

## Chapter-II COMPLIANCE AUDIT

### Department of Urban Development

#### 2.1 Re-development of Rajiv Gandhi Chowk

**The re-development of Rajiv Gandhi Chowk was undertaken to restore its architectural and heritage character while easing traffic and pedestrian movement to improve the overall ambience of this premier commercial center of the national Capital. This was not achieved. Lack of realistic planning coupled with poor execution and monitoring of implementation of works led to non-achievement of the project objectives of upgradation of public conveniences and improvement in civic services. The scope of the project as originally envisaged was drastically reduced from ₹ 615.20 crore to ₹ 477.02 crore. Expenditure amounting to ₹ 18.05 crore on utility corridors, surface development, water supply and flooring of corridors was either unfruitful or avoidable. The efficacy of augmentation of fire-fighting capabilities done at a cost of ₹ 4.97 crore could not be assured in audit.**

Connaught Place (CP), originally designed in 1929 as a shopping-cum-residential complex has three circles – outer, middle and inner. The buildings, all private, are aligned along these circles. Connaught Place was renamed as Rajiv Gandhi Chowk in the year 1995. Over the years, the ageing process as well as adhoc changes and additions to the structure had resulted in deterioration of the overall condition of the heritage complex and defacement of its original façade. Further, development of the Underground Palika Bazar and Rajiv Chowk Metro Interchange Terminal inside the inner circle increased footfalls and number of vehicles in CP resulting in traffic congestion and conflict between vehicular and pedestrian on roads. Increase in commercial activities and growing population put additional pressure on the civic infrastructure of CP.

A meeting was held in February 2005 under the Chairpersonship of the Secretary, Ministry of Urban Development (MoUD), Government of India (GoI), that was attended by Chairperson, New Delhi Municipal Council (NDMC) and officers from other agencies viz. Delhi Urban Art Commission (DUAC), Delhi Development Authority (DDA), Central Public Works Department (CPWD), and Delhi Traffic Police, where the Engineer-in-Chief, NDMC made a presentation highlighting the status of the area and its problems. Based on the discussions, NDMC submitted a Status Note to the Secretary MoUD, GoI on 30 May 2005 recommending preparation

of a comprehensive Redevelopment Plan for CP including the augmentation/ upgradation of engineering services. The New Delhi Municipal Council (the Council) in February 2006 approved this recommendation and resolved that the final proposal shall be brought before it for administrative approval and expenditure sanction.

New Delhi Municipal Council entered into an agreement with Engineers India Limited (EIL) on 03 May 2006 for consultancy services for re-development of Connaught Place and its precincts. EIL submitted a Detailed Project Report (DPR) for re-development of Connaught Place comprising of sub plans with cost estimates, for:

- a. Restoration of architectural/heritage character of CP and examining the structural stability of its buildings;
- b. Construction of new subways, re-modeling of existing subways and re-designing of roads to make the outer circle signal free to enable free flow of traffic and safe movement of pedestrians;
- c. Enhancing the parking capacity of CP by construction of new underground parking facilities and development of surface level parking;
- d. Upgradation of public conveniences, environmental improvement, landscaping and streetscaping; and
- e. Engineering improvement of civic services *viz.* water and electricity supply, drainage and sewer system.

The Council approved the Project Report (November 2007) and decided to fund the project under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM). The Council also approved (28 April 2008) entering into a turnkey consultancy agreement with EIL for the project (signed on 21 May 2008) where under EIL would be responsible for conceptualization, planning, design, engineering and execution of the project including award of works to contractors and subsequent inspection, testing and handover of the project to NDMC in a fully operational state. This agreement superceded the earlier agreement of May 2006. The consultancy fee was 8 *per cent* of the executed cost of the project (*plus* service tax) or ₹ 48 crore (*plus* service tax) whichever is less and was applicable upto December 2010. In the event of any delay in completion of project which was not attributable to EIL, additional fee beyond December 2010 was to be settled based on mutually agreed terms. The Council also accorded administrative approval and expenditure sanction of ₹ 615.20 crore for the implementation of the DPR.

