

Chapter 8: Renovation and Restoration of Connaught Place

8.1 Introduction



Connaught Place (CP) and its surroundings have a historical legacy and it is the Metropolitan City Center, as per the Master Plan for Delhi 2021. In April 2004, Chairman, NDMC directed that action be initiated for restoration of Connaught Place before CWG-2010. The chronology of subsequent events is summarised below:

Table 8.1: Chronology of events relating to restoration of CP

| <i>Timeline</i> | <i>Event</i> |
|---------------------------|---|
| April 2004 | Direction by Chairman, NDMC to initiate action |
| May 2005 | Cost estimate for project prepared for ₹ 76 crore |
| November 2005 | Engineers India Limited (EIL) appointed as Project Management Consultant (PMC) |
| February 2006 | Cost estimate and milestones for project implementation by EIL approved by Council |
| July/November 2007 | Detailed Project Report (DPR) and revised cost estimate of ₹ 671 crore prepared by EIL/ approved by Council |
| February 2008 | DPR sent to GNCTD and Ministry of Urban Development (MoUD) for funding under Jawaharlal Nehru National Urban Rehabilitation Mission (JNNURM). |

| <i>Timeline</i> | <i>Event</i> |
|----------------------|--|
| | Redevelopment plan sent to Delhi Urban Art Commission (DUAC) for approval |
| April 2008 | Administrative approval of ₹ 615.20 crore by NDMC for the project, and Engineers India Limited (EIL) appointed turnkey consultants |
| November 2008 | DUAC clearance received |

8.2 Undue Delays

As can be seen the project was plagued by undue delays. The decision to initiate action was taken in April 2004 but the Detailed Project Report (DPR) was submitted only in February 2008 and DUAC clearance received in November 2008. It was therefore, clear that the project would not have been completed in time for the Games. Further, the constraints of traffic management, considering the importance of CP to Delhi's traffic, made this task even more difficult.

In its reply (December 2011) NDMC stated that project of CP was not related to CWG. However activity of project took time due to statutory clearances at various stages and final clearance from DUAC was received on 27 November 2008.

Audit, however, observed that the Consultant appointed on nomination basis was awarded the contract of executing the whole project, without floating the tenders, just to meet CWG 2010 dead line. Single tenders at higher rates were accepted in order to meet CWG 2010 deadline. Thus despite the NDMC's averment that the CP Project was not related to CWG the CP project became interlinked with CWG 2010. Besides, EIL took 4 years to submit the DPR is indicative of poor planning.

8.3 Increase in scope of work

The original estimated cost of ₹ 76 crore in May 2005 went up nearly nine-fold to ₹ 671 crore by July 2007. This was mainly due to an increase in the scope of work on account of the following components:

Table 8.2: Increase in scope of work/ costs (₹ in crore)

| Sr. No. | Item Description | Amount in original rough indication of cost by NDMC (May 2005) | Amount in revised indication of cost prepared by EIL (July 2007) |
|---|--|--|--|
| A. Engineering Services/Infrastructure | | | |
| 1. | Overall Electrical System etc. | 10.00 | 46.80 |
| 2. | Utility Duct/Service Tunnel in Middle Circle | -- | 69.21 |

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| Sr. No. | Item Description | Amount in original rough indication of cost by NDMC (May 2005) | Amount in revised indication of cost prepared by EIL (July 2007) |
|--|--|--|--|
| 3. | Escalators | -- | 80.00 |
| 4. | Other items | 20.00 | 46.70 |
| | Total | 30.00 | 242.71 |
| B. Façade restoration/Areas to be taken up with stakeholders' participation | | | |
| 1. | Façade Restoration | 8.00 | 77.53 |
| 2. | Centralized Heating, Ventilation and Air Conditioning (HVAC). | - | 55.75 |
| | Total | 8.00 | 133.28 |
| C. Pedestrian movement areas | | | |
| 1. | Including improvement of existing subways and new subways, Outer Circle development) | - | 65.05 |
| D. Street furniture/ inner plaza development | | | |
| 1. | Underground parking | - | 111.99 |
| 2. | Civil & Electrical Works (Radial Roads, Middle Circle & Inner Circle) | - | 66.08 |
| 3. | Others | 30.00 | 51.88 |
| | Total | 30.00 | 229.95 |
| | Grand total | 76.00 | 670.99 (say 671.00) |

There was thus an enormous increase in the scope of work and costs. It is likely that this increase in scope and cost was driven, at least partly by the launch of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) by GoI in November 2005, and subsequent inclusion of this project under JNNURM.

