Kerosene oil

(i) Suspected fraud and diversion in distribution of SFAs

An attempt was made in audit to reconcile the distribution of SFAs and Kerosene Oil with the quantity allocated by the Department to the concerned PDS outlets by inspecting the sale and stock registers of the selected FPSs and KODs. In case of one FPS, two copies of the sale register were furnished, while on one copy, signatures of the beneficiaries were missing, whereas in the second copy, for the same period, signatures of beneficiaries, as a token of receiving ration, were available. Likewise, in one FPS and three KODs, the signatures/thumb impressions in token of receiving ration, appeared to be marked by one single individual. In other three FPSs and one KOD, absence of signatures/thumb impressions of the beneficiaries, in token of receipt of SFAs and kerosene oil, was also noticed.

In its reply (March 2013), the Department informed that preliminary enquiry had been conducted by the Zonal office and show cause notice for suspension was being issued and assured for detailed action taken report.

(ii) Insufficient disbursements to the Homeless Card Holders

The Department did not visualize and match supply with actual demand in case of Homeless card holders. The proposal initiated by the Department and approved by the Chief Minister of Delhi regarding disbursement of SFAs to the families of Homeless people was to restrict the quantum of SFAs to 15 kgs, i.e. 10 kgs of Wheat and 5 kgs of Rice or vice-versa as per their eating habits in respect of families having only one member. Families having more than one member were to be disbursed with 35 kgs of SFAs. Audit observed that the Department was, however, disbursing only 15 kgs of SFAs, even to families with more than one member.

In its reply (March 2013), the Department stated that no such data was available with it that homeless persons were having more than one family member and each homeless card holder was considered as one unit. Reply of the Department was not correct as the Department itself initiated the proposal to the Chief Minister of Delhi for restriction of SFAs to 15 kgs for homeless persons having only one member in his family. Moreover, the Department did not respond to the clarification sought on the same issue by the NGO-Samaya in this regard which was involved in the survey of identification of homeless beneficiaries.

(iii) Non-allocation of additional adhoc quota of food grains to AAY category

Scrutiny of the distribution of SFAs revealed that most vulnerable section of society i.e. AAY card holders had been neglected by the Department as far as distribution of additional adhoc quota of food grains, in addition to regular supply/quota at subsidized rates during the year 2011-12. No proposal was initiated by the Department to address the needs of the AAY even though adequate quantity of unlifted (14762.20 tons of wheat and 5921.20 tons of rice) food grains was available within the regular allocated quota.

In its reply, the Department stated (August 2012) that no additional/adhoc allocation was received from the GoI for AAY category ration cards. It further stated (March 2013) that the maximum limit of 35 kgs SFA to AAY category was already being distributed and, hence, no additional allotment could be made to AAY. Reply of the Department was not acceptable as the APL and BPL cardholders were issued additional quota of SFAs in addition to regular supply during the year 2011-12 and SFAs over and above maximum limit of 35 kgs were disbursed by the Department to BPL beneficiaries.

4.2.11 Delhi State Civil Supplies Corporation - irregular enhancement of transportation charges

Delhi State Civil Supplies Corporation (DSCSC) transports the SFAs from FCI outlets to FPSs and recovers the cost of transportation from Fair Price Shop owners which in turn, recovers these charges from the Ration Card Holders (RCHs) through retail price of SFAs. Thus, the ultimate burden of transportation cost is passed on to the RCHs according to their categories, except AAY category in case of which, charges are paid by the Department to DSCSC.

As per the financial statements of DSCSC, the Sales Revenue and Direct Expenses in respect of SFAs during 2010-11 and 2011-12 were as shown in **Table 4.8:**

Table 4.8: Statement of operating contribution regarding PDS and Levy Sugar
(₹ in crore)

Head	2010-11		2011-12	
	PDS	Levy Sugar	PDS	Levy Sugar
Sales and Other Revenue	413.00	36.27	358.84	39.18
Direct Cost	410.59	36.15	354.74	37.27****
Net contribution	2.41	0.12	4.10	1.91

Analysis of the above financial statements revealed that both the activities depicted a positive contribution to DSCSC. During the year 2010-11 DSCSC had placed a demand (April 2011) before the Department, to increase the transport charges as the last revision of transportation charges was done by the Department, in respect of Levy Sugar in 1995-96, BPL/AAY (Wheat and Rice) in 1997 and in respect of APL (S) (Wheat and Rice), in 2005. The demand was attributed to substantial increase in the cost of diesel and salaries of employees. However, DSCSC had not worked out the exact amount of increase in salary and diesel cost in justification of its proposal. DSCSC had submitted (April, 2011) a statement on the basis of figures of Financial Year 2009-10 which depicted a loss of ₹ 1.92 crore on account of lifting of 58.12 lakh qtls of wheat and rice. This loss of ₹ 1.92 crore (₹ 3.30 per qtl.) had been worked out by allocating an amount of ₹ 3.66 crore as Administrative

**** Direct cost in respect of levy sugar as per balance sheet = ₹ 39.47 crore
Less amount pertaining to marketing activity incorrectly booked under levy sugar = $\frac{(-) ₹ 2.20 \text{ crore}}{₹ 37.27 \text{ crore}}$

Overhead to transportation activity without any justification. Otherwise, the transportation activity was not in loss.

DSCSC demanded an increase in transport charges by ₹ 19.68 per qtl in case of BPL for supply of Sugar (from ₹ 10.32 per qtl to ₹ 30 per qtl), and Wheat and Rice (from ₹ 15 per qtl to ₹ 30 per qtl) and by ₹ 25 per qtl in respect of supply of Wheat & Rice (from ₹ 35 per qtl to ₹ 60 per qtl) to APL (S) against its own computed loss of ₹ 3.30 per qtl. The Department approved (October, 2011) the increased transport cost as demanded by DSCSC except for sugar i.e. by ₹ 25.32 per qtl and correspondingly revised the retail price of SFAs w.e.f. 01 November 2011. DSCSC had lifted 4400988, 871489, 539673 and 11 quintals of wheat and rice for APL (S), BPL, AAY and Annapurna categories, respectively, during the year 2009-10. The increased transport charges were sufficient to earn for DSCSC, a sum of ₹ 12.31 crore^{†††} against the loss of ₹ 1.92 crore as depicted in the financial statement. It was also noticed that the activity of sugar during year 2010-11 and 2011-12 was consistently giving positive contribution to DSCSC.

Revision of transportation cost in unjustifiable proportion resulted not only in putting burden of extra cost on the Government in terms of subsidized SFAs but also in extending undue benefit to DSCSC at the cost of economically poor RCHs.

In its reply (March 2013), the Department stated that enhancement of transportation charges was made with approval of the GNCTD and the same would be reviewed in consultation with the Finance Department and the GNCTD. Reply of the Department was not acceptable as it did not analyse the proposal submitted by the DSCSC to justify the enhancement.

4.2.12 Viability of running of FPS and KODs

Success of the Public Distribution System depends upon the survival of the FPSs and KODs, which in turn depends upon the financial returns available to the FPS/KOD owner. From a financial viewpoint, there must be a fair return on the efforts and investment of owner. Viability of a FPS/KOD is multi-dimensional phenomenon and is related to a large number of factors, such as, number of consumers attached with the FPS/KOD, regular flow of PDS supplies, margins permitted on gross turnover, costs of running a FPS and interventions regarding the costs of transportation and interest charges on the amount of funds needed for stocking. Audit scrutiny of the system revealed poor viability conditions for operation and survival of the FPS/KOD holders as elaborated in the subsequent paragraphs:

4.2.12.1 Existence of FPS/KODs in excess of norms

It was noticed that there were 2498 and 2361 FPSs and KODs catering to 1779476 cardholders (as per allocation for March 2012). Keeping in view the total number of cards, it was evident that FPSs were functioning with an average of 712 beneficiaries per FPS whereas KODs were functioning at an average of only 151 beneficiaries per KOD. Thus, there were 719 FPS and 1942 KODs in excess as per the stipulated norms. The trend of deficit number

^{†††} (4400988 * 25) + (871489 * 15) = 110024700 + 13072335 = Rs. 12,30,97,035

of beneficiaries attached with the FPS and KODs was clearly observed in both the selected Zonal offices.

Under the jurisdiction of New Delhi Zonal office, there were 157 and 224 FPSs and KODs catering to 101508 and 18066 cardholders respectively, functioning with an average of 647 beneficiaries per FPS and 81 beneficiaries per KOD. Likewise, in case of North West Zonal office, there were 325 and 298 FPSs and KODs catering to 276077 and 63027 cardholders respectively, with an average of 849 beneficiaries per FPS and 212 beneficiaries per KOD.

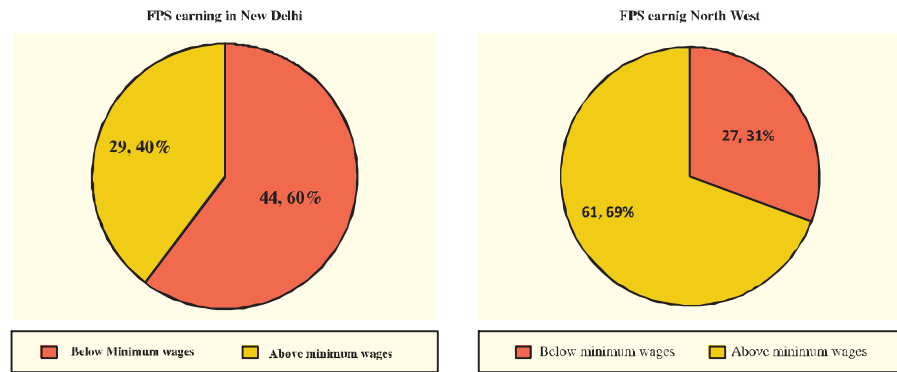
Running of FPSs/KODs in excess of the laid down norms amounts to not only hindering the process of keeping a check on the functioning of too many FPS/KODs by conducting regular inspections (with deficient manpower as brought out in para 4.2.1), but also providing poor margins to the concerned FPS/KODs. This may encourage them to indulge in malpractices like black-marketing, pilferage and/or diversion of SFAs and kerosene oil as commented upon in para 4.2.10.2(c)(i), to overcome the pecuniary loss.

In its reply (March 2013), the Department stated that the deficit in the number of beneficiaries attached with PDS outlets was due to demographic difference. Further, PDS outlets were also being operated keeping in view the fact that the beneficiaries would be benefitted in terms of the distances from their residences and that closure of FPS, would lead to public resentment. Reply of the Department was not acceptable as the criteria for minimum number of beneficiaries to be attached with PDS outlets take care of the demographic differences and a larger population of beneficiaries would result in opening of more number of PDS outlets. Further, clause 5 (3) (a) of the Delhi Specified Articles (Regulation of Distribution) Order, 1981 provides for cancellation of authorization of FPS, in case the number of FPS in a particular area is more than the number of FPS required to ensure proper distribution of SFAs.

4.2.12.2 Inadequate profit margins available to FPS and KOD owners

It was noticed that FPS holders ranging between 53 and 69 *per cent* with an average of 60 *per cent* in selected Circle offices under jurisdiction of the New Delhi Zonal office were earning gross income even less than the minimum wages prescribed for semi-skilled workers, i.e. ₹ 7356 per month whereas, no KOD owner could earn gross margin equal to the wages prescribed for semi-skilled workers. Scrutiny of the selected FPS run by DSCSC, revealed that the same had been closed on account of heavy losses.

A better position was reflected in respect of the selected circles of North West Zonal office, wherein number of FPS holders ranging from 15 to 56 *per cent* with an average of 31 *per cent* earned less than minimum wages and all KODs of selected Circles were earning less than the minimum wages. Scrutiny of the records relating to the selected FPSs and KODs revealed that one FPS and three KODs resigned from the business due to poor margins earned on sales, owing to insufficient number of beneficiaries attached with their outlets.



There was nothing on record to show that the Department had taken any step to address the issue of poor returns of the FPS and KOD owners.

The Department, in its reply (March 2013), informed that as per the Wadhwa Committee's recommendations, FPS outlets were to be phased out and these activities were to be taken over by the GNCTD/DSCSC. The present situation was transitory and reorientation in respect of unviable shops at the Circle level would be looked into as per the decision of the apex courts and GoI. The Department further stated that social audit at ground level took care of FPS owner resorting to unfair means. Reply of the Department was not tenable as the owner was required to pay for maintenance of the premises, electricity bill, rent of the premises, firefighting equipment, etc., and earning below the self-sustenance level was an unviable option, unless they resort to unfair practices as mentioned in the para 4.2.10.2(c)(i).

4.2.12.3 Non-implementation of sale of non-PDS items through FPS

In a move to encourage FPS owners to keep their FPS open throughout official opening hours, it was decided (May 2011) to allow the sale of non-PDS items through FPSs. The decision was taken on the basis of surveys conducted by the Department which reported closure of many FPSs. A similar initiative was taken earlier by the Department in May 2005 to improve the viability of Fair Price Shops (FPS), instructing all the Assistant Commissioners (licensing authority of PDS outlets) to allow sale of certain non-PDS items through FPS. The decision was to be communicated to all the FPS holders and compliance report was to be submitted in this regard. No action was found on record to have been taken by the Department since its meeting held in May 2011 for improving the viability of the FPS. While Headquarters office did not respond to the audit observation, the New Delhi Zonal office admitted (July 2012) non-availability of compliance reports/inspection report with regard to the implementation of the decision. Similarly, North West Zonal office confirmed (October 2012) about non-selling of non-PDS items by the concerned FPS under its jurisdiction. In its reply (March 2013), the Department assured that efforts would be made to sensitize the FPS owners for availing the benefits of sale of other non-PDS items to make it viable in terms of orders issued in 2005. The Department further informed that the order of May 2011 was not implemented as it was withdrawn.

4.2.12.4 Non-revision of retailer margin and undue burden of transportation cost on the beneficiaries

As per Memorandum of Association, DSCSC is authorized to lift centrally allocated sugar from mills and supply it to various FPSs in Delhi as per allocation made by the Department. The FPS holder in turn, is required to pay to DSCSC the central issue price for the monthly allocation in advance. Scrutiny of the record revealed that DSCSC paid ex-factory price to the mill owner and claimed the difference between the ex-factory price and central issue price with wholesale margin and transportation charges from FCI. As per the guidelines issued by Ministry of Food, in November, 1996 the wholesale margin and retail margin could be claimed according to the said guidelines by Wholesaler and Retailer. The DSCSC had been regularly claiming its margin money, transport cost and difference in price since 1996 after obtaining the approval from FCI. The wholesale margin and transport charges claimed by the DSCSC for the year 2011-12 were ₹ 50.32 (₹ 50.22 for April 2011) and ₹ 33.52 per quintal respectively. On the basis of said guidelines the retailer margin for the year 2011-12 works out to ₹ 22.77. Besides, this cost of ₹ 10.32 per quintal upto October 2011, which was subsequently revised to ₹ 25.32 per quintal from November 2011, was recoverable from FPS holder on account of transportation charges payable to DSCSC. The actual margin provided by GNCTD to FPS is ₹ 10.08 per quintal which is not as per the said guidelines. The GNCTD had refused for the revision of retailers margins from 1995-96 in the Margin Committee meeting held on 3 August 2001 and the same was yet to be revised. Moreover, the transportation cost of retailer has to be paid by the GNCTD but the same has been recovered from economically weaker BPL cardholders.

In its reply (March 2013), the Department stated that the matter would be reviewed.

4.2.12.5 Non-reimbursement of margin money payable to FPS holders

The Department is responsible for reimbursing the amount of margin money payable to FPS holders on account of sale of SFAs under Antyodaya Anna Yojana at the rate of ₹ 35 per quintal. It was noticed that the Department did not reimburse the margin money to the FPS holders in 2011-12. A sanction of ₹ 1.29 crore was issued (14 March, 2012) to make payment of margin money to FPS holders; however, the same was withdrawn by the Department (28 March 2012). The Department did not furnish year and zone-wise details of the total amount of margin money payable to FPS holders.

In its reply (March 2013), the Department agreed that its efforts were not adequate in the past as it required collection of data from 2500 FPSs. They also informed that reimbursement of margin money and transportation charges was now being taken on priority basis and the matter was under submission for approval.

4.2.12.6 Imposition of service charges on transportation of levy sugar

Scrutiny of the files relating to the transportation of levy sugar by the DSCSC to the FPS holders revealed that DSCSC requested (January 2011) the Department to issue suitable instructions to the Circle officers to inform all FPS holders attached with their Circles to deposit the drafts in any of the branch of Axis Bank located in Delhi at the approved rate (₹ 1339.92 per quintal including cartage) plus ₹ 50 (per transaction) towards Service Charges for the allocated quantity. The Department as well as DSCSC failed to furnish documentary evidence in support of approval from the competent authority in support of levy of ₹ 50 on FPS holders as well as the total amount realized from the FPS holders on this account. Imposition of service charges led to additional burden on the FPS holders, adversely affecting the margins earned by them. The reply of the Department is awaited as of March 2013.