Meanwhile, a DPR for ₹ 448.03 crore prepared for those works which were to be funded under JNNURM was sent to Government of India (GoI) on 15 April 2008 against which GoI sanctioned ₹ 88.82 crore as its share and

released the first instalment of ₹ 22.21 crore in February 2009. The Government of NCT of Delhi also released ₹ 38.06 crore as its share in the project to NDMC under JNNURM. Remaining expenditure on the project was met by NDMC from its own resources.

As per the turnkey consultancy agreement entered into with EIL in May 2008, the project was to be completed by November 2010. The final responsibility for implementation of the Project rested with the Engineering Department of NDMC under the supervision of its Engineer-in-Chief. A Project Co-ordination Committee (PCC) comprising of officers from NDMC was formed on 14 May 2008 to monitor the progress of the project and to give decisions as may be necessary during implementation. Subsequently, EIL with the approval of PCC, awarded 15 contracts to different contractors between April 2009 and July 2012 with a total contractual cost of ₹ 462.12 crore with stipulated dates of completion falling between 05 April 2010 and 10 November 2013. The contracts were actually executed between April 2010 and December 2014.

Since some major items<sup>1</sup> included in the DPR were not ultimately implemented by EIL, the Council reduced the scope of the project and revised the expenditure sanction from ₹ 615.20 crore to ₹ 477.02 crore in June 2012. As of March 2016, NDMC had transferred ₹ 423.77 crore to the 'EIL-CP Project Account'. EIL had paid ₹ 387.05 crore to the contractors as of April 2016. Though EIL had withdrawn its work force from the site in December 2014, the project was yet to be formally declared complete and the accounts were yet to be closed (April 2016).

The first audit appraisal of the project appeared in Audit Report of the Comptroller and Auditor General of India (No. 6 of 2011-12) on XIX Common Wealth Games, 2010, relating to the Union Government (Civil), highlighting undue delay in completion of the project, change in scope of work, improper project planning and contract management. These findings were re-produced along with other audit observations on extra expenditure in the Report of the Comptroller and Auditor General of India for the year ended March 2011, relating to GNCTD. The Action Taken Notes on these Reports have not been submitted by GNCTD as of January 2016. The present audit appraisal of the project was conducted to assess the achievement of the project objectives and level of compliance with the extant rules and the principles of financial propriety.

### 2.1.1 Planning and preparation

Proper planning and preparation is a pre-requisite for effective and timely implementation. This is all the more imperative in a project that involves

<sup>1</sup> DMRC vomitories (₹ 5.60 crore), Horticulture (₹ 2.24 crore), CCTV/PA system in underground parking (₹ 6.72 crore), Underground parking (₹ 111.99 crore), Retrofitting (₹ 5.60 crore).

multiple stakeholders/agencies and execution in a busy commercial center in an urban area. Effective planning entails realistic conceptualisation and assessment of all factors that are relevant to execution of the project including identification and availability of site, allotment of resources to ensure optimal utilisation, timely execution of contracts and mechanisms for effective monitoring to ensure quality and timeliness of works done. Deficiencies in realistic conceptualization and planning would be reflected in the extent of achievement of the stated objectives.

Audit observed that the achievements of the project were not commensurate with some of the established objectives as originally envisioned as reflected in **Table 2.1.1** below:

**Table 2.1.1: Short Achievement of Project Objectives**

Sl. No.	Primary objective	Item of work to be executed	Work Executed/ Not Executed	Status of Work
1.	Conservation of heritage character and structural stability of buildings.	Restoration of façade of buildings in outer, middle and inner middle circles.	Restoration of façade was done only in outer and inner circles at an expenditure of ₹ 40.02 crore Middle circle was not covered.	In August 2010, PCC asked EIL to forward a plan for middle circle to be taken up after CWG 2010. PCC raised the issue in its meeting in November 2010 and March 2011. However, there was no further progress.
2.	Flooring of façade corridors.	Providing symmetrical flooring of sand stone in façade corridors matching with the original architecture of CP, as suggested by DUAC.	EIL included this work in three contracts, but it was not executed.	No reasons were produced to audit for non-execution of this item of work.
3.	Assessment of structural stability of buildings	EIL was required to appoint a specialized agency to study structural stability of buildings and forward recommendations/ suggestions to NDMC. Owners were to take remedial measures directly.	Desired structural stability study report was not obtained by NDMC from EIL and owners were not made aware of stability status of their buildings.	No reasons were produced to audit for non-execution of this item of work.