Under JNNURM, the scheme launched in December 2005 with the objective of sustainable development of physical infrastructure in cities, 35 per cent of the cost would be funded by GoI, and 65 per cent would be funded directly or indirectly by GNCTD. Till August 2011, out of total expenditure of ₹ 196.5 crore on the project, ₹ 22.21 crore was met from JNNURM funds, ₹ 50.36 crore from GNCTD funds, and the remaining amount of ₹ 123.97 crore out of NDMC funds (to be reimbursed subsequently by GNCTD). The total contract value of 13 works awarded under the project was ₹ 443.80 crore as shown in **Annexure 8.1**.

In its reply (December 2011) NDMC stated the rough cost of ₹ 76 crore was mainly for the façade restoration work, improvement of civic amenities and

related work. The escalation of cost from ₹ 76 crore to ₹ 671 crore was arrived after suggestions from various statutory bodies and stake holders

8.4 Project planning

A pilot project for façade restoration of C-Block was awarded in August 2007, and completed in August 2008. The rest of the project was divided into nine packages spanning the whole of CP, with all activities getting underway around the same time. The status of implementation of various works is summarized below:

Figure 8.1 *Timeline of Implementation of Works*

| Works | Jul, 07 | May, 09 | Jun, 09 | Jul, 09 | Nov, 09 | Jan, 10 | Feb, 10 | Mar, 10 | Apr, 10 | Jun, 10 | Jul, 10 | Aug, 10 | Aug, 11 |
|--|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 1 (C block)* | Pilot project | | | | | | | | | | | | |
| 2 (Façade) | | | | Orange | | | | | | | | | |
| 3 (Façade) | | | | Orange | | | | | | | | | |
| 4 (Service corridor-middle circle) | | | | | Orange | | | | | | | | |
| 5 (Electrical works-outer circle, subways) | | | | | Orange | | | | | | | | |
| 6 (Area dev- inner and outer circle) | | | | | | Orange | | | | | | | |
| 7 (Façade lighting-C pilot block) | | | | | | | Orange | | | | | | |
| 8 (Toilets, kiosks everywhere) | | | | | | | | Orange | | | | | |
| 9 (Escalators in subways) | | | | | | | | | Orange | | | | |
| 10 (Façade – lighting- others) | | | | | | | | | | Orange | | | |
| 11 (Horticulture) | | | | | | | | | | | Orange | | |
| 12 (Signage, everywhere) | | | | | | | | | | | | Orange | |
| 13 (Road works in inner and outer circle) | | | | | Orange | Orange | | | | | | | |

Note: Orange: award of work; Grey: Work in progress

* Date of Work Order 31.08.2007 and stipulated date of completion 28-02-2008. Work actually complete on 10-08-2008.

As a result, all works were underway more or less at the same time, with the scheduled completion by November 2010. It is difficult to assess the timeline

by which this project is likely to be completed to provide necessary benefits to the citizens of Delhi. A brief summary of two major works in progress is given below:

Table 8.3: Summary of two major works in progress

| Work | Brief Details |
|---|---|
| Civil, Electrical and Finishing Works for Service Corridor in Middle Circle | A consortium of AFCONS-Sterling and Wilson Construction was awarded the contract in November 2009 at a cost of ₹ 236.70 crore for completion by May 2011 with the structural works to be completed by August 2010 i.e., before the Games. Audit observed that EIL accepted and NDMC approved a conditional rebate of ₹ 5 crore offered by the tenderer for working round the clock for all days of the week. The above time schedule and the estimated price were based on 24 hours working in a day and 7 days in a week, on round the clock basis. |
| Renovation of old subways and construction of new subways | This work was awarded to Era Infra Engineering Pvt. Ltd. in November 2009 for ₹ 56.04 crore on single tender basis on grounds of urgency and completion by CWG 2010. |

In its reply (December 2011) NDMC stated that the project was well planned to achieve the targets set before CWG. The existing subways works were completed, made functional and opened to general public before CWG. Initial delays were on account of delay in several statutory clearances and the delay was primarily on account of late and very limited stage wise clearances by Delhi Traffic Police, unprecedented and prolonged rains last year and limited time available for execution of work and stoppage of works from 31 July 2010 due to CWG.

