CHAPTER XV : MINISTRY OF URBAN DEVELOPMENT

15.1 Recovery at the instance of Audit

On being pointed out in audit, the Ministry recovered outstanding interest of Rs. 67.14 crore from National Building Construction Corporation Limited, a Public Sector Undertaking.

National Building Construction Corporation Ltd. (NBCC), a Public Sector Undertaking under the administrative control of the Ministry of Urban Development, had been continuously incurring losses from 1986-87 onwards. As of March 1997, NBCC had accumulated losses of Rs. 136.66 crore and the net worth was (-) Rs. 116.71 crore.

In November 1998, the Government approved a financial restructuring proposal and turnaround strategy to convert NBCC into a profit making undertaking. One component of this strategy, which also involved conversion of Government of India loans into equity and preference shares, enhancement of authorised capital, partial waiver of interest etc.; was that outstanding interest of Rs. 67.14 crore as on 31 March 1997 on Government on India loans was to be frozen and repaid in equal installments over a period of five years, after an initial moratorium of three years.

Audit scrutiny revealed that though the initial moratorium for repayment of the outstanding interest expired in March 2000, no repayment was made by NBCC as of August 2007, and that the Ministry also did not take action at an appropriate level for recovery. Further, NBCC had generated profit (after interest and tax) of Rs. 172.04 crore during the period from 1998-99 to 2006-07, and had accumulated reserves of Rs. 34.55 crore as on 31 March 2007.

On being pointed out in audit, the Ministry asked (October 2007) NBCC to pay the outstanding interest on loans from the Government. NBCC paid an amount of Rs. 60.14 crore in November 2007.

In their reply (November 2008), the Ministry stated that although NBCC generated profits during the period 1998-99 to 2006-07, it had to discharge pending liabilities to contractors/ vendors in India and abroad. Further, there was no wilful default on the part of NBCC, which paid the amount of Rs. 60.14 crore as soon as sufficient funds were available. In January 2009 audit again pointed out to the Ministry the matter of non-recovery of balance amount of Rs. 7.00 crores from NBCC. Subsequently, in November 2009, NBCC made the balance payment of Rs. 7.00 crore in full and final settlement of the outstanding amount. The fact, thus, remains that NBCC made the payment only after this was pointed out by audit.

Directorate of Estates

15.2 Non-recovery of rent in respect of premises allotted at market rates to non-entitled categories

Audit scrutiny of recovery of rent by the Directorate of Estate (DoE) in respect of office accommodation in Delhi allotted at market rates of licence fees to persons and entities falling in the non-entitled categories revealed serious mismanagement.

On being pointed out by audit, DoE recovered outstanding dues of revised market rates of license fee amounting to Rs. 1.60 crore from 10 allottees but Rs. 3.23 crore of outstanding dues in respect of 16 allottees was yet to be recovered.

DoE recovered Rs. 0.83 crore of outstanding dues between May and September 2008 from the Central Government Employees Welfare Housing Organization (CGEWHO) which was allotted office accommodation purely on temporary basis at market rates of license fee, subject to the approval of the Cabinet Committee on Accommodation (CCA). The Government did not agree to the allotment, but CGEWHO was yet to vacate the premises, and dues on account of license fee from February 2008 onwards continued to accumulate as of April 2009.

DoE did not follow up on its decision of November 2005 by initiating either recovery of rent at market rates or eviction proceedings for vacation of accommodation occupied by Kendriya Bhandar. Rent dues for the period from November 2005 to March 2010 amounting to Rs. 4.53 crore, was yet to be recovered as of March 2010.

15.2.1 Introduction

The Directorate of Estates (DoE), an attached office of the Ministry of Urban Development, is responsible for administration of Government residential/office accommodation in Delhi. It has been also allotting office accommodation to certain private persons, organizations, and non-entitled entities by charging rent (licence fees) at market rates. The allottees must pay license fee in advance every month, failing which DoE can initiate recovery process including securing vacation of the rented premises. In view of the acute shortage of General Pool Office Accommodation, in March 1999, the Ministry considered that it may not be desirable to make any further allotments of office accommodation to non-entitled categories, and revised the market rate of license fee payable by the existing allottees to Rs. 25 – Rs. 63

per sq. ft. per month. Further revisions were to be made every three years thereafter. However, it was noticed that rent revision was made only in respect of Bank and Post offices.

Audit scrutiny of cases of allotment of office accommodation on market rent to non-entitled categories in Delhi revealed mismanagement in rent recovery in several cases by not issuing timely notices for non- payment and taking punitive action, against the defaulters. The audit findings are detailed below:

15.2.2 Outstanding dues of revised market rates of license fee

Between March 1999 and March 2008, there was accumulation of outstanding rent of Rs. 4.83 crore, plus interest of Rs. 0.39 crore in 21[1] cases out of 70 cases in the Central, South and other zones. DoE did not issue timely notices to the allottees for non-payment of revised rent. The notices were issued with delays ranging from 6 to 22 months. Only eight parties paid rent at the revised market rates. Further, DoE did not take any action as per provisions of the Public Premises (Eviction of Unauthorised Occupants) Act, 1971 (PPE Act) for eviction of the defaulters.