4.	Free flow of vehicular traffic and safety of pedestrians.	Construction of 8 subways and remodeling of existing 5 subways adding extra mouths all along outer circle, to provide uninterrupted signal free flow of traffic on outer circle and safe passage to pedestrians.	EIL awarded the work in November 2009 at a cost of ₹ 56.05 crore. Only two subways were completed and three existing ones were remodeled at a cost of ₹ 22.31 crore. Two other new subways, though taken up, were abandoned midway after incurring an expenditure of ₹ 3.21 crore.	Reasons not on record. PCC never pursued the matter with EIL for remaining subways. Expenditure of ₹ 3.21 crore on the abandoned subways was rendered unfruitful.
5.	Improvement in riding quality and longevity of roads.	Reconstruction of outer, inner and radial roads by cement concrete and middle circle road by granite cobbles at a cost of ₹ 12.56 crore.	Outer circle, inner circle and radial roads were resurfaced with bituminous concrete as extra item or deviation in the quantity through other ongoing contract. Middle circle was reconstructed with cement concrete.	Under the terms of the turnkey agreement, all statutory clearances to be obtained by EIL and any assistance required from government bodies was to be provided by NDMC. Hence, it was the responsibility of both EIL and NDMC to obtain the requisite clearances. The work was held up due to delay in tree cutting permission from Forest department. Due to the delay in seeking requisite clearance and release of work orders and the ensuing cycling event of CWG 2010, NDMC was left with no option but to construct the bituminous road.
6.	Providing escalators in subways to facilitate pedestrian movement and encourage people to use subways.	Installation of 64 escalators in new and existing subways at a cost of ₹ 80 crore. All subways were to be roofed.	EIL awarded the work for 58 escalators at a cost of ₹ 29.24 crore without the provision of roofed enclosures. Only 22 escalators were provided at a cost of ₹ 11.17 crore but no roof was provided to any of them. Fourteen of them were dysfunctional (18 March 2015) as expensive components were stolen.	36 escalators were not constructed. Further, of the 22 constructed, 14 were dysfunctional. Hence, only eight out of the originally envisaged 58 escalators were actually functional and the objective of facilitating pedestrian movement was not achieved.

7.	Augmentation of parking facilities.	Construction of two level underground parking of a capacity of 2200 Equivalent Car Space (ECSs) below the inner circle at a cost of ₹ 112 crore.	No such works were taken up for execution. NDMC deleted the parking facility from the scope of the work on 25 June 2012.	PCC asked (December 2008), EIL to give a presentation for automatic underground parking in inner circle. When EIL was asked to submit feasibility of new parking, EIL submitted on 04 March 2010 a concept of semi-automated parking. In December 2011, PCC deferred the parking project for next phase. As such there was no construction of underground parking facility in CP that would have eased congestion.
8.	Rain water harvesting system.	Rain water harvesting system in CP at a cost of ₹ 60.82 lakh to use surface run-off water from roofs, central park and pedestrian plaza for recharging of ground water purpose.	The proposed system was not constructed.	EIL attributed (May 2015) the reasons to space constraints which was indicative of deficient planning and conceptualisation.

As evident from above, none of the primary objectives of restoring the heritage character of Connaught Place, ascertaining the structural stability of the building and of easing traffic and pedestrian movement was achieved. This was attributable to lack of realistic planning as reflected in the drastic curtailment of the scope of work of the original DPR from ₹ 615.20 crore to ₹ 477.02 crore as well as delay in execution of works.

***Audit also noted the following:***

(i) EIL constructed an underground feeder corridor of 200 m length behind Madras Hotel in P-Block at a cost of ₹ 2.83 crore as part of a service corridor network to place power cables, water mains and other utilities. However, this feeder corridor was not connected to the main tunnel or to any other service tunnel and was lying idle. EIL stated (May 2015) that feeder corridor could not be completed as NDMC could not resolve issues of encroachment and *tehbazari* on construction site. Failure of NDMC to provide hindrance free site to EIL resulted in unfruitful expenditure of ₹ 2.83 crore.