In case of 'Civil, Electrical and Finishing Works for Service Corridor in Middle Circle' NDMC stated that there was no conditional rebate offered by tenderer while rebate of ₹ 5 crore was offered as the condition of working round the clock for all days given in rebate offer letter was already there in SCC 4.5.1 of the tender.

In case of 'Renovation of old subways and construction of new subways' NDMC stated that the work has been awarded at 8.79 *per cent* above the estimated/justified cost after deleting the cost of items of the dismantled materials from the scope of work from the contract and thus the award of work at ₹ 56.04 crore against the estimated cost of ₹ 51.51 crore is well

within the permissible tolerance of 10 *per cent* as per para 19.4.3.2 of CPWD manual and norms of EIL.

The reply is not acceptable in view of the following:

The undue delays in execution of the project is indicative of the poor planning by NDMC. Further given the importance of CP to the traffic movement, limited traffic clearance was to be expected.

In case of 'Civil, Electrical and Finishing Works for Service Corridor in Middle Circle' the single tenderer initially quoted a rate ₹ 270.71 crore against a departmental estimate of ₹ 207.41 crore i.e., 30.59 *per cent* above the estimated costs. To bring the quoted rates to acceptable level so that a single tender can be accepted post tender reductions of ₹ 33.99 crore were made. This includes reduction of ₹ 23.34 crore on account of O&M Part, ₹ 5.62 crore on account of revised price for item No 8.1(d) and ₹ 5.03 crore on account of a conditional rebate. The rebate of ₹ 5.03 crore was on the condition that the site will be made available 24x7 without hindrance.

In case of 'Renovation of new subways and construction of new subways' the single tender initially quoted a rate of ₹ 56.80 crore against departmental estimate of ₹ 47.51 crore i.e. 19.6 *per cent* above the estimate. However after the tendering process was over the department revised the estimate to ₹ 51.51 crore by taking into consideration the salvage value of the dismantled Bituminous material. Also the contractor offered a further rebate of ₹ 75 lakh on item no 5.7 of the tender. These changes in the estimate and rebate offered by the contractor reduced the difference in quoted price and estimate from 19.5 *per cent* above to 8.79 *per cent* above. Thus in order to accept a single tender post tender changes were made.

8.5 Traffic Management

In April 2008 administrative approval of ₹ 615.20 crore for the CP project was given by NDMC, and Engineers India Limited (EIL) was awarded the contract of executing the whole project. EIL sought permission from the Traffic Police in December 2008, who issued a No Objection Certificate (NOC) for 240 days (effective from 1 January 2010) only in December 2009. However, the NOC was withdrawn subsequently as described below:

Due to starting of work at nine locations simultaneously, there were protests by the shopkeepers and the New Delhi Traders Association (NDTA) strongly opposed the construction and redevelopment work¹. The Traffic Police stated that due to this construction work, a large number of buses had been diverted, creating congestion in the surrounding areas of the entire New Delhi District and Central District and asked NDMC to take a relook at the entire project of

¹ NDMC informed the Traffic Police that the traders association had been taken into confidence. However, the Traffic Police were informed by the NDTA that they had strongly opposed the construction work in their interaction with NDMC.

construction of subways and related redevelopment work in consultation with all the stakeholders i.e. Traffic Police, DTC, NDTA, etc. Pending a decision in the matter, construction work was asked to be immediately stopped, and the barricades covering the road space were removed and the NOC issued for traffic diversion during construction of the subways in the outer circle and service corridor in the middle circle was withdrawn in January 2010 by the Deputy Commissioner of Police (DCP) Traffic.

Subsequently, the Lieutenant Governor (LG) issued instructions for slowing down the pace of construction. In a meeting in January 2010 called by the LG to discuss traffic problems and access issues during renovation works in CP, the Commissioner of Police opined that the requirement of subways needed to be revisited and advised that some of the relatively less important subways could be taken up after the Commonwealth Games, and concreting of the Outer Circle road should be done lane-wise.