After being pointed out by Audit, DoE recovered an amount of Rs. 1.60 crore, from 10 allottees between April and November 2008. It also initiated recovery proceedings under the PPE Act against one allottee, and had issued reminders/ final reminders to 15 allottees prior to initiation of recovery proceedings. However, the balance amount of Rs. 3.23 crore against 16 allottees was yet to be recovered as of December 2008.

15.2.3 Recovery of market rates of license fee from CGEWHO

DoE had allotted 1755 sq. feet of office accommodation to the Central Government Employees Welfare Housing Organisation (CGEWHO) in Janpath Bhawan between October 1990 and July 1991 purely on temporary basis at market rates of license fee, subject to the approval of the Cabinet Committee on Accommodation (CCA). The Government did not agree to allotment of accommodation to CGEWHO, and DoE asked CGEWHO to vacate the allotted accommodation by June 1992.

CGEWHO, however, continued to occupy the accommodation, and had also not paid rent as revised from time-to-time, despite DoE's raising demand bills at regular intervals. The total outstanding rent dues from CGEWHO as of January 2008 was Rs 0.83 crore.

[1] 7 Banks, 8 PSUs, 2 Post Offices, 4 NGOs

On being pointed out in Audit, DoE initiated recovery proceedings against CGEWHO in February 2008, and recovered an amount of Rs. 0.83 crore (representing outstanding dues upto January 2008) between May and September 2008. However, CGEWHO had still not vacated the premises, and dues on account of license fee from February 2008 onwards continued to accumulate. In reply, the DOE stated (April 2009) that the matter was being pursued by them with the CGEWHO.

15.2.4 Recovery of market rates of license fee from Kendriya Bhandar

DoE allotted 24,490 sq. ft of office accommodation, 39 residential units at Delhi and other places, and 11 shops in various markets of Government colonies to the Central Government Employees Consumer Co-operative Society Limited (Kendriya Bhandar) at a nominal rate of Re. 1 per month.

In November 2004, the Ministry reviewed allotment of general pool accommodation to Kendriya Bhandar and the matter of levy of market rent as revised from time to time and noted that it had since become a dividend paying commercial organization and had stopped selling commodities under the public distribution system, and that its activities had gone beyond selling of grocery and consumer items in the Government housing colonies. Consequently, in November 2005, DoE decided that no fresh allotments would be made to the Kendriya Bhandar and similar organizations, existing accommodation would be got vacated in a phased manner over a period of three years from November 2005, and market rates of license fee would be charged from November 2005 onwards till the date of vacation of office / residential accommodation. DoE, however, did not follow up on its decision by initiating either recovering rent at market rates or initiating eviction proceedings for vacation of accommodation. The rent dues for the period from November 2005 to March 2010 amounted to Rs. 4.53 crore.

On being pointed out in Audit, the DoE/ Ministry stated (April-May 2009) that recovery proceedings had already been initiated against the Kendriya Bhandar, and the damages bills were being issued.

Thus, due to inaction on the part of DoE, substantial amount of rent arrears could not be recovered from the non-entitled persons, organizations and entities. DoE also did not take effective action to initiate eviction proceedings against such defaulting persons/organizations despite acute shortage of accommodation in the General pool.

Central Public Works Department

15.3 Failure to get Ready Mixed Concrete Batching Plant operational

Despite the Ministry's assurance in March 2004, the CPWD took no action to operationalise an idle ready mixed concrete batching plant, and there is practically no likelihood of the plant becoming functional. Further, the CPWD's indecisiveness resulted in 7.38 acres of prime land in Delhi remaining unutilized since 1995.

Paragraph 12.2 of the C&AG's Audit Report No. 2 of 2003 (Union Government – Transaction Audit Observations) highlighted infructuous expenditure of Rs. 3.14 crore by the Central Public Works Department (CPWD) on a ready mixed concrete batching plant at Ghitorni[2] without ensuring the feasibility of its erection and rectifying other deficiencies. In their Action Taken Report of March 2004, the Ministry stated that the CPWD was trying to get the plant operational at the earliest.

Audit scrutiny in July 2008, however, revealed that the CPWD had taken no concrete steps to operationalise the plant. In June 2007, CPWD had organized a meeting with four contractors to explore the viability of the plant, wherein it was emphasized that the plant was obsolete, and not commercially viable. The temporary permission granted by the Delhi Development Authority for operationalisation of the plant on the earmarked land expired in May 2008.