(ii) As per the approved plan, an underground service trench was to be constructed all along the outer circle to place electric cables and other utilities. It was noticed that out of 2,317 meters only 1,000 meter of trench was constructed at a cost of ₹ 1.40 crore, as NDMC did not provide work site to

EIL. The incomplete trench was lying idle rendering the entire expenditure of ₹ 1.40 crore unfruitful.

Under the turnkey agreement, it was the obligation of NDMC to remove hindrances and provide land free from encumbrances to EIL for execution of work. Thus, failure of NDMC to provide hindrance free site to EIL coupled with taking up of work before ensuring encumbrance free site resulted in unfruitful expenditure of ₹ 4.23 crore.

### 2.1.2 Surface development plan

The Surface Development Plan, as approved by the Council, included environmental improvement, enhancement in landscaping, up-gradation of public conveniences and adequate lighting arrangements. EIL awarded the work on 11 March 2010 to a contractor with stipulated date of completion as 10 October 2010. The work was actually completed on 15 March 2013. Details of items included in the contracts and actually executed are given in **Table 2.1.2** below:

**Table 2.1.2: Non/short execution of contract items of public utility**

Sl. No.	Item of work	Nos. to be constructed/Installed	Nos. actually constructed/Installed	Shortfall (%)
1.	New toilets	34	11	63
2.	Kiosks	36	Nil	100
3.	Street lights	267	116	57
4.	High mast lights	10	Nil	100
5.	Litter bins	214	60	72
6.	Garden lights	1449	154	89
7.	Street furniture	300	Nil	100
8.	Drinking water fountains	Nos. not specified	Nil	100
9.	Playground equipment	-do-	Nil	100
10.	Development of gardens on terrace of Palika Bazar and Palika Parking along with two foot over-bridges to connect both	02	Not constructed	100
11.	A viewing platform of 15 m height to provide a spectacular view of CP	01	Not constructed	100

In terms of numbers, the percentage of shortfall ranged from *57 per cent* to *100 per cent*. The reasons for short execution of contract items were neither on record nor pursued by the PCC with EIL. Non/short execution of contract items of public utility deprived the general public of improved civic facilities and upgraded environment of CP as conceptualized in the approved DPR.

**Audit also noted the following:**

- (i) EIL incurred an expenditure of ₹ 1.27 crore on construction of plant beds along the inner circle, inner side of outer circle and radial roads and for providing good earth and manure in these plant beds. It was, however, noticed that no plant bed was existing at the inner side of the outer circle. NDMC informed (April 2015) that since the plant beds at inner side of the outer circle were creating problems for commuters and vehicles were being parked on these plant beds, the space was subsequently covered by stone slabs. Thus, construction of plant beds at an unsuitable location resulted in wasteful expenditure of ₹ 60 lakh out of ₹ 1.27 crore incurred on construction of plant beds at the inner side of the outer circle.
- (ii) Similarly, an expenditure of ₹ 64.73 lakh was incurred on providing grass, grass grid and other line items inside the inner circle. Subsequently, EIL dismantled these items due to objection raised by New Delhi Traders Association (NDTA) rendering the expenditure infructuous.
- (iii) EIL provided 581 bollard lights valuing ₹ 31 lakh in CP. As some of the lights were stolen, EIL removed the remaining lights and handed them over to NDMC where they were kept in storage. Thus, providing these lights without ensuring their suitability for the location resulted in wasteful expenditure of ₹ 31 lakh.
- (iv) DUAC had approved use of sand stone in place of proposed granite flooring in the corridors of the façade. However, EIL used granite stone slabs. This resulted in extra expenditure of ₹ 2.69 crore as granite stone is costlier than sand stone. No reasons were found on record for use of granite in place of sandstone.
- (v) At a meeting held with the Secretary, NDMC, on 16 December 2011, it was decided that work for facade lighting should be executed in such a way as to avoid maintenance problem in future. EIL awarded two contracts for facade lighting work at a cost of ₹ 3.29 crore. During a joint survey with the officers from NDMC and EIL, it was found that LED lights in the floor and LED strips at upper *Jalies* were either not in place or broken in most of the blocks, electrical wirings were not in place and the system had become defunct. EIL stated (May 2015) that complete façade lightings in inner circle were handed over (February 2014) to NDMC, which did not maintain them.
- (vi) The contract for the work of surface development had two items for providing granite kerbs of *sindoori* red color or equivalent at the rate of ₹ 43,000 and ₹ 54,000 per cubic meter respectively. Audit scrutiny showed that EIL considered these items as extra items and made a payment of ₹ 1.99 crore at the rate of ₹ 68,981 per cubic meter. The cost of this item as per contracted rate works out to ₹ 1.30 crore, resulting in additional expenditure of ₹ 69 lakh. EIL stated (May 2015) that *rajshree* red granite stone was provided in place of *sindoori* red stone as directed