The LG stated that the NDTA did not have any problem with restoration of façade renovation work in the inner circle, and the problems due to ducting work in the middle circle seemed manageable by appropriate segregation of works so as to keep two roads for entry and two for exit to and from the inner circle open at all times. The major problem seemed to be with the works in the outer circle, which needed to be looked into in greater detail and the right solution found.

Till December 2010, the contractor could complete only one sub-way i.e. at Super Bazar (old); the earthwork done for the four new sub-ways had to be refilled, due to non-receipt of clearance from Delhi Police. The work of installation and commissioning of escalators in the sub-ways (awarded to a different contractor) was correspondingly delayed.



Covered subway entrance after re-filling

NDMC's response that taking up construction of subways one by one would have led to completion in eight years with associated cost over-runs and inconvenience to the people appears to be untenable, as taking up so many works simultaneously led to even greater difficulties in execution. Also a 24 X 7 schedule of construction work in CP was completely impracticable, considering the importance of CP to traffic flow in Delhi.

NDMC in December 2011 stated that the execution of the work was delayed due to non-receipt of clearance from the traffic authorities and due to unprecedented and prolonged rains. The reply is not acceptable as the delay was due to impractical and inadequate planning by NDMC.

8.6 Extra cost incurred on use of granite as flooring material in restoration of facade of C Block (sample block)

Granite was used as flooring material in the pilot project for 'C' Block, contrary to the initial DUAC approval of November 2006. Consequent to inspection, DUAC ordered sandblasting of granite flooring in November 2008 to reduce the colour contrast resulting in an avoidable expenditure of ₹ 0.19 crore on granite which was a costlier material.

In its reply NDMC stated that it is not true that DUAC objected to use of granite in flooring of corridor of 'C' Block, a pilot project and Heritage Conservation Committee (HCC) only suggested that granite is not appropriate for Architectural restoration. The reply is not tenable as is evident from the minutes of the DUAC meeting with NDMC of July 2008, where a reference to the DUAC approval of November 2006 was made wherein it was clearly stated that the floor finish of corridor had been changed to granite stone from the originally used sandstone by NDMC which was against the conservation objectives. Since 'C' Block was restored as a test case it was recommended that original sandstone flooring and original pattern be followed since granite is not appropriate for the architectural restoration that is being sought, as suggested by HCC. Later DUAC was left with no other choice but to order sandblasting of granite flooring to reduce the colour contrast for 'C' Block only.

In December 2011, NDMC stated that no sand blasting has been carried out in the flooring and no expenditure has been incurred on this account hence it is incorrect to say that ₹ 0.19 crore has been incurred on this account. The fact remains that ₹ 0.19 crore was spent on granite which is costlier material.

8.7 Inflated estimate due to inclusion of service tax in rate analysis

An amount of ₹ 2.77 crore on account of service tax was loaded in the rates of items in the detailed estimate for civil work including structural & finishing works excluding works of electrical, fire fighting, fire alarm system, Close Circuit Television (CCTV) and Public address (PA) system prepared by EIL.

As service tax was not leviable on such works, the estimate was inflated to that extent.

In its reply (February 2011) NDMC stated that M/s EIL has assured that in case the agency does not deposit service tax it would be recovered from its running account bills. The reply is however silent about the inflated estimate.

In its reply (December 2011) NDMC stated the estimation was not inflated as parts of components are only exempted from service tax. The department has not given details of components exempted from service tax, in the absence of which reply is not acceptable.

8.8 Justified cost inflated due to incorrect framing of rate analysis

Para 19.4.3.1 of the CPWD Manual 2007 provides for preparing justified cost statement based on market rate of labour, material, cartage etc. for checking the reasonability of tender rates.