In May 2008, the CPWD proposed to dispose off the plant through auction to realize its salvage value and minimize the loss to Government; however, no concrete steps had been taken, as of April 2009, to dispose off the plant, which occupies 7.38 acres of area with a market value of Rs. 53.31 crore[3].

Field visit by audit in July 2008 revealed that the plant was in a state of complete disrepair, and surrounded by dense weeds.

In audit's opinion, there is practically no likelihood of the plant becoming operational; further, indecisiveness of the CPWD resulted in prime land of 7.38 acres in New Delhi remaining unutilized since 1995.

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[2] To the south of Vasant Kunj, Delhi

[3] As per the current schedule of rates of the Land & Development Office.

 

CPWD's Ready Mixed Concrete Plant at Ghitorni in a state of disrepair (July 2008)

The matter was referred to the Ministry in August 2008; their reply was awaited as of March 2010.

15.4 Avoidable expenditure due to delay in acceptance of tender

Delay in finalization to tender by the Central Public Works Development resulted in avoidable expenditure of Rs. 1.07 crore.

Rules provide that the time schedule prescribed in the CPWD Works Manual for acceptance of tenders should be observed in order to minimize chances of delay. Accordingly, the time available for dealing with tenders is 5 days for the Executive Engineer, 20 days for the Chief Engineer, and 20 days for approval by the Central Works Approval Board at New Delhi.

The Ministry of Home Affairs accorded (September 2004) administrative approval and expenditure sanction for Rs. 17.64 crore for construction of 359 residential quarters (Type I to IV) at Group Centre, Central Reserve Police Force (CRPF), Talegaon, Pune.

Scrutiny of records of the Central Division-III (PCD-III) Pune (merged with PCD-II, Pune in April 2007) revealed (June 2007) that tenders for construction of 255 (Type II) of these quarters were called on 15 October 2005 and were opened on 29 November 2005. According to the tender conditions, the validity period of the offers was 60 days from the date of its opening i.e., up to 28 January 2006. Against the estimated cost of Rs. 8.42 crore, the lowest offer was for Rs. 11.25 crore. The tender documents were forwarded to the Chief Engineer at Nagpur on 3 December 2005 (within five days) for approval. The Chief Engineer sought extension of validity period from the lowest tenderer initially up to 27 February 2006 and later up to 27 March 2006. Though the contractor agreed for the initial request up to 25 February 2006 unconditionally, the second extension of time was subject to overall increase in cost by 8.1 *per cent*. The Board rejected (8 March 2006) the tender as being conditional and also expressed their displeasure at the abnormal delay in forwarding the tender documents for approval. Subsequently, as directed by the Chief Engineer, fresh tenders were called for on 29 April 2006 with the last date for receipt being 5 June 2006 and validity up to 03 August 2006 incurring expenditure of Rs. 3.24 lakh on advertisement, and the work awarded on 1 August 2006 to another contractor at the negotiated cost of Rs. 12.29 crore. Thus, due to delay in finalization of tenders in the first instance, the Department had to incur additional expenditure of Rs. 1.07 crore including Rs. 3.24 lakh on re-advertisement.

The Department has not replied to the audit observation so far (August 2009).

The matter was referred to the Ministry in May 2008; their reply was awaited as of August 2009.

Government of India Press

15.5 Delay in recovery of printing charges

The Government of India Press, Nashik has accumulated dues of Rs. 23.91 crore at the end of March 2008 from 247 clients in 38 Ministries/Departments.

The Government of India Press (Press), Nashik undertakes printing jobs such as administrative reports, acts, departmental codes, manuals, gazettes, staff lists and forms indented by various Central Government Ministries/Departments. Although the Press had not entered into individual agreements with indenters, they were required to make the payments on getting full supplies against their indents. There was no system of charging penal interest in case of delay in payment.

Audit scrutiny of records of the Press revealed (June 2007/2008) that as at the end of March 2008, Rs. 23.91 crore was yet to be recovered from 247 clients in 38 Ministries/Departments. Age-wise analysis is given below:-

Table-1

Year	Amount outstanding *(Rupees in crore)*
Over 10 years	7.07
5-10 years	5.07
3-5 years	2.63
2-3 years	0.37
1-2 years	0.41
0-1 year	8.36
Total	**23.91**

The General Manager stated (June 2008) that the matter was being pursued with the client departments by issue of reminders and also with the Directorate. However, an analysis indicates that more than 60 *per cent* of the pending dues is over three years old and if the current year's dues were not taken into account, they account for nearly 95 *per cent* of the receivables.

Thus, it is evident that the present follow up procedure has failed to produce timely results. The Press, which is run on commercial principles, needs to pursue the matter more effectively at appropriate level to ensure prompt collection of dues.

The matter was referred to the Ministry in July 2008; their reply was awaited September 2009.