4.2.13 Control and Monitoring

4.2.13.1 Non-implementation of revised policy on distribution of wheat flour

In a move to curb diversion/leakages of food grains under TPDS, a revised policy on distribution of wheat flour to ration card holders was issued (January 2008) by the Ministry of Consumer Affairs, Food and Public Distribution, GoI. As per the revised policy, in the beginning of every financial year, State/UT Governments would assess the requirement of wheat flour in their State/UT based on options, if any, to be exercised by the Ration Card holders, and distribution of wheat flour in quantities equal to about half of the monthly allocations of wheat to ration cardholders was to be done from March 2008 onwards. Expenses on milling/grinding of whole wheat, packaging and transportation of whole wheat to mills and of wheat flour from the mills to distribution centers, etc. were to be borne by the State/UT Governments or to be adjusted suitably in the quantity/issue price of wheat flour in such a manner as no additional burden is passed over to the targeted AAY, BPL and APL ration cardholder families.

GoI allocated (February 2011) monthly quantities of 12267 tons of rice and 37112 tons of wheat for AAY, BPL and APL families under the TPDS for the period from April 2011 to March 2012. The rice allocated was to be distributed in the form of whole grains, whereas, the wheat allocated could be distributed as wheat flour/atta or fortified wheat flour/atta through the network of fair price shops. Scrutiny of record and information furnished to audit revealed that the Department had not adhered to the directions of the Ministry and had taken no initiative with regard to obtaining of options from the ration card holders in this regard. Instead, it distributed the entire allocated wheat in the form of whole grains only. Non-adherence to the directives not only led to non-extending of relief to the beneficiaries with regard to grinding charges, but also reflected that the Department did not act to curb and curtail diversion/leakages of food grains under the TPDS.

In its reply (March 2013), the Department stated that the scheme of wheat flour was optional and the GNCTD could not start distributing flour under TPDS. The Department further stated that Bhagidari Atta scheme was launched to provide fortified atta at cheaper rates than market but not under PDS. Reply of the Department was not acceptable as the revised policy on distribution of wheat flour was to be adopted w.e.f. March 2008 to comply with the directions of the Supreme Court. Allocation letter issued by the GoI (February 2011), specifically provided for distribution of wheat in the form of flour/fortified flour. Further, the Bhagidari Atta Scheme launched by the GNCTD was part of Open Market Sale Scheme (Domestic) and could not be taken as a substitute for implementation of the revised policy on distribution of wheat flour under PDS.

4.2.13.2 Inadequate monitoring of Fair Price Shops

In terms of paragraph 6 (2) of Annexe to the Public Distribution System (PDS) Control Order, 2001, State Governments shall ensure regular inspections of FPSs not less than once in six months by the designated authority. State Governments may issue orders specifying the inspection schedule, list of checkpoints and the authority responsible for ensuring compliance with the said orders. There were 2498 FPSs as per the allocation for March 2012. As such, at least 4996 regular inspections were to be carried out during the year. It was, however, noticed that the Enforcement Branch of the Department carried out only 95 inspections in the year 2011-12.

Further, targets for monthly random inspection of PDS outlets were fixed for Inspectors, FSOs and Assistant Commissioners at fifteen, ten and seven respectively. It was observed that there were 157 FPS (as per allocation for March 2012) functioning under the jurisdiction of the New Delhi Zonal office, for which a minimum of 314 inspections were to be carried out. However, only 22 surprise inspections were conducted by the vigilance and enforcement branch during the year. Likewise, there were 325 FPSs (as per allocation for March 2012) functioning under the jurisdiction of North West Zonal office, entailing a minimum of 650 inspections. Against this, only 396 inspections were conducted. Moreover, the Department failed to produce even a single inspection report in support of the inspections claimed to have been conducted by it. Similar observation was also made in the Report of C & AG (Civil and Commercial) for the year ended March 2011 (Para 2.1.11.1) with the recommendation for conducting of inspections prescribed under control orders at each level. Non-conducting of monthly inspections as per required frequency, showed inaction on the part of the Department to monitor the working of FPS.

In its reply (March 2013), the Department accepted the audit contention and stated that effective monitoring would be ensured by re-circulating the instructions.

4.2.13.3 Inadequacies in complaints redressal mechanism

No consolidated data was available with the Department to assess the number of complaints received at each level of hierarchy. As per the information made available to audit, 103 complaints were received at the Head office of the department during the year 2011-12, out of which 32 were pending. Likewise, 175 complaints (pertaining to five Circles) were received in respect of FPSs/KODs, functioning under the overall jurisdiction of the New Delhi Zonal office. Zonal office stated that the complaints had been forwarded to the concerned FSO for action against the defaulters. However, it was observed that the Zonal office was neither aware of the status of the settlement/pendency of the complaints nor could provide the related records in this regard, showing lack of control over the Circle offices under its jurisdiction.

No consolidated data regarding the status of the complaints was available with the North West Zonal office. The data compiled from the information received from the Circle offices revealed that there were 259 complaints (including opening balance of 81 complaint cases) in respect of seven Circle offices, out of which 75 complaints were pending at the end of the year. Neither any reason for the pendency nor any action report was made available to audit. Scrutiny of the selected FPS (No. 3533) revealed that an order to suspend the authorization of licence with immediate effect was passed on 19 August 2011 on the ground of non-distribution of SFAs (for two months) and non-maintenance of proper accounts. The case was sent back (May 2012) to the concerned competent authority to pass orders, status of which was not available. Department failed to furnish the status of the undisbursed quantity of SFAs in this case as well as norms with regard to time frame for disposing the cases.

The Department, in its reply (March 2013), stated that the complaint redressal mechanism existed at HQ level for speedy redressal. Reply of the Department was not convincing as no record relating to final disposal of complaint cases was furnished to Audit at any level of hierarchy including the head office of the Department.

4.2.13.4 Non-accountability of shortage in respect of quantities of SFAs and kerosene oil

In terms of the circular issued in July 2003, departmental action in case of minor variation of stock of all the commodities mainly wheat, rice and sugar upto 50 kg, suspension in case of variation of more than 50 kg and suspension along-with lodging of FIR in case of variations above 100 kg is to be taken. Similar action is to be taken in respect of the quantity variation of kerosene oil. Scrutiny of the sale registers of the test checked FPSs and KODs revealed that in respect of eight FPSs, there was average monthly shortage of SFAs ranging from 57 kgs to 347 kgs, whereas, in respect of three KODs, there was an average monthly shortage ranging from 60 to 100 litres. Apart from these, shortages less than the above prescribed limits, were also observed in the other selected outlets. It was, however, observed that no action had been taken

at any level of hierarchy in the Department and that the shortages were being allowed as a matter of routine, without fixing any accountability and imposing any penalty as prescribed.

In its reply (March 2013), the Department stated that detailed comments from respective zonal office were awaited.

4.2.13.5 Delay in opening of sales

Delay in opening of sale ranging from four to 13 days after receipt of SFAs was observed in the case of three selected FPS outlets falling under the jurisdiction of New Delhi Zonal office reflecting poor monitoring by the Zonal office and the Department and thereby giving opportunity to the FPS holders to distort the quality and quantity of SFAs to their advantage.

The Department, in its reply (March 2013), stated that delay in opening of sales, was on account of disbursement of SFAs at one time in order to facilitate beneficiaries to purchase it in one visit as delivery of SFAs and sugar at FPS outlets was not received together in some instances. It was further informed that SFAs were normally supplied from the godown to the PDS outlets within four hours. Reply of the Department was not acceptable in terms of clause 6(2) of the PDS (Control) Order, 2001, which provides that the FPS owners should take delivery of stocks from authorized nominees of the State Government to ensure that essential commodities were available at the FPS within first week of the month for which the allotment is made.

4.2.14 Status on audit observations and recommendations made in the Report of the Comptroller and Auditor General on Civil and Commercial for the year ended March 2011

It was seen in audit that the Department had not taken any remedial action with regard to the following observations:

- The Department failed to furnish inspection reports on account of joint inspections conducted by it as well as reports with respect to receipt of stack-wise samples of the stocks of food grains supplied to them to ensure the compliance of quality assurance norms as provided for in the PDS (Control) Order, 2001
- The Department failed to furnish information regarding the UCs submitted by it to the GoI during 2011-12.
- The Department failed to furnish details of the meetings held at various levels during the year 2011-12.
- Non-submission of monthly returns relating to stock and sale of kerosene oil.

The reply of the Department was awaited as of March 2013.

4.2.15 Open market operations

4.2.15.1 Non-maintenance of database of existing number of wholesalers, millers and retailers to operationalize its mechanism of open market sale scheme.

The Department is responsible for managing the trade and commerce in essential commodities with a view to maintain or increase supplies thereof and secure their equitable distribution and availability at fair prices by enforcing the Essential Commodities Act, 1955 and various Control Orders made thereunder, thereby fixing of stock limits for various categories of dealers such as millers/producers, wholesalers and retailers. It was, however, observed that the Department was having no database with regard to the existing wholesalers, millers and retailers operating in the NCTD.

In its reply (March 2013), the Department stated that the database of wholesalers/millers was not being maintained as the same was not required. Reply of the Department was not tenable in terms of mandate assigned to it which provided for fixing of stock limits, for various categories of dealers to ensure supply of essential commodities at fair prices. In the absence of the database, the Department was not in a position to check potential black-marketing practices and stabilize prices of essential commodities, when required.

4.2.15.2 Irregularities in the activities under open market operations

The GNCTD in partnership with Delhi Roller Flour Mills Association (Association), Kendriya Bhandar, NCCF and FCI decided to distribute whole wheat Atta at reasonable rate to the general public in Delhi in order to check the inflationary trend under the Open Market Sales Scheme of the GoI, Ministry of Food and Public Distribution. Memorandum of Understanding (January 2010) was signed between GNCTD through the Department of Food, Supplies and Consumer Affairs and Delhi Roller Flour Mills Association. As per clause 12 of the MoU, the Association would engage trucks, salesmen at their own cost at different places, decided by the Department and make sale of 10 kg bag at the rate of ₹ 139 and 5 kg bag at the rate of ₹ 70. For the smooth and successful implementation of this initiative, instructions were also issued (November 2009) to all Joint Commissioners of the concerned districts, Assistant Commissioners (ACs) and FSOs. In terms of the order issued, the availability of the Atta was to be ensured by all ACs at the designated sale point of circle office falling under their jurisdiction. Scrutiny of record made available for audit revealed that approximately 700-800 MT of Atta was supplied daily under the scheme as per the status conveyed by the Department (February 2010).

Further, Whole Meal Atta Manufacturer's Association Delhi (Regd.) (April 2010) had shown willingness to sell fortified Atta at the rate of ₹ 136 per 10 kg

bag and intended to participate in Bhagidari Scheme of Atta distribution at concessional rate i.e. at no profit no loss basis by reducing milling charges and distribution charges. Similar type of proposal was also received from Delhi Roller Flour Mills Association (April 2010), wherein they had offered to reduce price by ₹ 2 per 10 kg bag i.e. at the rate of 137 per 10 kg bag. No decision was taken on these proposals by the department till August, 2011.

The Department failed to furnish information regarding the monthly average consumption of Bhagidari Fortified Atta during the year 2009-11 along with reasons for discontinuation and status of the scheme. Similarly, non-maintenance and availability of information with regard to the coordination of the scheme was observed in the test check of the records at each level of selected hierarchy.

The Department in its reply (March 2013), stated that it was not true that the Department failed to take action and that although the file remained unattended in the Office of the Minister of Food and Supply from May 2010 to August 2011, the matter was simultaneously dealt in another file on 30 June 2011. The Department further stated that the Whole Meal Atta Manufactures Association, Delhi failed to furnish the requisite information as asked for in August and October 2011 and subsequently the scheme was closed.

The reply was not acceptable as it did not respond to the fact that the Department failed to capitalize on the offer (April 2010) made by the Delhi Roller Flour Mills Association which was already supplying Atta under the Bhagidari scheme and offered to further reduce the existing price. The requisite information i.e. credentials of Association, infrastructure details etc. were called for by the Department after a lapse of more than a year.

4.2.15.3 Lack of strategic planning with respect to intervention in open market mechanism

The Department did not evolve a strategy to check the rising prices of essential commodities and give relief to the residents of Delhi as shown below:

(a) Inaction of the Department to control the prices of essential commodities

During the year, a provision of ₹ 2.50 crore was kept for market intervention to check the rising prices of Essential Commodities. However, it was observed that the entire amount remained unutilized at the end of the year even though prices of some of the essential commodities reflected an upward trend showing variation ranging from 16 per cent to 142.86 per cent within the year as shown in **Table 4.9**:

Table 4.9: Retail prices of essential commodities and vegetables in Delhi**(₹ per kg/litre)**

Name of the commodity	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Max. variation (in %)
Gram dal	39	38	37	37	39	44	55	55	56	52	51	50	51.35
Milk	25	25	27	27	27	27	29	29	29	29	29	29	16.00
Onion	11.5	12	10.5	14	17	21	23	21	17	15	13.5	13	119.05
Sugar	32	32	32	31	32	33	33	33	36	35	34	33	16.13
Mustard Oil	71	70	69.5	74	70	74	76	76	77	83	85	84	22.30
Potato	9	9	10	14	15	15.5	17	15	12	8	7	9	142.86

There was abrupt increase in prices ranging from 10.05 *per cent* to 79.31 *per cent*, between two consecutive quarters, in certain commodities during the three year period from 2009-10 to 2011-12 (**Annexure-4.12**). The Department was requested (July 2012) to furnish information regarding its policy, norms and criteria with regard to invoking and utilization of the provision for Market Intervention to check the rising prices of Essential Commodities.

In its reply (March 2013), the Department stated that it acted only in case of hoarding of essential commodities and that funds allocated by the Government were kept as contingency fund. The Department further stated that the system of invoking the provisions of market intervention was very elaborate and thus could not be resorted to at short intervals. Reply of the Department was not acceptable as it did not act to utilize the contingency fund even during prolonged periods of price rise in respect of certain essential commodities during 2009-10 to 2011-12.

(b) Prevention of black-marketing and maintenance of supplies of Essential Commodities

Provision of Rule 3 of the Prevention of Black-marketing and Maintenance of Supplies of Essential Commodities (BMSEC) Act, 1980 empowers the Department to detain persons whose activities are found to be prejudicial to the maintenance of supplies and commodities essential to commodity.

The Department did not undertake activity at any level by way of conducting raids and inspections to keep a check on hoarding practices as adopted by various categories of dealers.

The Department was undertaking negligible activities on account of open market operations. It did not address the issues relating to upward trend of prices of essential commodities, either by way of evolving a strategic plan to utilize the funds allocated to it or by carrying out inspections and raids to keep a check on black marketing practices.

The Department in its reply (March 2013) assured to create database to control black-marketing.

4.2.16 Human Resource Management

Optimum utilization of available resources is the key factor in deciding the outcome of the activities undertaken by the Department, to achieve objectives and fulfill the mandate. As of March 2012, the Department was functioning with manpower of 624 employees facing a shortage of 518 personnel. It was, however, observed that instead of utilizing the services of available men-in-position appropriately, the Department was utilizing the services on unfruitful activities in the form of deputing its staff on processing and preparation of ration cards to be issued to APL-unstamped category. As referred to in para 4.2.8.1, issuing of ration cards to the aforementioned category was without any justification since no benefit in terms of subsidy or SFAs were being distributed to them.

The Department in its reply (March 2013), stated that the matter regarding utilization of services on unfruitful activities like issuing of APL (unstamped) cards would be examined. Reply was not convincing as the Department needed to utilize its available manpower optimally to fulfill its mandate prudently.

Conclusions

The CCO based audit has brought out that the internal control mechanism in the Department of Food and Supplies, GNCTD, is deficient, leading to financial mismanagement, weak budgetary control as well as inadequate monitoring of the FPSs and KODs. Deficient manpower of the Department further compounded the deficiencies. This has resulted in improper updation of ration cards. Contravention of procedures also led to unnecessary burdening of the beneficiaries. Approvals related to compensation to the DSCSC at the cost of both the FPS and beneficiaries were not in order. The Department has not considered the issue of viability of FPS/ KODs. The Department was not carrying out all its mandated roles, especially in respect of the open market interventions even though it was allocated funds every year. Despite abrupt sharp increases in the prices of certain essential commodities, it did not develop a strategy for the same. Non maintenance of essential data base regarding the shop owners, wholesalers, millers, retailers etc. limited the capacity of the Department for meaningful intervention in case of necessity.