The work of Area Development for Inner and Outer circle of Connaught place, was entrusted (March 2010) to M/s SCG Contracts (India) Pvt. Ltd. at a tendered cost of ₹ 35.93 crore against estimated cost of ₹ 36.40 crore and work order was issued (January 2010) with a time limit of nine months. Till the fourth running account bill dated 16 February 2011, work worth ₹ 14.81 crore only was completed. Audit observed that quotation of rate of building materials was not found on record in support of rate analysis of all the items. These rates were compared with the DSR of 2007 duly updated by price indices of cement and all commodities from official web site of Economic Advisor, Ministry of Commerce & Industry, Government of India <http://eaindustry.nic.in/>. Scrutiny revealed that the rates of cement and other materials were inflated by 14 *per cent* to 59 *per cent* as shown in **Annexure 8.2** resulting in inflation of justified cost by ₹ 87.30 lakh as shown in **Annexure 8.3**.

In the absence of availability of market rate for the required time, price indices released by Government of India have been used by Audit to update the rates so as to arrive at the prevalent market rates.

In its reply (December 2011) department stated that the justification of tender was prepared as per CPWD Manual and the method adopted by Audit was against the provisions of the manual.

In the absence of market quotation in the files the only method left to determine the market rate was to consider the DSR 2007 rates and update it by price indices of cement and all commodities from official website of Economic Advisor, Ministry of Commerce & Industry, Government of India <http://eaindustry.nic.in/>. The provisions of the manual only states to compare the market rates with quoted rates it does not specify that only quotations

obtained by the department can become the benchmark of the market rates. Also in this case quotations obtained from agencies other than for the current work cannot be considered as a benchmark for determination of the market rate as it is an afterthought.

8.9 Incorrect rate analysis

In the work “Providing and laying 18mm thick granite slabs in floors, risers, cladding, skirting, dado, in tread, landing with 20mm cement mortar (1:3)”, the rate of granite was ₹ 1800/sqm inclusive of Value Added Tax (VAT) and cartage, but in the rate analysis rate of granite was taken as ₹ 1816.43/sqm and ₹ 83.56 was added for cartage. Thus, ₹ 100/sqm were added over and above the laid down rate of ₹ 1800/sqm. Further a higher co-efficient of labour was taken instead of the available coefficient in the DSR of 2007 item no.11.27 which resulted in inflating the estimate by ₹ 36.25 lakh. Details are given in **Annexure 8.4**.

In reply NDMC stated that difference of ₹ 16.43 is due to rounding and ₹ 83.56 towards re-handling cost due to space constraint. Also the co-efficient of labour was stated as based on item no 8.2.2.2 of DAR 2007 whereas Audit calculations were based on item no 11.27 of DAR meant for Kota stone.

The reply of NDMC is not acceptable because as per item specification the rate of granite to be used has been prescribed as ₹ 1800/sqm including cartage and VAT. Hence adding for VAT @ 12.5 per cent and for cartage @ 2 per cent over ₹ 1800/sqm is incorrect. Further, scrutiny of NDMC’s rate analysis revealed that they also had adopted the coefficient of item no 11.27 adopted by Audit.

Further no reply has been given on addition of VAT and cartage extra as against fixed rate of ₹ 1800/sqm in the item description.

8.10 Avoidable grant of extra item against contract conditions

In area development works for inner and outer circle of CP granite stone Kerb instead of concrete Kerb was used, with a difference in expenditure of ₹ 5.61 crore. This included avoidable expenditure of ₹ 0.61 crore, due to an unjustified change in colour of granite stone kerb from ‘Sindoori Red’ to ‘Rajashri Red’ colour without the approval of competent authority i.e the Committee of Directors (as per EIL Rule). This has been done by inclusion of item no 5 in place of item no 5.1 of the contract at differential rate of ₹ 25981/cum. Further in fourth running bill in February 2011, ₹ 12.39 lakh was paid to the contractor out of extra cost of ₹ 61.08 lakh without obtaining the sanction for the same. Moreover justification for change in colour of granite was not found on record.

Further, the granite kerbs have been fixed in the busy traffic area around Central park of Connaught place where dust accumulates and as such the lustre of red colour cannot be maintained.

Pictures below shows actual granite kerb fixed at the work site



Thus, the change in colour of granite has resulted into extra cost of ₹ 61.08 lakh of which ₹ 12.39 lakh was paid in February 2011 without approval of competent authority for extra item.

NDMC in reply stated that the granite kerb stone was used keeping in mind the aesthetics and importance of the area, and the expenditure was approved by the Competent Authority.