by NDMC. However, EIL did not produce documentary evidence in support of its contention and also did not mention the reason for the change in the specifications after award of the contract.

Thus, deficiencies in planning and implementation resulted in unfruitful expenditure of ₹ 4.84 crore as well as extra expenditure of another ₹ 3.38 crore.

### 2.1.3 Water supply system

*Audit noted the following:*

- (i) In order to address the issue of intermittent water supply in CP, the Council approved construction of a new underground water tank of 2,700 KL capacity and laying of a new water supply network to ensure 24x7 water supply. The proposed water tank was also to be used for water treatment and to supply water to Palika Bazar and Palika Parking. Audit scrutiny of records revealed that EIL incurred expenditure of ₹ 3.16 crore on laying a new water supply network. However, the proposed underground water tank could not be constructed because the land identified earlier for the underground water tank was not found feasible and NDMC failed to arrange any alternate land space for the same. The new network thus only connects to the existing underground old water tank and the objective for 24x7 water supply in CP, Palika Bazar and Palika parking remained unachieved.
- (ii) The Council approved an expenditure of ₹ 1.28 crore for an irrigation system in CP for maintenance of green spaces. Audit scrutiny revealed that EIL incurred ₹ 2.44 crore on two contracts during November 2009 to December 2012, for providing an irrigation system comprising of underground distribution lines and garden hydrants. However, this newly constructed irrigation system was not connected to any source of water and was lying idle. EIL informed (May 2015) that decision regarding location of water tank and source of water was not finalised by NDMC. Thus, laying the new irrigation system without ensuring availability of source of water resulted in unfruitful expenditure of ₹ 2.44 crore.

Audit observed that it was the responsibility of NDMC under the consultancy agreement to provide the requisite land for the works. Further, general principles of execution of works, as also stipulated in CPWD Works Manual adopted by NDMC require that encumbrance free site should be ensured before commencement of work. Failure of NDMC and EIL to ensure availability of site for all elements of water supply network before commencement of work resulted in unfruitful expenditure of ₹ 5.60 crore.

### 2.1.4 Firefighting system

The Council approved an expenditure of ₹ 9.50 crore for the firefighting system. As against this, EIL incurred an expenditure of ₹ 4.97 crore on a new

system including underground water tank and fire equipment. Audit scrutiny revealed the following:

- (i) 129 hydrant boxes were installed near fire hydrants across CP, all of these were damaged and rendered unserviceable as their doors were stolen. As a result, essential firefighting equipment to be placed in each hydrant box for use in case of fire emergencies (*viz.* six 15 m hose pipes and fire axe and other equipment) were not placed in these boxes, though such items were supplied by the contractor.