Recommendations

- *Initiative needs to be taken to identify beneficiaries under various categories and reviewed on regular basis to eliminate bogus cards.*
- *Mechanism for updation of beneficiaries as well as FPS and KODs needs to be strengthened as well as monitored.*

- *Internal control mechanism of the Department needs to be strengthened.*
- *Office Procedure Manual based on functional requirement needs to be developed in order to create awareness of working procedures to be followed at each level of hierarchy.*
- *Timely steps and follow-up action need to be taken to ensure viability of running FPSs and KODs.*
- *Department should develop strategy for its role in open market interventions and implement the same accordingly.*

New Delhi

(DOLLY CHAKRABARTY)

Dated:

Principal Accountant General (Audit), Delhi

Countersigned

New Delhi

(VINOD RAI)

Dated:

Comptroller and Auditor General of India

Annexure – 1.1
Position of outstanding ATNs as on 31.12.2012
(Referred to in paragraph 1.11)

Sl. No.	Year of Report	Chapter of the Report	Para No.	Pertains to	Brief subject
1.	Ended 31 March 1996	III	3.13	Public Works Department	Construction of Police Training School at Jharoda Kalan.
2.	Ended 31 March 1997	III	3.15	Irrigation and Flood Control Department	Wasteful expenditure
3.	Ended 31 March 2002	IV	4.4	Public Works Department	Avoidable financial burden
4.	Ended 31 March 2004	III	3.6	Public Works Department	Wasteful expenditure due to poor planning and defective execution
5.	Ended 31 March 2004	III	3.7	Public Works Department	Avoidable expenditure on price escalation
6.	Ended 31 March 2004	III	3.10	Public Works Department	Undue liability due to non-revision of water charges
7.	Ended 31 March 2004	III	3.11	Public Works Department	Irregular expenditure on deployment of personnel
8.	Ended 31 March 2004	VI	6.15	Delhi Financial Corporation	Loss due to fixation of wrong revised repayment schedule
9.	Ended 31 March 2005	III	3.11	Public Works Department	Avoidable expenditure on cost escalation
10.	Ended 31 March 2005	III	3.14	Public Works Department	Extra expenditure due to injudicious decisions
11.	Ended 31 March 2006	Vol.I Ch.III	3.5	Irrigation and Flood Control Department	Unfruitful expenditure due to foreclosure of a work
12.	Ended 31 March 2006	Ch. V	5.11	-	Corporate governance in government companies
13.	Ended 31 March 2007	III	3.5	Department of Home	Non-recovery of licence fee
14.	Ended 31 March 2007	III	3.7	Public Works Department	Unintended benefit to a contractor
15.	Ended 31 March 2007	III	3.8	Public Works Department	Avoidable expenditure on cost escalation

16.	Ended 31 March 2008	IV	4.1	Department of forest and wild life	Non-recovery of compensatory plantation charges
17.	Ended 31 March 2008	IV	4.8	Transport Department	Bus Rapid Transport Corridor (BRTC) Project
18.	Ended 31 March 2008	V	5.1	Department of Food, Supplies and Consumer Affairs, GNCT of Delhi	Internal Control Mechanism
19.	Ended 31 March 2008	VI	6.17	Delhi Transport Corporation	Operational loss due to unplanned deployment of buses
20.	Ended March 2009	II	2.1	Department of Home	Working of Delhi Fire Service
21.	Ended March 2009	III	3.1.2	Public Works Department	Avoidable extra expenditure due to delay in supply of drawings in time
22.	Ended March 2009	III	3.2.1	Public Works Department	Unfruitful expenditure on road works left incomplete due to encroachments
23.	Ended March 2009	III	3.2.2	Public Works Department	Unfruitful expenditure on surplus work-charged staff
24.	Ended March 2009	III	3.3.1	Department of Home	Avoidable expenditure due to injudicious assessment of sanctioned load of electricity supply
25.	Ended March 2009	III	3.3.2	Public Works Department	Unfruitful expenditure on construction of Kalindi Bypass
26.	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
27.	Ended March 2009	III	3.3.4	Public Works Department	Extra avoidable expenditure on consultancy fee
28.	Ended March 2009	IV	4.1	Transport Department	Integrated audit on the functioning of Transport Department
29.	Ended March 2009	V	5.2	DTC	Performance Audit Report on the functioning of Delhi Transport Corporation

30.	Ended March 2009	V	5.3.1	Delhi Power Company Limited	Avoidable Loss
31.	Ended March 2009	V	5.3.2	Delhi Financial Corporation	Non-recovery of dues
32.	Ended March 2009	V	5.3.3	Delhi Financial Corporation	Inadequate pre-sanction scrutiny
33.	Ended March 2009	V	5.3.4	Delhi Financial Corporation	Delayed action against borrower
34.	Ended March 2010	III	3.1.1	Public Works Department	Undue payment of ₹ 1.05 crore to the consultant
35.	Ended March 2010	III	3.1.2	Public Works Department	Overpayment of ₹ 30.25 lakh to the consultant
36.	Ended March 2010	III	3.1.3	Public Works Department	Avoidable expenditure of ₹ 1.48 crore and overpayment of ₹ 40 lakh
37.	Ended March 2010	III	3.1.4	Public Works Department	Wasteful Expenditure of ₹ 74.64 lakh
38.	Ended March 2010	III	3.2.1	Public Works Department	Irregular award of work resulting into excess expenditure of ₹ 1.27 crore.
39.	Ended March 2010	III	3.3.1	Public Works Department	Wasteful expenditure/loss of ₹ 25.62 lakh besides blockade of ₹ 14.20 crore
40.	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
41.	Ended March 2010	V	5.2		Power Generation Activities in Delhi
42.	Ended March 2010	V	5.3.2	Delhi State Industrial and Infrastructure Development Corporation Limited	Avoidable expenditure due to delay in providing clear site
43.	Ended March 2010	V	5.3.3	Delhi State Industrial and Infrastructure Development Corporation Limited	Avoidable payment of surcharge

44.	Ended March 2010	V	5.3.4	Delhi Tourism and Transportation Development Corporation Limited	Undue benefit to licensee
45.	Ended March 2010	V	5.3.5	Delhi Transco Limited	Undue benefit to the beneficiaries drawing bulk power
46.	Ended March 2010	V	5.3.7	Delhi Transport Corporation	Delay in Investment of EPF
47.	Ended March 2010	V	5.3.8	Delhi Transport Corporation	Avoidable Expenditure
48.	Ended March 2011 (Report No.3)	2	2.1	Department of Food Supplies and Consumer Affairs	Department of Food Supplies and Consumer Affairs
49.	Ended March 2011 (Report No.3)	3	3.1.1	Public Works Department	Irregular award of work and excess expenditure of ₹ 11.59 crore
50.	Ended March 2011 (Report No.3)	3	3.1.2	Public Works Department	Extra expenditure of ₹ 2.21 crore due to illegal rescission of contract
51.	Ended March 2011 (Report No.3)	3	3.3.1	Public Works Department	Infructuous expenditure of ₹1.76 crore
52.	Ended March 2011 (Report No.3)	5	5.2.1	Delhi Power company Limited	Undue favour to BRPL- a private DISCOM
53.	Ended March 2011 (Report No.3)	5	5.2.2	Delhi Transco Limited	Non-levy of compensation/ penalty on the Contractor for delay in execution of work.
54.	Ended March 2011 (Report No.3)	5	5.2.3	Indraprastha Power Generation Company Limited	Loss due to delay in award of contract
55.	Ended March 2011 (Report No.3)	5	5.2.4	Delhi State Industrial and Infrastructure Development Corporation	Interest loss due to delay in filing Income Tax Return
56.	Ended March 2011 (Report No.3)	5	5.2.5	Delhi Transport Corporation	Loss of Revenue due to delay in handing over Shelters

Annexure-2.1
Excess expenditure over Budget sanctioned
(Referred to in Paragraph 2.2.4)

(₹ in lakh)

Sl. No.	Head of Account	Budget sanctioned	Expenditure incurred	Excess expenditure
	Electrical Maintenance Division M-151			
	Non Plan			
1	2059-Maintenance and Repair B(1)(1)(4) Minor construction B 1(4)(2)	1980.00	2068.33	88.33
	Electrical Maintenance Division M-253			
	PLAN			
2	4059- BB2(1)(2)(1) Delhi Govt. Sectt. Integrated Security System	378	391.33	13.33
3	5054 BB11(1)(1)(1) C/o of Road and Bridge	125	131.56	6.56
	NON PLAN			
4	2059 B1(1)(5) Maintenance and Repair	840	847.12	7.12
5	2059 B1(1)(1) (1)(7) RRT	485	486.18	1.18
6	3054B3 Roads and Bridges	915	925.61	10.61
	Electrical Maintenance Division M-251			
	Non Plan			
7	2059- B(1)(1)(2) Construction	10.00	11.19	1.19
8	2059 Maintenance and Repair B1(1)(5) Salary and work payment	1010.00	1039.30	29.30
9	2059 B1(1)(1)(1)(5) Office Expenses	1.00	1.16	0.16
10	2216B2(1)(1)(2) M&R	80.00	80.59	0.59
11	3054 Road & Bridges Work	150.00	151.40	1.40
	Plan			
12	4059BB2(1)(2)(5)Dy.Commissioner Office	121.00	149.22	28.22
13	4202 Tech. Education on BB4(2)(2)(1) Polytechnic Building	16.00	20.72	4.72
14	4202 BB4(1)(4)(2) Delhi Government Sponsored Building	40.00	40.22	0.22
15	4210 BB5 (1)(1)(1)(1) Jag Pravesh Hospital	67.00	85.70	18.70
16	4210 BB 5 (1)(1)(1)(2)C/o 200 Bedded Super Speciality Paediatric Hospital, Geeta Colony	110.00	126.51	16.51
17	4235 BB9 (1)(5)(1) Providing of Additional facility in existing building	45.00	46.91	1.91
18	4851 Up gradation of improvement industries estate	15.00	16.00	1.00
	Electrical Maintenance Division M-252			
	Plan			
19	4210 Dr. Hedgewar Arogya Sansthan	85.00	137.85	52.85
20	4210 Construction of Building for dispensary and Health Centre	8.00	9.00	1.00
	Suspense			
21	8658 Suspense-107-CSSA Delhi Police	103.12	104.94	1.82
	Civil Road Maintenance Division M-411			
	Plan			
22	5054 Construction of Bridge and Road-BB11(1)(1)(1)	1600.00	1623.34	23.34
	Non Plan			
23	3054 Bridge and Road-BB3(1)(1)(1)	1300.00	1467.60	167.60

Annexure –2.2
Delay in completion of works
(Referred to in Paragraph 2.2.5.2)

Sl. No.	Name of work	SDOC/ ADOC	Delay (in days-up to September 12)	Hindrances due to Civil Work /Electrical work (In days)	Hindrance due to non availability of site (In days)	Non availability of drawings (In days)	Other reasons of hindrances (In days)
1	Electrical Maintenance Division M-253 Construction of FOB with staircase, Ramp and Escalator at Hassan Pur Village and Vishwas Nagar SH; Providing, Installation, Testing and Commissioning of Escalator	3.10.10/ In progress	728	728	-	-	-
2	Electrical Maintenance Division M-252 Supplying, Installation, Testing and Commissioning of 2x1250 KVA DG Set at Karkardooma Court	24.8.2011/ In progress	403	72	-	263	Delay in installation of DG Set panel (88)
3	Building Project-Civil B-23 C/o 200 Beds Hospital at Kokiwala Bagh, Ashok Vihar Phase, Delhi(SH- OPD ward, services, Nurses and RMO Hostile Block etc	18.09.10/ In progress	743	-	72	98	Approval of water proofing agency (9), Dewatering(1), Brick work details not approved by client department (48), Finishing schedule of work (12), decision of flooring level by client department (2)
4	C/o of EDP Cell Cum referral clinic / Administration cum OPD Block and Additional Parking Basement at GB Pant Hospital.	10.7.08/ 30.11.11	1238	-	1262	578	Delay in decision for plumbing work (5.2.08 to 22.6.09=503), delay due to pending approval of specialized agency for aluminum work (17.4.08 to 29.12.08=257) delay in decision of flooring by Medical Superintendent (17.7.08 to 26.3.10=618)

5	C/o of New OPD Block at LNJP Hospital,	05.03.12/ In progress	209	-	47	82	Work temporary suspended due to commonwealth games (31),
	Building Project-Civil B-13						
6	C/o Integrated Complex for Delhi Judicial Academy National Law School and National Institute for meditation and Conciliation at Sector 14 Dwarka, New Delhi(SH: Boys and Girls Hostel including external development and internal electrical conditioning work	24.12.08/ 30.3.10	462	-	-	345	Non availability of TMT Bars (10), non availability of setting out plant (35), non availability of water supply plant (41), non availability of pumping details (17), additional work of mosquitoes wire mesh (10)
7	C/o General Pool Accommodation For DA Staff at Shalimar Bagh, Delhi. SH:143 NOs Type III Qtrs.	22.11.08/ In progress	1408	816	82	249	-
8	C/o General Pool Accommodation For DA Staff at Shalimar Bagh, Delhi SH: 156 NOs Type IV Qtrs.	22.11.08/ In progress	1408	503	15	262	
9	C/o residential quarters for Delhi Govt. staff at Shalimar Bagh, SH: Site development work etc.	1.5.2010/ 31.5.2011	396	28	301	22	Due to rain (13)
	Civil Road Maintenance Division						
10	Providing and laying Central Median on various Roads under Zone M-2 (M-213)	8.8.11 In progress	419	-	264	-	-
	Building Maintenance Division B-231						
11	A/A to LN Hospital, New Delhi dg. 2009-10, SH: Construction of ramp in New Surgical Ward Block	11.12.10/ Work in progress	659	-	130	336	Non shifting of sewer lines (38),
12	A/A to G.B Pant Hospital (NR), New Delhi dg. 2008-09 SH: C/o Laundry	9.10.08/ In progress	1452	-	-	1452	-
13	A/A to L.N. Hospital dg.2009-10. SH: Renovation and furnishing modular furniture providing and fixing compactors for storage of Medical wards at 2nd floor of MRD Block	29.4.10/ In progress	885	-	885	-	-
14	A/A to MAIDS, dg. 2011-12, SH: Renovation in Room No. 502 & 503 and providing & fixing wall paper & compactors at 5th floor of MAIDS	24.1.12/ In progress	250	-	250	-	-
15	A/A to L.N. Hospital (NR) dg. 2011-12, SH: Replacement of roof of Ward No.13	19.3.12/ In progress	195	-	195	-	-
16	A/A to G.B. Pant Hospital (NR) dg. 2009-10, SH: Renovation of Nursing Home Ward No.11	9.7.10/ In progress	814	-	814	-	-

17	A/A to G.B. Pant Hospital (NR) dg.2011-12, SH: Renovation of Nursing Home Ward 14 (Right Wing) at 2nd floor (old building "A" Block	23.1.12/ In progress	251	-	-	251	-	-
18	A/A to G.B. Pant Hospital (NR) dg.2011-12, SH: Renovation of Nursing Home Ward 15 (Right Wing) at 3rd floor (old building "A" Block	31.3.12/ In progress	183	-	-	183	-	-
19	A/A to G.B. Pant Hospital (NR) dg.2011-12, SH: Renovation of Cardiology I.C.U.	25.1.12/ In progress	249	-	-	249	-	-
20	A/A to G.B. Pant Hospital (NR) dg. 2008-09, SH Demolition of stores and development of area vacated from unauthorized Juggins/stores for parking at PWD Enquiry Office (Balance work	10.3.12 In progress /	204	-	-	204	-	-
21	A/A to G.B. Pant Hospital (NR) dg. 2011-12, SH: Renovation of Ward No.1, old building "a" Block	8.4.12/ In progress	175	-	-	175	-	-
22	A/A to L.N. Hospital dg. 2010-11, SH: Replacement of old rusted/leaked or damaged soil pipe, G.I. pipe and damage/choked sewer line at ABCON College/Hostel	20.7.11/ In progress	438	-	-	438	-	-
23\	A/A to L.N. Hospital dg. 2010-11, SH: Development of drainage system at Mirdard Lane Qtrs. Campus	9.10.11/ In progress	357	-	-	357	-	-
24	A/A to GNEC (NR) at R.S. Road, dg. 2010-11, SH: Renovation of ground floor OPD Block Left Wing	4.11.11/ In progress	331	-	-	331	-	-
25	A/A to MAMC (NR) dg. 2009-10, SH: Up gradation of Practical Lab (Room No. 1) including attached 2 Nos. wash rooms in Pathology Department	6.6.10/ In progress	847	-	-	847	-	-
26	Addition-alteration Mortuary at MAMC Complex, dg .2010-11	18.5.11/ In progress	501	-	-	501	-	-
27	A/A to MAMC dg.2011-12, SH: Restoration of OTO-Rhino laryngological Lab at ground floor of Anatomy Block	1.1.12/ In progress	273	-	-	-	-	Pending decision of client department (273)
28	A/A to MAMC dg.2011-12, SH: Renovation of Academic section & toilet	1.1.12/ In progress	273	-	-	273	-	-
29	Providing & Installation of distribution System in G.B. Pant Hospital for treated water from STP for flushing, Air Conditioning and Horticulture	11.10.10/ In progress	720	-	-	720	-	-

Hindrance Register not prepared

Sl. No.	Name of work	SDOC/ADOC	Delay (In days)
Electrical Maintenance Division M-251			
30	Restoration of Deputy Commissioner (North East) office Complex at Nand Nagri SH: Providing Electrical Sub-Station.	6.1.11/ In progress	633
Civil Road Maintenance Division M-312			
31	Improvement of drainage system by construction of RCC Trunk drain at Road No 43 from RD 500m to 3380 m , Road No 42 from RD 0m to 625 m and Road No 44 from RD 0 m to 350 m including repair to Rani Bagh side drain at Road No 43	19.10.10/ In progress	712
Building Project Electrical B-14			
32	Construction of Lawyers Chamber at District Court, Rohini, Delhi SH: DG Sets and associated electrical works	9.4.2012/In Progress	174
33	Construction of Lawyers Chamber at District Court, Rohini, Delhi SH: SFTC of sub-station equipments and cables etc.	8.5.12/ In progress	145
34	Construction of Prison Complex for Department of Prison, SH: Internal Electrical Installation and Fans for Building of Prison' at Mandoli (B-142)	19.11.10 In progress	681
Electrical Maintenance Division M-151			
35	MOEI & Fans in MRD & Taneja Block i/c Laundry at LNIP Hospital, SH:- Providing EI & Fans	9.9.09/ In Progress	1117
36	RMO Air Conditioner Equipment in 3 to 32 Hostels OT, Kitchen, MRD & Taneja Block at L.N Hospital. (SH: S/F of chilled water line & control Cable for BL Taneja Block.	10.10.09/ In Progress	1086
37	Renovation of EI i/c Pdg. Geysers, Telephone facility and replacement of old luminaries in special ward block due to converting in private ward at L.N. Hospital, SH:-Providing and Installation of LCD TV's.	30.11.09/In progress	1035
38	Renovation i/c General Repair of Elect. Installation at 3 rd & 4 th floor at New Medical Block, at L.N. Hospital.	3.2.10/In progress	970
39	Provision of Ductable A.C Units for IVF Lab at Basement. Casualty Block, L.N. Hospital.	14.4.10/In progress	900
40	Renovation to EI & Fans at ORDH at L.N. Hospital, SH:- Providing Rewiring and Replacement of P/Set	14.1.10/In progress	990
Civil Road Maintenance Division M-111			
41	Improvement of Road side area of road No.89 (Extn.)/Girdhari Lal Goswami Marg) near T point with Road No. 25 SH: Constn. Of Bus Bay	24.03.12/In progress	190
42	Road Restoration of Footpath and Road surface cut by BSES for laying cable from 220KV Naraina Grid to 33 KV DMS Grid T Point Naraina Ring Road to Lohamandi T Junction at Road No.89(Extn.)	01.05.12/In progress	152
43	A/R & M/o Road No.89 (Girdhari Lal Goswami Marg) dg 11-12 SH: Desilting of covered drain from Naraina Ring Road to T Point PVR	14.04.12/In progress	169
44	A/R & M/o Road No.36 (Kirti Nagar side) under sub dn:1111 dg 11-12 SH: Improvement of footpath & repair od drain on Kirti Nagar side.	20.05.12/In progress	133

45	Road Restoration of bituminous road at Baba Gang Nath Marg (Road No.12) cut by DJB	24.04.12/In progress	159
	Building Maintenance Division M-332		
46	Extra ordinary Repair to 500 bedded DDU Hospital at Hari Nagar SH: Repair and Maintenance of ARTS OPD	13.12.11/In progress	292
47	Washed stone grit plaster in Central Jail No. 5, Tihar.	4.08.11/In progress	423
48	EOR to Central Jail, Tihar, New Delhi SH: C/o shed storage room for mess and other misc. works for 'G' Co., TSPVIII Bn. at Tihar Jail.	9.11.11/In progress	326
49	AR&MO to Nirmal Chhaya complex, Jail Road Tihar, New Delhi SH: Cleaning of manholes, gully traps surface drain and sewerline of Nirmal Chhaya complex.	11.7.11/In progress	447
50	Construction of 1 Nos. Shed in factory in between ward No. 6 and carpentry Unit at Central Jail No. 2, Tihar.	9.11.11/In progress	326
51	EOR to C. Jail No. 1, Tihar, N. Delhi SH: Creation of TIP room and room for legal interview and renovation of 1st floor of Admn. Block.	29.9.2011/In progress	367
52	EOR to Police station Rajouri Garden, New Delhi SH: C/o 2 Nos. porta cabin	3.10.11/In progress	363
53	EOR to Central Jail No. 2, Tihar, New Delhi (SH: Construction of store rooms (SPS type) back side of chakkar building at C. Jail No. 2, Tihar.	3.12.11/In progress	302
54	AR&MO to Super Speciality Hospital at C2B, Janakpuri, New Delhi during 2011-12, SH: Providing of maintenance service	3.8.11/In progress	424
55	C/o M.P. Hall for meditation cum badminton hall etc. in C. Jail No. 2, Tihar,	6.12.11/In progress	295
56	EOR to Central Jail No. 3, Tihar, New Delhi (SH: Augmentation of building material for day to day maintenance.	13.09.11/In progress	383
57	EOR to Central Jail No. - 8, Tihar, SH - Renovation of Mulakat Jungla.	26.12.11/In progress	279
58	EOR to TSP Barracks at Tihar Jail complex, New Delhi,SH: Providing cup board shutter upto damaged/missing windows and other misc. works in toilets etc.	18.5.12/In progress	135
59	Repair of damaged A.C. sheet roofing in ward No. 3 at Central Jail, Tihar.	1.11.11/In progress	335
60	AR and MO to Sarvodaya Kanya Vidyalaya and Govt. Boys Sr. Sec. School at A Block, Janakpuri during 2011-12 SH: Internal and External Finishing.	12.9.11/In progress	384
61	AR and MO to Sarvodaya Kanya Vidyalaya and Govt. Boys Sr. Sec. School at C Block, Janakpuri during 2011-12 SH: Internal and External Finishing.	15.9.11/In progress	381
62	AR&MO to Nari Niketan complex and resd. Qrs. at Nirmal Chhaya complex, Jail Road during 2011-12 SH: Repair and finishing works.	15.9.11/In progress	381
63	EOR to 500 bedded DDUH, Hari Nagar during 2011-12 SH: Expansion of dental department.	30.10.11/In progress	336
64	EOR to Central Jail No. 3, Tihar, SH: C/o New Building for canteen,	3.2.12/In progress	240
65	C/o 1 No. shed is carpentry unit (ward No.6) factory, C. Jail. No. 2 Tihar.	23.1.12/In progress	251
66	AR&MO to C. Jail No. 1 & 3, Tihar, New Delhi dg. 11-12 SH: Misc. repair of WC toilet window with mesh & other repair.	13.04.12/In progress	170

67	EOR to Various Jails, Tihar, New Delhi SH: Providing and fixing concertina coil on outer kotmokka walls of Central Jail No. 4, 5 and Residential area including finishing the kotmoka wall with water proofing cement paint.	2.2.12/In progress	241
68	EOR to 500 bedded DDUH, Hari Nagar, SH: Improvement of toilets.	23.2.12/In progress	220
69	EOR to Various Jails, Tihar, New Delhi SH: Providing and fixing concertina coil on outer kotmokka walls of Central Jail No. 4, 5 and Residential area including finishing the kotmoka wall with water proofing cement paint.	1.12.11/In progress	304
70	EOR to C.J No. 8 Tihar, SH: C/o Porta Cabin in each ward of CJ No.7.	2.1.12/In progress	272
71	Repair of wall at Kotmoka CJ No. 4, Tihar.	8.2.12/In progress	235
72	Renovation of Conference Hall at PHQ Tihar.	27.1.12/In progress	247
73	Raising and repair of compound wall with concertina coil fencing at Govt. Boys Senior Secondary School No. 1 (School Code No. 1618006), C Block, Janakpuri.	28.01.12/In progress	246
74	AR&MO to Central Jail No. 8&9, Tihar Jail.	9.05.12/In progress	144
75	AR&MO to New Residential Quarters under sub-division M-1321, CBMD M-132, Tihar during 2011-12 SH: Internal and External Finishing work.	9.06.12/In progress	113
76	AR&MO to Old Residential Quarters & B Type Officer's Flats at Tihar, New Delhi during 2011-12, SH: Internal and External finishing work.	23.6.2012/In progress	99
77	Making extension beside mountary block and pdg. Shed on freezer unit at DDU Hospital Hari Nagar.	23.3.2012/In progress	191
78	Widening road between CJ NO. 2 & 4, improvement of existing carriage way and providing drainage system along the road,	23.3.2012/In progress	191
79	EOR to G.B.S.S. (School Code 1515005), Rajouri Garden (Main), SH:- C/o 4 Nos. porta cabin class room st 2nd floor.	9.3.12/In progress	205
80	Renovation of Guest House at Tihar Jail.	9.2.12/In progress	234
81	EOR to Central Jail No.3, Tihar, New Delhi, SH:- c/o room with AC sheet roofing for factory and raising of boundary wall of 12 cells blocks	6.5.12/In progress	147
82	AR&MO to Fire station and DA Disp. Janakpuri, during, 11-12, SH: Finishing and repair works.	05.05.12/In progress	148
83	EOR to CJ No. 2 at Tihar, SH: Renovation of decdy mulakat Jungla, Kalyuan Adhikari, Dissp. and decdy etc.	10.4.12/In progress	173
84	EOR to CJ No. 3, Tihar, SH: Repair and Renovation of ward 7 including provision of foot and renovation of toilet.	10.6.12/In progress	112
85	EOR to 'A' ward, Nari Niketan, Nirmal Chhaya complex, SH: reboring of tubewell for regulation of water.	10.5.12/In progress	143
86	C/o SPS type Tihar Haat Room in New Residential Area, Tihar.	10.5.12/In progress	143
87	EOR to Court complex , Tihar Jail.	26.6.12/In progress	96
88	AR&MO to Residential Complex of Deen Dayal Upadhyay Hospital at Hari Nagar, during 2011-12, SH: Maintenance of building services	2.3.12/In progress	212
89	AR&MO to 500 bedded Deen Dayal Hospital at Hari Nagar, SH: Misc. civil works	1.3.12/In progress	213
90	Raising of boundary wall with preformatted G.S. Sheet of Central Jail No. 4 parallel to outer kotmoka wall of Vidya Marg.	4.5.12/In progress	149

91	EOR to Central Jail No. 9, Tihar, SH: Repair of leaking roof in ward No. 6,7,8,9, chakkis. Deody, Mulakat Jungla by water proofing koba treatment, renovation fo common toilet and bathroom in wards	9.6.12/In progress	113
92	AR&MO to various schools buildings under Sub-Division M-1322 dg.2011-12, SH: Repairing of double storeyed SPS in Sarvodaya Vidyalaya, A Block (Clock tower), Hari Nagar.	9.4.12/In progress	174
93	AR&MO to various schools buildings during .2011-12, SH: Kota stone flooring in single storeyed SPS in Sarvodaya Vidyalaya, A Block (Clock tower), Hari Nagar.	9.4.12/In progress	174
94	EOR to Central Jail No. 7, Tihar, Tihar, SH: Providing and fixing shed on roof of chakkar.	23.6.12/In progress	99
95	EOR to Govt. Boys Senior Secondary School, Rajouri Garden (Extn.), SH: Repairing of Basket Ball court and development of playground.	23.5.12/In progress	130
96	AR&MO to various schools buildings under Sub-Division M-1322 during 2011-12, SH: Kota stone flooring in rooms at SBV, Ashok Nagar.	25.4.12/In progress	158
97	AR&MO to various schools buildings during .2011-12, SH: Repairing of road side in A Block (Clock tower), Hari Nagar.	28.4.12/In progress	155
98	AR&MO to various schools buildings during.2011-12,SH: Kota stone flooring in room/open area in SBV, Subhash Nagar.	23.4.12/In progress	160
99	AR&MO to various schools buildings during. 2011-12, SH: Kota stone flooring in room/open area in SBV, Subhash Nagar.	23.4.12/In progress	160
100	AR&MO to various schools buildings during.2011-12 (SH: Ren. of toilets of SPS at SBV, Subhash Nagar.	25.4.12/In progress	162
	Electrical Maintenance Division M-252		
101	Repair and maintenance of Electrical and mechanical service at Distt. Court, Karkardooma, SH:Repairing/replacement of fire fighting installation and refilling of fire extinguisher	29.11.11/In progress	306
102	Repair and maintenance of Electrical and mechanical service at Distt. Court, Karkardooma SH: Providing announcement/indication system in Judicial officers Lifts for C Block.	26.12.11/In progress	279
103	Repair and maintenance of Electrical and mechanical service at Gomukh Tower, Kaushambi Ghazibad and Police Station, Mayur Vihar SH: Improvement of lift car.	24.12.11/In progress	281
104	Repairing/Replacement of Fire Alarm System accessories/parts installed at DHAS, KKD	23.12.11/In progress	282
105	Replacement of existing 120 TR capacity Chilling unit II installed at DHAS, KKD SH: Replacement of Chilling machine.	2.4.12/In progress	181
106	Repair and maintenance of Electrical and mechanical service at DHAS, SH:Repair and replacement of Fire Alarm System.	1.3.12/In progress	213
107	Renovation and replacement of old Worm out fire alarm installation and accessories at AC I, D & D Block, Distt. Court, KKD SH: Balance and Additional Work	3.4.12/In progress	180

Annexure-2.3
Details of compensation not levied
(Referred to in Paragraph: 2.2.5.2)

Sl. No.	Name of work	Tendered Amount	Amount of compensation not levied under clause 2
1	Building Project Electrical B-14 Construction of Staff Quarters (Phase-I) for Government of National Capital Territory of Delhi at Dwarka, Sector 3, New Delhi SH: Providing Internal Electrical Installation and Fans to 76 Nos. Type II Flats	1297560	129756
2	Construction of Lawyers Chamber at District Court, Rohini. Delhi SH: DG Sets and associated electrical works (B-14)	9987148	189756
3	Construction of Lawyers Chamber at District Court, Rohini. Delhi SH: SITC of sub-station equipments and cables etc.	9147667	41164
4	Electrical Maintenance Division M-151		
5	MOEI & Fans in MRD & Taneja Block i/c Laundry at LNJP Hospital, N.D. (SH:- Providing EI & Fans)	118085	11809
6	RMO Fire Safety System N.M.B., LNJP Hospital, New Delhi. (SH:- Comprehensive, Maintenance and Running of Automatic FA & PA System. Installed at N.M.B.).	380880	38088
7	RMO Air Conditioner Equipment in 3 to 32 Hostels OT, Kitchen, MRD & Taneja Block at L.N Hospital. (SH: S/F of chilled water line & control Cable for BL Taneja Block.	246000	24600
8	Renovation of EI i/c Pdg. Geysers, Telephone facility and replacement of old luminaries in special ward block due to converting in private ward at L.N. Hospital, New Delhi. (SH:-Providing and Installation of LCD TV's).	1771840	177184
9	Renovation i/c General Repair of Elect. Installation at 3 rd & 4 th floor at New Medical Block, at L.N. Hospital, New Delhi.	539385	53939
10	Provision of Ductable A.C Units for IVF Lab at Basement, Casualty Block, L.N. Hospital, New Delhi.	889075	88908
11	RMO Air Conditioning equipment in ward No. 3 to 32 Hostels Ot Kitchen MRD & Taneja block etc L.N. Hospital, New Delhi. (SH:- Operation & Maintenance of PT A/C Plant for ward No. 14,16, & 20)	666000	66600
12	Renovation to EI & Fans at ORDH at L.N. Hospital, New Delhi. (SH:- Providing Rewiring and Replacement of P/Set)	1235950	123595
13	MOEI and Fans in RMO Lifts in casualty block at L.N. Hospital, New Delhi. (SH:- Attending of emergency Complaints)	595746	59575
14	SITC additional feeder pillars to providing alternate supply source through C.O.S. to Feeder/Pillar No.1,2,5,6,9,12-B,13,14,15,16,18,20, CT-Scan, Gynae & 120 Tr emergency A C plant at casualty block, at L.N. Hospital, New Delhi.	2356190	235619
15	MOEI and Fans in Mat., child, burn wards i/c st. lighting at L.N. Hospital, New Delhi. (SH:- Wiring/rewiring with modular accessories in steel conduit as and when/where required.)	619170	61917
16	RMO D/G. Sets installed at Sub/Stn. No. 1,2,3 at L.N. Hospital, New Delhi. (Operation and routine maintenance of 160 KVA D/G set at MRI centre)	340200	34020
17	Renovation of Pediatric ward No.14 to 16 in L. N. Hospital New Delhi. (SH:- Providing EI and Fans)	2025270	202527
18	MOEI and Fans and RMO Lifts in Casualty Block at L.N. Hospital, New Delhi. (SH:- Comprehensive Maintenance Lifts at Casualty Block)	1024146	102415