*Empty and damaged Fire Hydrant Box*

- (ii) Fire hydrants were to be provided with flow switches along with control wiring from these flow switches to the central control room for ascertaining the exact location of a fire. However, neither the control room was setup nor the flow switch, control wiring and indicating panel provided.
- (iii) A single head type hydrant valve to operate fire hydrants in case of fire emergencies was to be provided in each hydrant box. These valves were provided in chambers in the ground covered with mechanically locked covers. No tool or mechanism to remove the cover of underground chamber housing the valve was provided in the hydrant boxes. As such, possibility of operating these valves in case of fire was problematic. Further, there were multiple chambers covered with similar types of lid for other services such as telecommunication, water, electricity, sewerage, etc. situated around each hydrant. Since the chamber having valve to be used in case of fire to make the system operational is not marked distinctly, it would be difficult to identify the lid to be removed to operate the valve.

Hence, the efficacy of the works to augment fire fighting capabilities was not established despite expenditure of ₹ 4.97 crore.

### **2.1.5 Construction of service tunnel in middle circle**

The DPR approved by NDMC provided for an expenditure of ₹ 71.21 crore for construction of underground service tunnel (corridor) below the middle circle having a height of 23 feet and width of 22 feet to be constructed by Open Cut Technology for placing the trunk water lines, telecommunication cables, irrigation pipeline, IGL pipelines, power cables and transformers with

a view to avoiding excavation for replacement of pipes and cables in future. It also provided for an expenditure of ₹ 70.40 crore for revamping of electrical, water, drainage and sewerage system in CP. The total cost approved for doing these works was ₹ 141.61 crore.

EIL invited common tenders in June 2009 for both these works. After pre bid meeting (June 2009) and on the request of a contractor, EIL changed the 'Open Cut Technology' to the costlier 'Diaphragm Wall Technology'. A combined work was awarded at a cost of ₹ 236.70 crore in November 2009 (₹ 157.85 crore for the construction of the service tunnel and ₹ 78.85 crore for revamping of electrical, water, drainage and sewerage system).

As of May 2015, EIL had incurred ₹ 180.48 crore on construction of the service tunnel and an additional ₹ 12.47 crore on other items required to make the tunnel operational, which was not included in the cost approved by the Council. Thus, as against an allocation of ₹ 71.21 crore and contractual cost of ₹ 157.85 crore, EIL incurred ₹ 192.95 crore on service tunnel, due to change in technology and execution of unapproved items. Neither prior nor ex-post-facto approval of the Council was sought for the revised estimate and change in technology despite the huge increase in cost of 171 per cent.

Audit observed that, Clause 2.3.4 of CPWD works manual stipulates that material deviations that significantly alter the scope of work from the original sanction should not be made without the approval of the authority that accorded administrative approval to the work, even though the cost of the same may be covered by savings on other items. Further, under the consultancy agreement also, EIL was to periodically appraise NDMC regarding design, cost and program to achieve the best value for money in terms of technology, quality and operational performance. Further, at any stage during the execution of works, if it was felt that the work is not going as per the conceptual/re-development plan already approved by NDMC, the Council will have a right to intervene for corrective measures and decision will be binding on EIL. Given the higher escalation in cost involved, EIL should have referred the adoption of Diaphragm Wall technology to NDMC for acceptance before execution of the work.

### 2.1.6 Conclusion

The over-arching objective of the project was to restore the architectural and heritage character of CP while at the same time facilitating and easing traffic and pedestrian movement to improve the overall ambience and experience of the visitors to this premier commercial centre in the national capital. This objective could not be achieved. The scope of the project as envisaged in the original DPR was drastically reduced from ₹ 615.20 crore to ₹ 477.02 crore.

Even after delay ranging upto over four years in completion of the contracted works, restoration of the façade was completed only in the outer and inner circles while study to ascertain the structural stability of the buildings was not carried out. Facilities like subways, escalators, underground parking space and improvement of landscaping and lighting intended to ease both traffic and pedestrian movement and improve visitors' experience were not completed. Further, expenditure amounting to ₹ 14.67 crore was rendered unfruitful while extra expenditure of ₹ 3.38 crore was incurred in flooring of corridors and providing of kerbs. The efficacy of augmentation of fire-fighting capabilities done at a cost of ₹ 4.97 crore could not be assured in audit. The project is yet to be formally declared complete and accounts were yet to be closed (March 2016).

The matter was earlier referred to the Government and NDMC in September 2015 and again in May 2016; their replies were awaited (16 August 2016).