18	MOEI and Fans in NOT, Main OPD Admin Block, General and Special ward Block at L.N. Hospital, New Delhi. (SH:- Providing EL and Fans as and when/where required)	717400	71740
19	MOEI and Fans at NOT, Main OPD, Admin Block General and Special ward at L.N. Hospital, New Delhi. (SH:- Comprehensive maintenance of Public Address System of Bosch make in OT block and New Surgical Block)	300000	30000
20	RMO Lifts at L.N. Hospital, New Delhi. (SH:- Comprehensive maintenance of OTIS make lifts No. 10 to 15 and 16,17)	491880	49188
21	Construction of General and Special Ward Block at L.N. Hospital, New Delhi. (SH:- Providing Alternate connection to wet riser and sprinkler to casualty Block, Near New OPD Block)	434500	43450
22	Renovation and General Repair of Elect. Installation at old ortho OPD Ground Floor at L.N. Hospital, New Delhi	325860	32586
23	RMO Sub-Station No.1, 2, 3 at L.N. Hospital New Delhi. (SH:- Running Operation of Sub-Station No. 3 i/c DG Set)	900000	90000
24	RMO Substation including DG Sets at MAIDS, New Delhi. (SH:- Annual Comprehensive maintenance of 1250 KVA capacity Andrew Yule make HT AVR)	828000	82800
25	RMO Sub-Station No. 4 i/c D.G. Sets at General and Special Ward Block at L.N. Hospital New Delhi. (SH:- Running Operation and Maintenance of Sub-Station No. 4 i/c D.G. Sets)	1169924	116992
26	1. MOEI and Fans in NNH, ONH, GBPNH, ABCON, PG Women's at L.N. Hospital, New Delhi (SH:- Providing Wireman & Khallasi) 2. RMO Pump Set at L.N. Hospital, New Delhi. (SH:- Running operation of submersible Pump Near Taneja Block)	372000	37200
27	Providing and installation of split type A.C. units in Ward No. 26 to 32 at New Medical block, L.N. Hospital, New Delhi. (SH:- Installation of Split AC's)	281820	28182
28	RMO A.C equipment in OPD female ORTHO X-Ray Gynae & Maternity Admin. Block main O.T. New Casualty at L.N. Hospital, New Delhi. (SH:- Operation and Comprehensive Maintenance of 3 x 300 TR York Make Chilling Units with ancillaries of Casualty Block.)	6095045	609505
29	1) RMO Lifts at Old Building at G.B. Pant Hospital, New Delhi. 2) RMO Lifts at Academic Block and Arrhythmia centre at G.B. Pant Hospital, New Delhi (SH:- Providing Services for Lift Operation)	4199202	419920
30	RMO Window, Split and ductable AC Unit installed at G.B. Pant Hospital, New Delhi. (SH:- Operation and Maintenance of ductable type split AC's installed at G.B. Pant Hospital)	500400	50040
31	(1.) R.M.O lifts at Old building at G.B. Pant Hospital New Delhi.(2) R.M.O lifts at Arrhythmia centre G.B. Pant Hospital New Delhi.(SH:Comprehensive maintenance of Johnson makes lifts)	505116	50511
32	RMO Sub-Station including D.G. Set at G.B. Pant Hospital, New Delhi.(SH:Operation and Maintenance of Sub-Stations)	2120200	212020
33	Renovation Addition & Alternation of ward No. 11 in G.B. Pant Hospital New Delhi (SH. Providing Centre Air conditioning)	1192550	119255
34	Renovation of type III qtrs (Type-C)quarter mirdard Lane New Delhi.(Sh:- Wiring & Rewiring in 40 Nos. type III qtrs.)	1388637	138864
35	Civil Road Maintenance Division M-111 Road Restoration for Alternate route of Section 2 from the Project of cable laying from Ridge valley to trauma centre cut by DTL	1344612	134461
36	SH: Repair of Bituminous Road and Footpath Improvement of Road side area of road No.89 (Extn.)/Girdhari Lal Goswami Marg) near T point with Road No. 25 SH: Constrn. Of Bus Bay	4640127	464013

37	Road Restoration of Footpath and Road surface cut by BSES for laying cable from 220KV Naraina Grid to 33 KV DMS Grid T Point Naraina Ring Road to Lohamandi T Junction at Road No.89(Extn.)	5058401	505840
38	A/R & M/o Road No.89 (Girdhari Lal Goswami Marg) dg 11-12 SH: Desilting of covered drain from Naraina Ring Road to T Point PVR Delhi	531098	53110
39	A/R & M/o Road No.36 (Kirti ngr side) under sub dr: 1111 dg 11-12 SH: Improvement of footpath & repair od drain on kirti ngr side, new delhi	2638056	263806
40	Road Restoration of bituminous road at Baba Gang Nath Marg (Road No.12) cut by DJB	599688	59969
41	Civil Road Maintenance Division M-213 Providing Central Median on various roads under PWD Zone	36562570	3656257
42	Building Maintenance Division M-332 Extra ordinary Repair to 500 bedded DDU Hospital at Hari Nagar SH: Repair and Maintenance of ARTS OPD	1060478	106048
43	Washed stone grit plaster in Central Jail No. 5, Tihar, New Delhi	341000	34100
44	EOR to Central Jail, Tihar, New Delhi SH: C/o shed storage room for mess and other misc. works for 'G' Co., TSPVIII Bn. at Tihar Jail, New Delhi.	1338000	133800
45	AR&MO to Nirmal Chhaya complex, Jail Road Tihar, New Delhi SH: Cleaning of manholes, gully traps surface drain and sewerline of Nirmal Chhaya complex, New Delhi	332000	33200
46	Construction of 1 Nos. Shed in factory in between ward No. 6 and carpentry Unit at Central Jail No. 2, Tihar, New Delhi.	2801000	280100
47	EOR to C. Jail No. 1, Tihar, N. Delhi SH: Creation of TIP room and room for legal interview and renovation of 1st floor of Admn. Block.	1196000	119600
48	EOR to Police station Rajpuri Garden, New Delhi SH: C/o 2 Nos. porta cabin	404000	40400
49	EOR to Central Jail No. 2, Tihar, New Delhi (SH: Construction of store rooms (SPS type) back side of chakkar building at C. Jail No. 2, Tihar, New Delhi.	2592000	259200
50	AR&MO to Super Speciality Hospital at C2B, Janakpuri, New Delhi during 2011-12 (SH: Providing of maintenance service)	391000	39100
51	C/o M.P. Hall for meditation cum badminton hall etc. in C. Jail No. 2, Tihar, New Delhi.	3064000	306400
52	EOR to Central Jail No. 3, Tihar, New Delhi (SH: Augmentation of building material for day to day maintenance.	737000	73700
53	EOR to Central Jail No. - 8, Tihar, New Delhi. (SH - Renovation of Mulakat Jungla).	1723000	172300
54	EOR to TSP Barracks at Tihar Jail complex, New Delhi (SH: Providing cup board shutter upto damaged/rmissing windows and other misc. works in toilets etc.	4434000	443400
55	Repair of damaged A.C. sheet roofing in ward No. 3 at Central Jail, Tihar, New Delhi	890000	89000
56	AR and MO to Sarvodaya Kanya Vidyalaya and Govt. Boys Sr. Sec. School at A Block, Janakpuri, New Delhi during 2011-12 SH: Internal and External Finishing.	372000	37200
57	AR and MO to Sarvodaya Kanya Vidyalaya and Govt. Boys Sr. Sec. School at C Block, Janakpuri, New Delhi during 2011-12 SH: Internal and External Finishing.	694000	69400
58	AR&MO to Nari Niketan complex and resdl. Qrs. at Nirmal Chhaya complex, Jail Road, New Delhi during 2011-12 SH: Repair and finishing works.	1195000	119500
59	EOR to 500 bedded DDUH, Hari Nagar, New Delhi during 2011-12 SH: Expansion of dental department.	1590000	159000
60	EOR to Central Jail No. 3, Tihar, New Delhi SH: C/o New Building for canteen	2535000	253500
61	C/o 1 No. shed is carpentry unit (ward No.6) factory, C. Jail. No. 2 Tihar, New Delhi	2738000	273800
62	AR&MO to C. Jail No. 1 & 3, Tihar, New Delhi dg. 11-12 SH: Misc. repair of WC toilet window with mesh & other repair.	694000	69400

63	EOR to Various Jails, Tihar, New Delhi SH: Providing and fixing concertina coil on outer kotmokka walls of Central Jail No. 4,5 and Residential area including finishing the kotmokka wall with water proofing cement paint under sub-division M-3321	1064000	106400
64	AR&MO to 500 bedded DDUH, Hari Nagar, New Delhi SH: Improvement of toilets.	1698000	169800
65	EOR to Various Jails, Tihar, New Delhi SH: Providing and fixing concertina coil on outer kotmokka walls of Central Jail No. 4,5 and Residential area including finishing the kotmokka wall with water proofing cement paint under sub-division M-3321	1064000	106400
66	EOR to C.I. No. 8 Tihar, New Delhi SH: C/o Porta Cabin in each ward of CJ No.7	395000	39500
67	Repair of wall at Kotmokka CJ No. 4, Tihar, New Delhi	2172000	217200
68	Renovation of Conference Hall at PHQ Tihar, New Delhi.	440000	44000
69	Raising and repair of compound wall with concertina coil fencing at Govt. Boys Senior Secondary School No. 1 (School Code No. 1618006), C Block, Janakpuri, New Delhi	780000	78000
70	AR&MO to Central Jail No. 8&9, Tihar Jail, New Delhi	824000	82400
71	AR&MO to New Residential Quarters under sub-division M-1321, CBMD M-132, Tihar, New Delhi during 2011-12 (SH: Internal and External Finishing work)	462000	46200
72	AR&MO to Old Residential Quarters & B Type Officer's Flats under sub-division M-1321, CBMD M-132, Tihar, New Delhi during 2011-12 (SH: Internal and External finishing work)	205000	20500
73	Making extension beside mountray block and pdg. Shed on freezer unit at DDU Hospital Hari Nagar, N. Delhi	1415000	141500
74	Widening road between CJ NO. 2 & 4, improvement of existing carriage way and providing drainage system along the road,	3230000	323000
75	EOR to G.B.S.S.S. (School Code 1515005), Rajouri Garden (Main), New Delhi. (SH:- C/o 4 Nos. porta cabin class room st 2nd floor).	989000	98900
76	Renovation of Guest House at Tihar Jail, New Delhi.	345000	34500
77	EOR to Central Jail No.3, Tihar, New Delhi. (SH:- c/o room with AC sheet roofing for factory and raising of boundary wall of 12 cells blocks)	1261000	126100
78	AR&MO to Fire station and DA Disp. Janakpuri, New Delhi dg. 11-12 SH: Finishing and repair works.	321000	32100
79	EOR to CJ No. 2 at Tihar, New Delhi SH: Renovation of deoddy mulakat Jungla, Kalyan Adhikari, Dissp. And deoddy etc.	971000	97100
80	EOR to CJ No. 3, Tihar, New Delhi SH: Repair and Renovation of ward 7 i/c provision of foot and renovation of toilet.	2381000	238100
81	EOR to 'A' ward, Nari Niketan, Nirmal Chhaya complex, N. Delhi SH: reboring of tubewell for regulation of water	336000	33600
82	C/o SPS type Tihar Haat Room in New Residential Area, Tihar, New Delhi.	466000	46600
83	EOR to Court complex . Tihar Jail, New Delhi	2247000	224700
84	AR&MO to Residential Complex of Deen Dayal Upadhyay Hospital at Hari Nagar New Delhi dg. 2011-12 (SH: Maintenance of building services)	423000	42300
85	AR&MO to 500 bedded Deen Dayal Hospital at Hari Nagar, New Delhi SH: Misc. civil works	2055000	205500
86	Raising of boundary wall with performed G.S. Sheet of Central Jail No. 4 parallel to outer kotmokka wall of Vidya Marg.	590000	59000
87	EOR to Central Jail No. 9, Tihar, New Delhi (SH: Repair of leaking roof in ward No. 6,7,8,9, chakkis. Deoddy, Mulakat Jungla by water proofing koba treatment, renovation fo common toilet and bathroom in wards)	229000	22900
88	AR&MO to various schools buildings under Sub-Division M-1322 dg. 2011-12 (SH: Repairing of double storeyed SPS in Sarvodaya Vidyalaya, A Block (Clock tower), Hari Nagar, New Delhi)	412000	41200
89	AR&MO to various schools buildings under Sub-Division M-1322 dg. 2011-12 (SH: Kota stone flooring in single storeyed SPS in Sarvodaya Vidyalaya, A Block (Clock tower), Hari Nagar, New Delhi)	410000	41000
90	EOR to Central Jail No. 7, Tihar, Tihar, New Delhi (SH: Providing and fixing shed on roof of chakkar)	660000	66000

91	EOR to Govt. Boys Senior Secondary School, Rajouri Garden (Extn.), New Delhi (SH: Repairing of Basket Ball court and development of playground)	646000	64600
92	AR&MO to various schools buildings under Sub-Division M-1322 dg.2011-12 (SH: Kota stone flooring in rooms at SBV, Ashok Nagar, New Delhi)	392000	39200
93	AR&MO to various schools buildings under Sub-Division M-1322 dg.2011-12 (SH: Repairing of road side in A Block (Clock tower), Hari Nagar, New Delhi)	457000	45700
94	AR&MO to various schools buildings under Sub-Division M-1322 dg.2011-12 (SH: Kota stone flooring in room/open area in SBV, Subhash Nagar, New Delhi)	413000	41300
95	AR&MO to various schools buildings under Sub-Division M-1322 dg.2011-12 (SH: Kota stone flooring in room/open area in SBV, Subhash Nagar, New Delhi)	400000	40000
96	AR&MO to various schools buildings under Sub-Division M-1322 dg.2011-12 (SH: Ren. of toilets of SPS at SBV, Subhash Nagar, New Delhi)	402000	40200
97	Electrical Maintenance Division M-253 Construction of Foot over bridge with Staircase, Ramp and Escalator at Hasan Pur Village and Vishwas Nagar across Road No. 57	33992000	559783
98	Electrical Maintenance Division M-252 Repair and maintenance of Electrical and mechanical service at Distt. Court, KarkardoomaSH:Repairing/replacement of fire fighting installation and refilling of fire extinguisher	1781800	19844
99	Repair and maintenance of Electrical and mechanical service at Distt. Court, KarkardoomaSH:Providing announcement/indication system in Judicial officers Lifts for C Block	305620	3065
100	Repair and maintenance of Electrical and mechanical service at Gomukh Tower, Kaushambi Ghazibad and Police Station, Mayur Vihar SH: Improvement of lift car	1661200	16794
101	Repairing/Replacement of Fire Alarm System accessories/parts installed at DHAS, KKD	1848000	18758
102	Replacement of existing 120 TR capacity Chilling unit II installed at DHAS, KKD SH: Replacement of Chilling machine	2675125	16271
103	Repair and maintenance of Electrical and mechanical service at DHAS, SH:Repair and replacement of Fire Alarm System	4494500	33247
104	Renovation and replacement of old Worn out fire alarm installation and accessories at AC I, D & D Block, Distt. Court, KKD SH: Balance and Additional Work	3152057	19042
105	Supplying, Installation, Testing and Commissioning of 2x1250 KVA DG Set at Karkardooma Court	34717789	520767
106	Civil Road Maintenance Division M-411 Construction of Foot over Bridge on Outer Ring Road at Bhairon Road Mandir, G.K. Enclave-2 and NSIC, Okhla, New Delhi SH: Civil Work	39013245	835311
107	Building Project Civil B-23 Construction of 200 Beds Hospital at Kokiwala Bagh, Ashok Vihar Phase	736200000	69600000
108	C/o of EDP Cell in G.B. Pant hospital	251276877	25127687
Total			111899398

Annexure-2.4
Non achievement of milestones
(Referred to in Paragraph 2.2.5.2(b))

Sl. No.	Name of work	Tendered Amount	% of tendered amount not withheld for non achieving milestones	Amount for not achieving milestones (Amount in ₹)
	Building Project Electrical B-14			
1	C/o Prison Complex at Mandoli, SH: Internal Electrical Installation	61469301	4	2458772
2	C/o GPO Building Near Metcalf House, SH: Fire Fighting System	14294113	4	571765
	Electrical Maintenance Division M-151			
3	MOEI & Fans in MRD & Taneja Block LNJH Hospital, SH:- Providing EI & Fans	118085	4	4723
4	RMO Fire Safety System at LNJH Hospital, SH:- Comprehensive, Maintenance and Running of Automatic FA & PA System Installed at N.M.B.	380880	4	15235
5	RMO Air Conditioner Equipment in 3 to 32 Hostels OT etc. at L.N Hospital, SH: S/F of chilled water line & control Cable for BL Taneja Block.	246000	4	9840
6	Renovation of EI including Pdg. Geysers, Telephone facility etc. at L.N. Hospital, SH:-Providing and Installation of LCD TV's	1771840	4	70874
7	Renovation i/c General Repair of Elect. Installation at 3 rd & 4 th floor at New Medical Block, at L.N. Hospital	539385	4	21575
8	Provision of Ductable A.C Units for IVF Lab at Basement, Casualty Block, L.N. Hospital	889075	4	35563
9	RMO Air Conditioning equipment in ward No. 3 to 32 Hostels etc. L.N. Hospital, SH:- Operation & Maintenance of PT A/C Plant for ward No. 14, 16, & 20	666000	4	26640
10	Renovation to EI & Fans at ORDH at L.N. Hospital, SH:- Providing Rewiring and Replacement of P/Set	1235950	4	49438
11	MOEI and Fans and RMO Lifts in casualty block at L.N. Hospital, SH:- Attending of emergency Complaints	595746	4	23830
12	SITC additional feeder pillars to providing alternate supply source through C.O.S. to Feeder/Pillar etc. A C-plant at casualty block, at L.N. Hospital.	2356190	4	94248
13	MOEI and Fans in Mat., child, burn wards at L.N. Hospital, SH:- Wiring/rewiring with modular accessories in steel conduit	619170	4	24767
14	RMO D.G. Sets installed at L.N. Hospital, SH: Operation and routine maintenance of 160 KVA D/G set at MRI centre	340200	4	13608
15	Renovation of Pediatric ward No.14 to 16 in L. N. Hospital, SH:- Providing EI and Fans	2025270	4	81011
16	MOEI and Fans and RMO Lifts in Casualty Block at L.N. Hospital, SH:- Comprehensive Maintenance Lifts at Casualty Block	1024146	4	40966
17	MOEI and Fans in NOT, Main OPD Admin Block etc. at L.N. Hospital, SH:- Providing EI and Fans	717400	4	28696

18	MOEI and Fans at NOT, Main OPD, Admin Block General etc. at L.N. Hospital, SH: Comprehensive maintenance of Public Address System of Bosch make in OT block and New Surgical Block	300000	4	12000
19	RMO Lifts at L.N. Hospital, SH:- Comprehensive maintenance of OTIS make lifts No. 10 to 15 and 16,17	491880	4	19675
20	Construction of General and Special Ward Block at L.N. Hospital, SH:- Providing Alternate connection to wet riser and sprinkler to casualty Block , Near New OPD Block	434500	4	17380
21	Renovation and General Repair of Elect. Installation at old ortho OPD Ground Floor at L.N. Hospital	325860	4	13034
22	RMO Sub-Station No.1, 2, 3 at L.N. Hospital, SH:- Running Operation of Sub-Station No. 3 including DG Set	900000	4	36000
23	RMO Substation including DG Sets at MAIDS, SH:- Annual Comprehensive maintenance of 1250 KVA capacity	828000	4	33120
24	RMO Sub-Station No. 4 i/c D.G. Sets at General and Special Ward Block at L.N. Hospital, SH:- Running Operation and Maintenance of Sub-Station No. 4 i/c D.G. Sets	1169924	4	46797
25	1. MOEI and Fans in NNH, ONH, GBPNH, ABCON, PG Women's at L.N. Hospital, SH:- Providing Wineman & Khallasi 2. RMO Pump Set at L.N. Hospital, SH:- Running operation of submersible Pump Near Taneja Block	372000	4	14880
26	Pdg. and installation of split type A.C. units in Ward No. 26 to 32 at New Medical block. L.N. Hospital, SH:- Installation of Split AC's	281820	4	11273
27	RMO A.C equipment in OPD female ORTHO X-Ray Gynae & Maternity etc. at L.N. Hospital, SH:- Operation and Comprehensive Maintenance of 3 x 300 TR York Make Chilling Units with ancillaries of Casualty Block.	6095045	4	243802
28	1) RMO Lifts at Old Building at G.B. Pant Hospital, 2) RMO Lifts at Academic Block and Arrhythmia centre at G.B. Pant Hospital, SH:- Providing Services for Lift Operation	4199202	4	167968
29	RMO Window, Split and ductable AC Unit installed at G.B. Pant Hospital, SH:- Operation and Maintenance of ductable type split AC's installed	500400	4	20016
30	(1.) R.M.O lifts at Old building at G.B. Pant Hospital, (2) R.M.O lifts at Arrhythmia centre G.B. Pant Hospital, SH: Comprehensive maintenance of Johnson makes lifts	505116	4	20205
31	RMO Sub-Station including D.G. Set at G.B. Pant Hospital, SH: Operation and Maintenance of Sub-Stations	2120200	4	84808
32	Renovation Addition & Alternation of ward No. 11 in G.B. Pant Hospital, SH. Providing Centre Air conditioning	1192550	4	47702
33	Renovation of type III qtrs (Type-C) quarter mirdard Lane, SH:- Wiring & Rewiring in 40 Nos. type III qtrs.	1388637	4	55545
Electrical Maintenance Division M-252				
34	Supplying, Installation, Testing and Commissioning of 2x1250 KVA DG Set at Karkardooma Court	34717789	4	1388712
35	RMO E&M service at Distt. Court, Karkardooma, SH: Repairing/replacement of fire fighting installation and refilling of fire extinguishers	1781800	4	71272
36	RMO, E & M service at Distt. Court, Karkardooma, SH: Pdg. announcement/indication system in Judicial officers Lifts for C Block	305620	2	6112
37	RMO, E & M service at Gomukh Tower, Kaushambi Ghazibad and Police Station, Mayur Vihar, SH:	1661200	2	33224

	Improvement of lift car				
38	Repairing/Replacement of Fire Alarm System accessories/parts installed at DHAS, KKD	1848000	4		73920
39	Replacement of existing 120 TR capacity Chilling unit II installed at DHAS, KKD, SH: Replacement of Chilling machine	2675125	4		107005
40	Repair and maintenance of Electrical and mechanical service at DHAS, SH: Repair and replacement of Fire Alarm System	4494500	4		179780
41	Renovation and replacement of old Worn out fire alarm installation and accessories at AC I, D & D Block, Distt. Court, KKD SH: Balance and Additional Work	3152057	4		126082
	Electrical Maintenance Division M-253				
42	C/o Foot over bridge with Staircase, Ramp and Escalator at Hasan Pur Village and Vishwas Nagar across Road No. 57,	33992000	Restricted to ₹ 8 lakh		800000
	Building Project Civil B-13				
43	C/o Lawyer Chambers at District Court Rohini, SH: Providing/Laying/Fixing of Molecules processor	16500000	4		660000
44	C/o GPA for DA staff at Shalimar Bagh, SH: Providing/Laying/Fixing of Molecules processor	16500000	4		660000
45	C/o Lawyer Chambers at District Court Rohini, SH: Providing/Laying/Fixing of Modular substrater set)	19300000	4		772000
46	C/o of Integrated Complex for Delhi Judicial Academy, Sec-14, Dwarka, SH: Providing/Laying/Fixing of Molecules processor	16500000	4		660000
	Building Project Civil B-23				
47	C/o of EDP Cell Cum referral clinic / Administration cum OPD Block and Additional Parking Basement at GB Pant Hospital	251276877	4.5		11307459
			Total		21261322

Annexure-2.5
Payments without approval of competent authority
(Referred to in Paragraph 2.2.6.1)

		(Amount in ₹)		
Sl. No	Agreement No.	Name of work	Tendered cost	Actual payment
		Electrical Maintenance Division M-251		
1	9	Repair and Maintenance of 4X80 TR capacity HVAC System at CNBC Geeta Colony, SH: Providing and fixing safety	1833700	2872728
2	22	Maintenance of Electric Installation and Repair and Maintenance of Pump Set at various Police Station SH: Providing and Fixing safety Signages for LT Room and main board of Police Station and Regional Training Centre, Wazirabad	1038550	1462321
3	26	Electrical and Mechanical Services at Ambedkar Institute of Technology, Geeta Colony SH: Providing and Fixing hydrant safety signage	1252271	1988463
4	60	Repair and Maintenance of Electrical and Mechanical Services at Jag Pravesh Chander Hospital at Shastrri Park SH: Providing and fixing skirting level Emergency way guiding system (Signages)	1177200	2171529
5	68	Repair and Maintenance of Electrical and Mechanical Service at Ambedkar Institute of Technology Geeta Colony SH: Providing and fixing sub-station Display Board Signages	2116823	3285235
		Electrical Maintenance Division M-252		
6	3	Repair and Maintenance of Electrical and Mechanical Services at Distt. Court, SH: Providing various type of illuminated Signage	2012400	4219530
7	7	Annual Repair and Maintenance of various Electrical and Mechanical Building at DHSA, KKD, SH: Providing various type of illuminated Signage	1359450	2094220
8	26	Repair and Maintenance of Electrical and Mechanical Services at Distt. Court, SH: Providing and fixing Fire hydrant safety Signage at Karkardooma	2788192	5784176
9	35	Annual Repair and Maintenance of various Electrical and Mechanical Building at DSSB/DHSA/SDA, KKD, SH: Providing and fixing Safety Signage	2173750	3383574

10	36	Repair and Maintenance of Electrical and Mechanical Service in newly constructed E,F,G,H Lawayer Block at District Court, Karkardooma SH: Providing and fixing illuminated Signage	1135100	2246649
11	45	Repair and maintenance Electrical and mechanical services installed at 100 bedded LBS Hospital SH: Providing and fixing fire safety signage	1256964	2032472
12	63	Annual Repair and Maintenance of various Electrical and Mechanical Services installed at DHAS, Karkardooma,SH: Providing and fixing Fire Safety instruction Signages	1267587	2050556
13	100	Repair and Maintenance of Electrical and Mechanical Service at District Court, Karkardooma SH: Providing and fixing illuminated Signage in E,F,G & H Block	1249000	2705663
14	103	Repair and Maintenance of Electrical and Mechanical Service at District Court, Karkardooma SH: Providing and fixing low locational lighting system at A & B Block, Karkardooma (Signages)	1027481	2169747
15	25	AR &MO & E&M services of Distr. Court KKD, Delhi (Upliftment work of lifts)	1596000	2366160
16	31	AR &MO & E&M services installed at DHAS, KKD, Delhi(Upliftment work of lifts)	472575	909353
17	71	AR &MO & E&M services at Gomukh Tower. & Police station, Mayur vihar Delhi. Delhi (Upliftment work of lifts)	1661200	1356430
18	89	(i) AR &MO & E&M services of Distr. Court KKD, Delhi (ii) AR &MO & E&M services installed at 'O' Block (Upliftment work of lifts)	1787900	3736966
19	98	AR &MO & E&M services installed at DHAS, KKD, Delhi (Upliftment work of lifts)	1261200	2685964
		Total	49521736	

Annexure-2.6
Inconsistency between tendered amount and actual payment
(Refers to Paragraph 2.2.6.2)

Sl. No.	Agreement No.	Name of work	Estimated cost	Tendered cost	Actual payment made	Difference between Tendered cost and Actual payment made (per cent)	Reasons
1	2	3	4	5	6	7(6-5)	8
Civil Road Maintenance Division M-111							
1	01	Providing and Laying Mastic Wearing Course on various flyovers and junctions	52117935	42472043	51218642	8746599 (21)	To maintain proper chamber of mastic work the depressed portion undulation has been filled up/rectified by providing DBC before laying mastic wearing course which was essential, the condition of existing mastic course of 25 mm and 40 mm thickness on entire area was in deteriorated conditions and required mastic area was more than the provision in the agreement.
2	86	Strengthening of Road No.25 (Dev Prakash Shastri Marg) from T-Point of Loha Mandi to R-Block New Rajinder Nagar	61548807	54473415	61205951	6732536 (12)	In the estimates the quantities of mastic wearing course was taken 5500 sqm. whereas the actual quantities executed as 17893 sqm. (225% more than the estimated quantities (₹ 4957500). Some portion of existing mastic bus bays required to be dismantled and required DBM layer under new mastic layer, DBC required in depressed portion of inner section. Additional work of mastic in intersection of road not taken in the estimate (₹ 1741780) .
3	77	Resurfacing of Road No.36 (Mayapuri side and 89 (Extension) Girdhari Lal Goswami Marg	40573046	42188302	53155220	10966918 (26)	The quantities of DBM was increased from 1406 cum to 3351.49 cum (138% increased from estimated quantities) resulted in extra expenditure of ₹ 9739150. The main reasons was due to heavy traffic of Mayapuri industrial area the surface has developed cracks and the profile of the road is also uneven which causes water stagnation on the road and hence road surface has further deteriorated.
4	14	C/o Drain along Masoodpur Flyover on Mehrauli Mahipalpur Road	3330521	2960500	4275726	1315226 (44)	Deviation- as per actual site requirement, Extra work-items does not exist in the agreement.

5	93	C/o of Bus Bays and improvement of Footpath on NH-8 (Gurgaon Road side carriage way) near Metro Station Dhanla Kuan	12389706	10468063	17044689	6576626 (63)	Extra work- RCC pipe work was required to drain out the rainy water, to extend the Dhanla Kuan underpass pipe line (₹ 13.24 lakh). Execution of Culvert slab over pipeline/drain(₹ 19.38 lakh) and increase in quantities of tack coat/DBM due to change in drawing/design (₹ 12.37 lakh) .
6	15	Road Restoration of old DG Road and Mahipalpur Meharuli Road cut by Delhi Jal Board, SH: Bituminous work	3131533	2426625	3744878	1318253 (54)	Scope of work increased
Electrical Maintenance Division M-151							
7	13	Operation, Maintenance and Replacement of worn out parts of Eureka Forbes make RO system installed at G.B. Pant Hospital.	387288	310176	466714	156538 (50)	As per actual site requirement
8	29	Renovation and General Repair of Elect. Installation at Department Canteen at L.N. Hospital.	654894	492142	988213	496071 (101)	As per site requirement
9	32	Providing Auto/ Manual Microprocessor based APC Panels at Sub-Station No. 1, 2, 3 at L.N. Hospital	3085420	3058500	3755309	696809 (23)	As per site requirement
10	37	Operation and routine maintenance of Fire Fighting Pump Sets, Wet Riser & Sprinkler System and water supply pump sets at G.B. Pant Hospital.	597402	594000	846086	252086 (42)	As per site requirement
11	40	Renovation of ONH and ABCON Hostel at L.N. Hospital, SH:Providing EI and Fans and wiring and rewiring of the Hostel Rooms and Mess, and Offices of ABCON	973867	845357	1116440	271083 (32)	Actual requirement at site
12	57	Replacement of AC Plant of Library Block of MAMC, SH:- Providing and Installation of Microprocessor controlled Air Cooled Package unit	3702334	3185764	4073402	887638 (28)	For extra item no reasons recorded, in deviation as per site requirement.
13	59	Renovation of Old HINI ward near wards 19A and 19B for CDC Pediatrics at L.N. Hospital, SH:- Providing EI & Fans	843941	714220	902588	188368 (26)	As per site requirement
14	66	Replacement of existing worn out unit No. 1 of 80 TR Capacity with New Water Cooled Screw Chiller of 110 TR Capacity in Old Building AC Plant at G.B. Pant Hospital.	1513084	1439300	1909776	470476 (33)	As per actual requirement of site

15	73	Addition alteration for Disaster management ward on VIth floor B & C wing casualty block at L.N. Hospital, SH:- Providing EI and Fans	692720	485960	799314	313354	As per site requirement
16	92	Renovation of P.G. Lab at 2nd Floor convert to two labs to One P.G. Lab at MAIDS.	500972	448097	629103	181006 (40)	Actual site requirement
17	93	C/o Waiting Lounge for patient's attendants New Medical Block at L.N. Hospital, SH:- Providing EI & Fans	614728	482360	717924	235564 (49)	As per actual site requirement
18	114	Renovation of 1 st Floor Ready Room at Central Library MAMC, SH:- Replacement of existing ductable type Split Air conditioning unit	349797	250250	396790	146540 (59)	Extra item- the MCB become defective/burnt and these are required to be replaced.
Civil Road Maintenance Division M-213							
19	20	Annual Repair and maintenance of various roads of Sub division No.4 SH: Repair of Road surface	5036738	4327062	8368764	4041702 (93)	Due to increase in scope of work and lessor quantity taken in the estimates.
20	21	Widening of Easter Approach Road of ISBT Bridge from RD 1850 m to 2450 m from 3 lane to 4 lane both side	81632063	103331174	120438832	17107658 (17)	Extra item of ₹ 1.04 crore-Pumping work, sloping earth has lot of dumped stone which required cleared, the existing footpath railing has to removed for widening of road, the service road which join the road has to be protected with firm wall, the steel work was essentially required to make provision for widening in the existing under pass area, the widening of culvert needed to be clean the drain and its approaches of site and sledges and providing of RCC pipe at culvert, Increase in the estimated quantities in earth work and construction of toe wall (₹ 0.22 crore)
21	46	Annual Repair and Maintenance of Road No. 59 from RD 3450 m to 6450 m SH: Repair of Bituminous Surface	3161547	2133728	2676250	542522 (25)	No reasons recorded in the extra work executed and DBC quantities which was increased 328 cum to 365 cum. Increase in quantities of tack coat and DBM were due to heavy rain pot holes develop on the road and quantities taken in the estimates was not enough.
22	86	Annual Repair and Maintenance of MB Road from Khajuri Chowk to Sabhapur Village SH: Providing and laying DBM and DBC	2188320	1622202	3321648	1699446 (105)	The quantities of DBM and DBC was increased due to damaged in road surface due to heavy rain

23	87	Annual Repair and Maintenance to MB Road from GT Road to Khajuri Chowk SH: Post Monsoon Repair of Road surface	3135458	2324315	4292926	1968611 (85)	The main reasons for increase in quantities of DBM and DBC was due to heavy rain and subsequent heavy traffic eroded the surface to a larger extent which need to be corrected for smooth movement of traffic.
24	112	Providing Central Median on various roads under PWD Zone M-2	35601334	36562570	53687836	17125266 (47)	Extra work of tack coat, DBM and mastic wearing course amounting to ₹ 90 lakh was executed which was not pertain to main agreement with the reasons that there were no provision in the agreement for these items, deviation quantities of ₹ 64.57 lakh were due to increase in cement work, interlocking paver block, kerb stone.
25	63	Annual Repair and Maintenance of Road No.63 SH: Improvement and raising of chowk below Loni flyover	2670967	2143451	4544163	2400712 (112)	Extra work of interlocking precast paver block with pigment was executed as there was no provision in the agreement and it was necessary to execute this item for repairing of footpath alongwith Loni flyover. Deviation in quantities of DBM and Mastic wearing course was necessary to execute for raising of depressed portion of Road No.63 below Loni Road flyover before laying mastic
26	89	Annual Repair and Maintenance of Road No.63 SH: Repair of bituminous surface of service road	4219370	2939635	5613744	2674109 (91)	The item of Tack coat, DBM and DBC was increased in the scope of work. Extra items was necessary to prepare the sub base of the road due to bad condition and major undulations in the existing surface of the road.
27	91	Annual Repair and Maintenance of MB Road from Khajuri Road to Sahapur Village, SH: Improvement of Police Training chowk and Karawal Nagar Chowk	4011336	2177754	4189237	2011483 (92)	Increase in tack coat area was due to increase in mastic wearing course length and extra work of DBM and DBC was executed with the reasons that mastic asphalt can only be laid once the receiving the surface is true to the alignment. As the surface needs BM to make it smooth.
28	103	Annual Repair and Maintenance of Road No.63 from Bhopara Border to Nand Nagri	4224223	2585224	4206614	1621390 (63)	Extra work by using crushed stone aggregates was felt necessary for filling of major undulation in the riding surface of existing area. Increase in quantities of tack coat, BM, BC and Mastic wearing course due to revised actual site requirement.

29	105	Annual Repair and Maintenance of Road No.63 SH; Improvement of Service Road from Bhopara Border to Gagan T-Point (North side)	4263021	4220391	8806176	4585785 (109)	Extra work was due to increase in scope of work such as (i) disposal of malba (ii) repair of footpath and these were necessary to repair the footpath running along the service road no.63. The increase in quantities of tack coat, DBM and DBC was due to increase in scope of work.
Electrical Maintenance Division M-253							
30	2	Repair and maintenance of Electrical and mechanical service at Delhi Sachivalaya SH; Replacement of defective accessories in Automatic AHU control System of Central AC Plant	1122442	969285	1577293	608008 (63)	As per site condition
31	5	Providing and fixing floor Voice Announcement system in the existing OTIS make lift	417979	421505	680679	259174 (61)	As per actual site requirement
32	7	SITC of 3x60 KVA on line UPS system with battery bank at Delhi Sachivalaya	4860168	5097350	7304703	2207353 (45)	As per actual site requirement
33	12	Repair and maintenance of Electrical and mechanical service at Delhi Sachivalaya SH; Providing and fixing floor voice announcement system and indication system in the existing 3 Nos. OTIS make lifts	439883	448969	681061	232092 (53)	Deviation- As per actual site requirement and additional work-for laying cable at false ceiling
34	21	Repair and Maintenance of Electrical and Mechanical Services at Delhi Sachivalaya SH; Repairing and overhauling of Domain make APFC panels installed in the Sub station area	481469	490550	611900	121350 (25)	As per actual site requirement
35	26	Repair and Maintenance of Electrical and mechanical services at Delhi Sachivalaya SH; Providing and fixing of Data Transaction Switch of different Conference hall of capacities at different location of Delhi Sachivalaya.	1191317	1220622	1965147	744525 (61)	As per actual site requirement
36	30	Repair and Maintenance of Electrical and mechanical services at Delhi Sachivalaya SH; Up-gradation of DIS make conference system installed at Conference Hall 2 of Delhi Sachivalaya	1212823	1236100	2035597	799497 (65)	As per actual requirement at site

37	31	Replacement of defective Fire alarm Control Panel with New Panel at Delhi Sachivalaya	3604280	3706406	5120820	1414414 (38)	Extra item-As per requirement of site to make the fire alarm system functional As per actual site requirement
38	41	Repair and Maintenance of Electrical and mechanical services at Delhi Sachivalaya SH: Providing and replacement of Manageable Data Switches with allied equipments at different locations of Delhi Sachivalaya	1214545	1223850	1964707	740857 (61)	
39	45	Repair and Maintenance of Electrical and mechanical services at Delhi Sachivalaya SH: Providing and installation of Visca protocol based auto focus video capturing system for DIS make fully digital conferencing system at Hall No.2 of Delhi Sachivalaya	1228500	1237575	1896718	659143 (53)	As per actual site requirement
40	46	Repair and Maintenance of Electrical and mechanical services at Delhi Sachivalaya SH: Providing and installation of Visca protocol based auto focus video capturing system for DIS make fully digital conferencing system at Hall No.1 of Delhi Sachivalaya	1241400	1248645	1895081	646436 (52)	As per actual site requirement
41	53	Minor Repair to Audio Visual System Replacement of Power amplifier and graphics equalizer in the existing Audio Visual system installed in Auditorium of Delhi Sachivalaya	1137973	1141000	1697881	556881 (49)	As per actual site requirement
Electrical Maintenance Division M-251							
42	9	Repair and Maintenance of 4X80 TR capacity HVAC System at CNBC Geeta Colony, SH: Providing and fixing safety Signage	1752250	1833700	2872728	1039028 (57)	As per site requirement
43	13	Repair and maintenance of Electrical and Mechanical services at B.R.Ambedkar College, Repair and Maintenance of Electrical and mechanical services at ITI Nand Nagari, Maintenance of Electrical Installation and fans, compound light, Repair and maintenance of pump set at fire station Shastri Park and Tahir Pur SH: Providing	2135000	2235500	3378786	1143286 (51)	As per site requirement

44	26	and fixing safety signages for sub station Electrical and Mechanical Services at Ambedkar Institute of Technology, Geeta Colony SH: Providing and fixing hydrant Safety Signages	1180174	1252271	1988463	736192 (59)	As per requirement of site
45	60	Repair and maintenance of Electrical and Mechanical services at Jag Pravesh Chander Hospital, Shastri Park SH: Providing and fixing skirting level Emergency way guiding system (Signages)	1133640	1177200	2171529	994329 (84)	As per actual site requirement
46	68	Repair and Maintenance of Electrical and mechanical services at Ambedkar Institute of Technology, Geeta Colony, SH: Providing and fixing sub station Display Board Signages	2063608	2116823	3285235	1168412 (55)	As per site requirement
Electrical Maintenance Division M-252							
47	78	Repair and maintenance of Electrical and mechanical Service for Karkardooma Court, Delhi SH: Providing and fixing signage for Lifts	1799000	1878670	3611096	1732426 (92)	As per actual site requirement
48	79	Repair and maintenance of Electrical and mechanical Service installed at DHAS, SH: Providing and fixing safety signage	1786630	1865960	3863762	1997802 (107)	As per actual site requirement
49	3	Repair and Maintenance of Electrical and Mechanical Services at Distt. Court, SH: Providing various type of illuminated Signage	1955040	2012400	4219530	2207130 (110)	As per requirement of site
50	7	Annual Repair and Maintenance of various Electrical and mechanical services installed at DHS, Karkardooma SH: Providing and Fixing various type of illuminated Signages	1324350	1359450	2094220	734770 (54)	As per requirement of site
51	11	Repair and maintenance of Electrical and mechanical services installed at O Block Residential Complex, Karkardooma SH Providing cordless microprocessor based water management system at FGH Block	616012	623500	900486	276986 (44)	Extra items no reason recorded, Deviation as per site requirement
52	24	Renovation of 3 rd floor of administrative Block of UTCS at Vishwas Nagar. Shahadara	790106	820000	1107053	287053 (35)	As per requirement of site

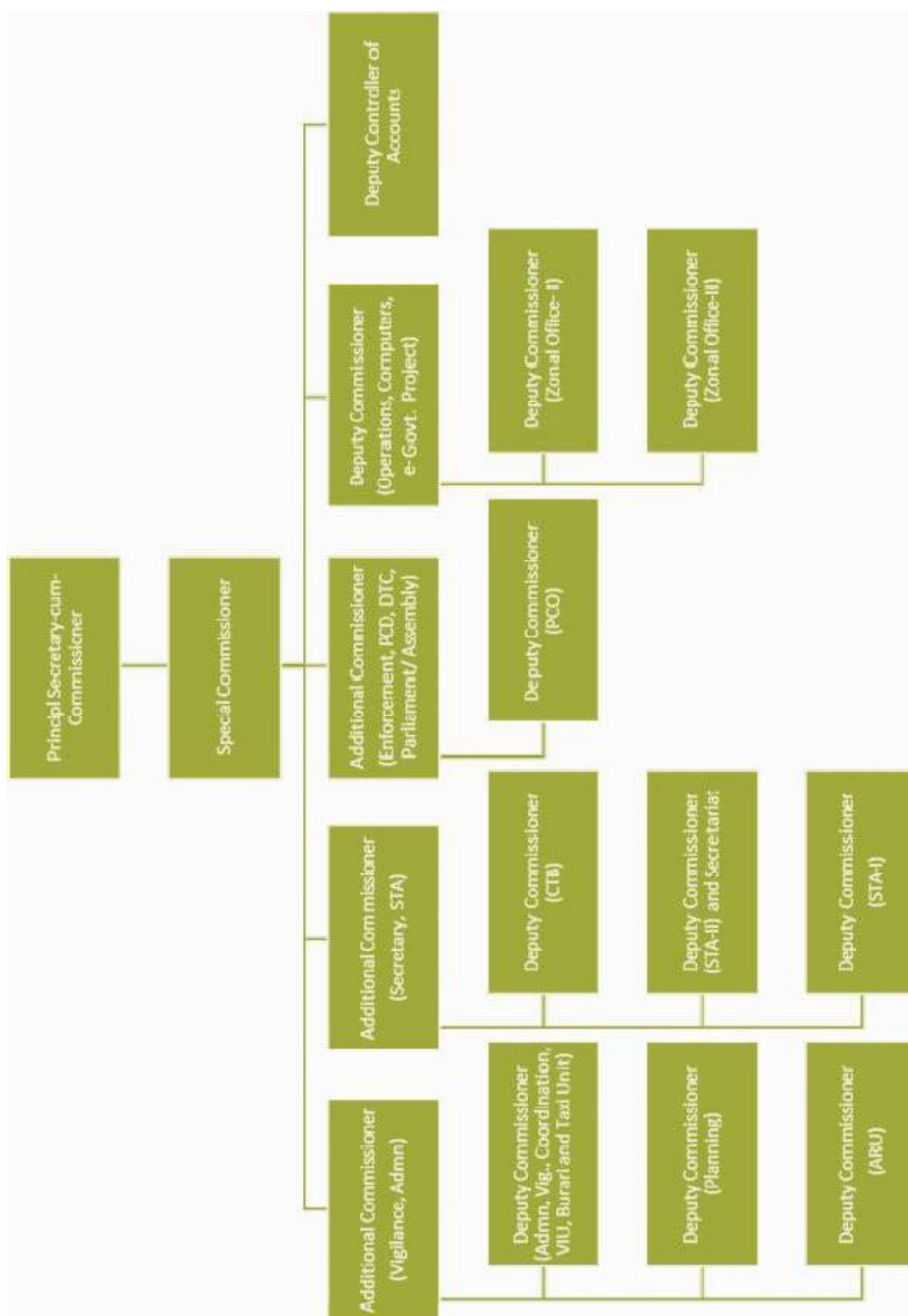
53	26	Repair and Maintenance of Electrical and Mechanical Services at Distt. Court, SH: Providing and fixing Fire hydrant safety Signage at Karkardooma	2722032	2788192	5784176	2995984 (127)	As per requirement of site
54	32	Repair and maintenance of Electrical and Mechanical Services at District Court, Karkardooma, SH: Providing and fixing PA System and Music System at IIIrd Floor A Block, Common Hall	286948	297930	466537	168607 (57)	As per requirement of site
55	36	Repair and Maintenance of Electrical and Mechanical Service in newly constructed E.F.G.H Lawayer Block at District Court, Karkardooma SH: Providing and fixing illuminated Signage	1105784	1135100	2246649	1111549 (98)	As per requirement of site
56	48	Repair and maintenance of Electrical and Mechanical Building Services installed at Karkardooma Court complex, SH:Supply, installation Testing and commissioning of EPABX Systems for all lifts in different block at Karkardooma Court.	576524	596600	1001704	405104 (68)	As per requirement of site
57	50	Repair and maintenance of Electrical and mechanical services at District Court, and O Block residential court complex, Karkardooma, SH: Upliftment work for lifts-architrave and lift landing doors stainless steel work	1936170	1993750	4060089	2066339 (103)	As per requirement of site
58	63	Repair and maintenance of various electrical and mechanical services installed at DHAS, KKD, SH: Providing and fixing fire safety instruction signages	1207535	1267587	2050556	782969 (62)	As per requirement of site
59	100	Repair and Maintenance of Electrical and Mechanical Service at District Court, Karkardooma SH: Providing and fixing illuminated Signage in E.F.G & H Block	1204567	1249000	2705663	1456663 (117)	As per requirement of site
60	103	Repair and Maintenance of Electrical and Mechanical Service at District Court, Karkardooma SH: Providing and fixing illuminated Signage in E.F.G & H Block	979900	1027481	2169747	1142266 (111)	As per requirement of site
61	28	Addition/Alteration to G.B.Pant Hospital SH: Providing and laying C.C.Pavement on internal road Type-I quarters	2749951	4131801	10719064	6587263 (159)	Deviation- as per actual requirement at site, Extra items- provision of item not taken in the agreement
				381767352	515521615	133754263	

Annexure-4.1
Budget Allocation and Expenditure for the year 2007-08 to 2011-12
 (Referred to in paragraph 4.1.1)

Sl. No.	Name of the Scheme	2007-08		2008-09		2009-10		2010-11		2011-12	
		Budget allocation	Expenditure	Budget allocation	Expenditure	Budget allocation	Expenditure	Budget allocation	Expenditure	Budget allocation	Expenditure
1	Planning & Monitoring Cell	5.00	0.44	5.00	4.48	1.00	0	0	0	15.921.00	0
2	Motor Driving Training Schools	10.00	0	25.00	20.59	0	0	10.00	9.91	10.00	3.75
3	Computerisation of Records	400.00	314.49	100.00	67.86	815.00	807.28	362.50	362.45	350.00	159.93
4	Road Safety	1215.00	724.43	600	590.28	150	147.18	100	97.21	100	16.99
5	Strengthening of Transport Department and allied offices	486.00	306.12	585.00	550.60	510.00	440.84	1075.00	1062.26	1272.00	821.95
	Charged Expenditure	2036.00	2036.00								
6	MRTS (Mass Rapid Transit System)	69334.00	68373.48	89251.00	88750.00	84353.00	84321.00	127694.50	127671.34	149950.00	149939.00
7	Modernisation of infrastructure for certification of roadworthiness of vehicles	800.00	356.59	248.00	228.34	700.00	666.34	625.00	586.54	350.00	61.65
8	De-congestion and Rationalisation of ISBT	1200.00	1107.96	1550.00	1518.81	2900.00	2900.00	200.00	200.00	100.00	95.93
9	Control of vehicular air pollution from exhaust of motor vehicles	235.00	234.75	350.00	349.92	500.00	385.64	357.00	356.96	395.00	361.00

10	Providing of Parking facilities	0	0	0	0	0	0	0	0	0	0	0	0
11	Restructuring & Revival of DTC	37730.00	37730.00	25000.00	25000.00	62000.00	62000.00	22048.00	22034.35	24100.00	20100.00		
12	Development of alternative mode of Transport including ETB.												
	a) LRT												
	b) Mono Rail												
	c) BRTS	8100.00	8025.41	7700.00	7328.93	3000.00	3000.00	0	0	925.00	925.00		
13	Setting up of Delhi Unified Metropolitan Transport Authority (DUMTA)	5.00	0	1.00	0	0	0	1.00	0	0	0		
14	Incentives for Replacement of old Light Commercial Vehicles	35.00	0	2.00	0	0	0	0	0	0	0		
15	Studies & Consultancy Services	700.00	699.98	1458.00	1130.04	131.00	35.73	300.00	277.26	200.00	82.52		
16	Development of Bus Terminals & Depots	4818.00	4795.06	7700.00	7699.10	6000.00	6000.00	5700.00	5700.00	2000.00	1836.41		
17	DMRC Feeder Bus Service	0	0	0	0	0	0	175.00	175.00	0	0		
18	Training of school bus drivers and non DTC bus drivers	20	0	0	0	0	0	0	0	0	0		
19	Loan to DTIDC	0	0	0	0	0	0	4000.00	4000.00	2000.00	2000.00		
20	Operation and Control Centre	0	0	0	0	0	0	0	0	3500.00	3382.35		
	Total	127129.00	124704.71	134575.00	133238.95	161060.00	160704.01	162648.00	162533.28	185253.00	179786.48		

Annexure-4.2
Organizational structure
 (Referred to in paragraph 4.1.1.1)



Annexure-4.3
Unreliable certificate of fitness
(Referred to in paragraph 4.1.5.3 (iii))

Month	Vehicles Tested	Vehicles could be tested on 3 pits	Vehicle tested in excess of capacity
Apr-10	300 to 376	99	201 to 277
May-10	305 to 459	99	206 to 360
Jun-10	318 to 405	99	219 to 306
Jul-10	303 to 405	99	204 to 306
Aug-10	324 to 356	99	225 to 257
Sep-10	300 to 376	99	201 to 277
Oct-10	311 to 424	99	212 to 325
Nov-10	311 to 364	99	212 to 265
Dec-10	318 to 432	99	219 to 333
Jan-11	325 to 431	99	226 to 332
Feb-11	320 to 363	99	221 to 264
Mar-11	330 to 435	99	231 to 336

Annexure-4.4
(Refers to footnotes given in the text of the main report)

- Footnote (2)** Rule 118 of Receipt and Payment Rules 1983 stipulates that a certificate shall be attached to every abstract contingent bill to the effect that the detailed contingent bills have been submitted to the controlling officer in respect of abstract contingent bills drawn during the month previous to that in which the bill in question is presented for payment. On no account may an abstract contingent bill be cashed without this certificate.
- Footnote (3)** Rule 176 of GFR states that under some special circumstances, it may become necessary to select a particular consultant where adequate justification is available for such single- source selection in the context of the overall interest of the Ministry or Department. Full justification for single source selection should be recorded in the file and approval of the competent authority obtained before resorting to such single-source selection.
- Footnote (4)** Rule 184 of GFR states that should it become necessary in an exceptional situation to outsource a job to a specifically chosen contractor, the Competent Authority in the Ministry or Department may do so it consultation with the Financial Advisor. In such cases the detailed justification, the circumstances leading to the outsourcing by choice and the special interest or purpose it shall serve shall form an integral part of the proposal.
- Footnote (5 & 9)** CVC order **No.75/12/04** dated the 24th December, 2004, which states that A firm/ consultant which has been engaged to provide consulting services for the preparation or implementation of a project, and any of its affiliates, will be disqualified from subsequently providing goods or works or services related to the initial assignment for the same project.
- Footnote (6)** Rule 57 of GFR 2005 states that ‘no expenditure shall be incurred during a financial year on a ‘New Service’ not contemplated in Annual Budget for the year except after obtaining supplementary grant or appropriation or an advance from the Contingency Fund during the year.
- Footnote (7)** Rule 10 (4) of Delegation of Financial Powers Rules on ‘Appropriation and Re-appropriation- General Restrictions’ states that funds shall not be appropriated or re-appropriated to meet expenditure on new service or new instrument of service not contemplated in the budget as approved by Parliament.
- Footnote (8)** Rule 5(6) (d) of Transaction of Business rule, 1993 of GNCTD states that nothing in this rule shall be construed as authorizing any authority or Department, including the Finance Department to appropriate or re-appropriate funds to meet expenditure on a new service not contemplated in the budget as approved by the Legislative Assembly.

- Footnote (10)** Rule 5(2) (a) and 5 (6) (d) of Transaction of Business rule, 1993 of GNCTD states that unless the proposal is fully covered by the power to sanction expenditure or to appropriate or re-appropriate funds conferred by any general or special orders made by the Finance Department, no Department shall, without the previous concurrence of the Finance Department, issue any order which may involve any abandonment of revenue or involve any expenditure for which no provision has been made in the Appropriation Act and nothing in this rule shall be construed as authorizing any authority or Department, including the Finance Department to appropriate or re-appropriate funds to meet expenditure on a new service not contemplated in the budget as approved by the Legislative Assembly.
- Footnote (12)** Sub rule (3) of rule 116 of the Central Motor Vehicles Rules, 1989 stipulates that the measurement for smoke emission level and Carbon Monoxide level for vehicles etc. shall be done with a meter of the type approved by any agency referred to in rule 126 of the principal rules or by the National Environmental Engineering Research Institute, Nagpur-440 001 provided that such a testing agency shall follow ISO or ECE Standards and procedures for approval of measuring meters

Annexure-4.5
Statement of unrealistic budgeting for the year 2011-12
(Referred to in Paragraph 4.2.6.2)

(₹ in lakh)

Sl. No.	Sub-head	Budget estimates proposed by the zonal office	Budget provision allocated	Actual expenditure
New Delhi zonal office				
1.	D.1(1)(1)-Salaries	196.80	90.00	124.66
2.	D.1(1)(5)-Office expenses	8.00	4.00	4.76
3.	D.1(1)(6)-Rent Rate and Taxes	2.00	0.50	Nil
4.	D.1(1)(11)-Medical Treatment	2.00	1.00	0.40
5.	D.1(3)(1)- Streamlining of public distribution system with focus upon below poverty line	10.00	10.00	Nil
Total		218.80	105.50	129.82
North West zonal office				
1.	D.1(1)(1)-Salaries	406.26	200.00	191.22
2.	D.1(1)(5)-Office expenses	10.50	7.00	7.83
3.	D.1(1)(11)-Medical Treatment	3.00	1.00	4.80
4.	D.1(3)(1)- Streamlining of public distribution system with focus upon below poverty line	90.00	50.00	Nil
Total		509.76	258.00	203.85

Annexure-4.6

Statement of various appropriations where savings was of more than 25 per cent of total provision

(Referred to in Paragraph 4.2.6.3)

(₹ in lakh)

Sl. No.	Head of account	Total appropriation	Actual expenditure	Savings	Percentage
New Delhi zonal office					
1.	3456 D.1(1)(5) Office Expenses	7.00	4.76	2.24	32.00
2.	3456 D.1(1)(11) Medical treatment	1.00	0.40	0.60	60.00
3.	3456 D.1(3)(1) Streamlining of PDS with focus upon BPL	14.65	Nil	14.65	100.00
		Total savings		17.49	
North West zonal office					
1.	D.1(1)(11)-Medical treatment	7.00	4.80	2.20	31.50
2.	D.1(3)(1)-Streamlining of PDS with focus upon BPL	73.80	0	73.80	100
3.	D.1(1)(6)-Rent, Rates & Taxes	8.50	4.96	3.54	41.68
		Total savings		79.55	

Annexure-4.7
Statement of various appropriations in which savings occurred without any surrender
(Referred to in Paragraph 4.3.6.3)

(₹ in lakh)

Sl. No.	Sub-head	Final allocation	Expenditure	Saving	Amount surrendered
New Delhi					
1.	D.1(1)- Direction and Administration	138.00	129.81	8.19	Nil
2.	D.1(3)(1)- Streamlining of public distribution system with focus upon below poverty line	14.65	Nil	14.65	Nil
3.	D.1(4)(2)- Subsidy to consumers on domestic LPG	0.68	0.68	0.00	Nil
	Total	153.33	130.49	22.84	Nil
North West zonal office					
1.	D.1(1)- Direction and Administration	213.00	208.80	4.20	Nil
2.	D.1(3)(1)- Streamlining of public distribution system with focus upon below poverty line	73.80	Nil	73.80	Nil
3.	D.1(4)(2)- Subsidy to consumers on domestic LPG	2.25	2.25	0.00	Nil
	Total	289.05	211.05	78.00	Nil

Annexure-4.8
List of cases where expenditure exceeded allocations in case of North West zone
(Referred to in Paragraph 4.2.6.5)

(₹ in lakh)

Sl. No.	Sub-head	Final allocation	Expenditure	Excess
1.	D.1(1)(1)-Salaries	190.00	191.22	1.22
2.	D.1(1)(5)-Office expenses	7.50	7.83	0.33
	Total	197.50	199.05	1.55

Annexure-4.9
Amendments and issuance of duplicate ration cards
(Referred to in Paragraph 4.2.9.2)

Sl. No.	Card No.	Type	Income declared	Revised entitlement	Remarks
Circle No. 1					
1	54370198	AAY	30,000	APL-S	-
2	54460189	BPL	36,000	APL-S	-
3	54410455	APL-S	2,00,000	APL	-
4	54080257	APL-S	2,50,000	APL	-
5	54161067	APL-S	1,20,000	APL	-
6	54341109	APL-S	1,20,000	APL	-
7	54021589	APL-S	1,20,000	APL	-
8	54490085	BPL	Not declared	-	-
9	54290017	BPL	Not declared	-	-
10	54410043	BPL	Not declared	-	-
11	54520257	AAY	Not declared	-	-
12	Not mentioned		Not declared	-	-
13	54520233	AAY	Not declared	-	-
14	54460330	BPL	Not declared	-	-
15	54500032	AAY	Not declared	-	-
16	54480011	AAY	Not declared	-	-
17	54380091	BPL	Not declared	-	-
18	54090010	BPL	Not declared	-	-
19	54440335	BPL	Not declared	-	-
20	54330307	APL	Not declared	-	-
21	54440330	BPL	Not declared	-	-
22	54090064	BPL	Not declared	-	-
23	54471189	APL	Not declared	-	-
24	54030110	APL	Not declared	-	-
25	54160070	APL	Not declared	-	-
26	54311693	APL	Not declared	-	-
27	54270205	APL	Not declared	-	-
Circle No. 9					
28	22300530	APL-S	1,30,000	APL	-
29	22260019	BPL	48,000	APL-S	-
30	22250033	BPL	36,000	APL-S	-
31	22370148	BPL	36,000	APL-S	-
32	22490041	AAY	36,000	APL-S	-
33	25230006	BPL	30,000	APL-S	-
34	22550099	BPL	48,000	APL-S	-
35	22370158	BPL	Not declared	-	-
36	Not mentioned		Not declared	-	-
37	Not mentioned		Not declared	-	-
38	Not mentioned	APL	Not declared	-	-
39	Not mentioned		Not declared	-	-

40	Not mentioned		Not declared	-	-
41	Not mentioned	BPL	Not declared	-	-
42	Not mentioned		Not declared	-	-
43	22260089	BPL	Not declared	-	-
44	Not mentioned		Not declared	-	-
45	Not mentioned		Not declared	-	-
46	Not mentioned		Not declared	-	-
Circle No. 13					
47	20351274	APL-S	5,70,000	APL	-
48	20400899	APL-S	3,00,000	APL	-
49	20570037	AA Y	36,000	APL-S	-
50	20461180	APL-S	1,44,000	APL	-
51	20380071	APL-S	1,20,000	APL	-
52	20290760	APL-S	2,00,000	APL	-
53	23420208	AA Y	60,000	APL-S	-
54	13070023	BPL	Not declared	-	-
55	13020083	BPL	Not declared	-	-
56	20361396	APL	Not declared	-	-
57	Not mentioned		Not declared	-	-
58	20250176	BPL	Not declared	-	-
59	13020095	BPL	Not declared	-	-
60	13020103	BPL	Not declared	-	-
61	Not mentioned	BPL	Not declared	-	-
62	20270396	AA Y	Not declared	-	-
63	20570091	AA Y	Not declared	-	-
Circle No. 40					
64	01240062	AA Y	72000	APL-S	-
65	02260011	AA Y	60000	APL-S	-
66	02010579	APL	18000	BPL	-
67	40051154	APL	Not declared	-	-
68	02250609	BPL	Not declared	-	-
69	02030174	BPL	Not declared	-	-
70	02010023	BPL	Not declared	-	-
71	03091675	APL	120000	APL (U)	Duplicate card issued on the basis of incorrect FIR
72	02180065	BPL	24000	BPL	Duplicate card issued on the basis of incorrect FIR. Income of maid shown below the stipulated minimum wage norms of the Minimum Wages Act

Annexure-4.10

**List of renewal cases wherein number of beneficiaries were less than the stipulated norms
(Referred to in Paragraph 4.2.9.5 (d))**

Sl. No.	FPS/KOD number	Number of beneficiaries required to be attached as per norms	Number of beneficiaries attached	Deficit in terms of the number of beneficiaries
1	KOD -2213	850	716	134
2	KOD -3610	850	377	473
3	KOD-2273	850	527	323
4	FPS-9006	1000	752	248
5	KOD-3329	850	638	212
6	KOD-2206	850	423	427
7	KOD-2582	850	6	844
8	FPS-5544	1000	797	203
9	FPS-6442	1000	671	329
10	FPS-7692	1000	840	160
11	FPS-8083	1000	326	674
12	FPS-8983	1000	537	463
13	FPS-6997	1000	485	515
14	FPS-7735	1000	481	519
15	FPS-8889	1000	505	495
16	KOD-2739	850	92	758
17	KOD-3407	850	81	769
18	KOD-2539	850	255	595
19	KOD-3416	850	156	694
20	KOD-4056	850	56	794
21	KOD-2788	850	58	792
22	KOD-3333	850	28	822
23	KOD-3387	850	598	252
24	KOD-3403	850	115	735
25	KOD-3780	850	60	790
26	KOD-3776	850	159	691

Annexure-4.11
Incorrect projection of demand
(Referred to in Paragraph 4.2.10.1)

Category	No. of cards for which demand raised by the Department	Actual number of cards as of April 2011	Difference
APL	2800052	1414039	1386013
BPL	288213	253011	35202
AAY	150235	98698	51537

Category	Monthly allocation by GoI (in tons)		Number of beneficiaries for which allocation was sufficient	
	Wheat	Rice	For wheat*	For rice**
APL	27064	8000	1082560	800000
BPL	6293	2765	251720	276500
AAY	3755	1502	150200	150200

* taking 25 kgs as the maximum entitlement limit for wheat per month

** taking 10 kgs as the maximum entitlement limit for rice per month

Bold characters signify actual no. cards as intimated by the Department and actual monthly allocation as made by the GoI. Remaining characters have been computed on the basis of the maximum entitlement limits as mentioned above.

Annexure-4.12
Average quarterly retail prices of essential commodities and vegetables in Delhi during
2009-10 to 2011-12
(Referred to in Paragraph 4.2.15.3 (a))

(figures in ₹ per kg/ltr)

Year	Quarter	Gram dal	Milk (in ltr.)	Onion	Sugar	Mustard oil	Potato
2009-10	1 st	34	21	13	27	63	11
	2 nd	39	21	14.50	27.50	60.50	18
	3 rd	39	21	26	35	61	24
	4 th	38	22	23	43	65	9
2010-11	1 st	33	23	14	33	60	9
	2 nd	34.50	24	14	31	62	14
	3 rd	35	24	25	31	62	16
	4 th	35	25	30	33	72	8
2011-12	1 st	38	25.67	11.33	32	70.17	9.33
	2 nd	40	27	17.33	32	72.67	14.83
	3 rd	55.33	29	20.33	34	76.33	14.67
	4 th	51	29	13.83	34	84	8