

Chapter 2

Department of Food Supplies and Consumer Affairs

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

Executive Summary

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

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

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

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

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

2.1.1 Introduction

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

2.1.1.1 Salient features of PDS

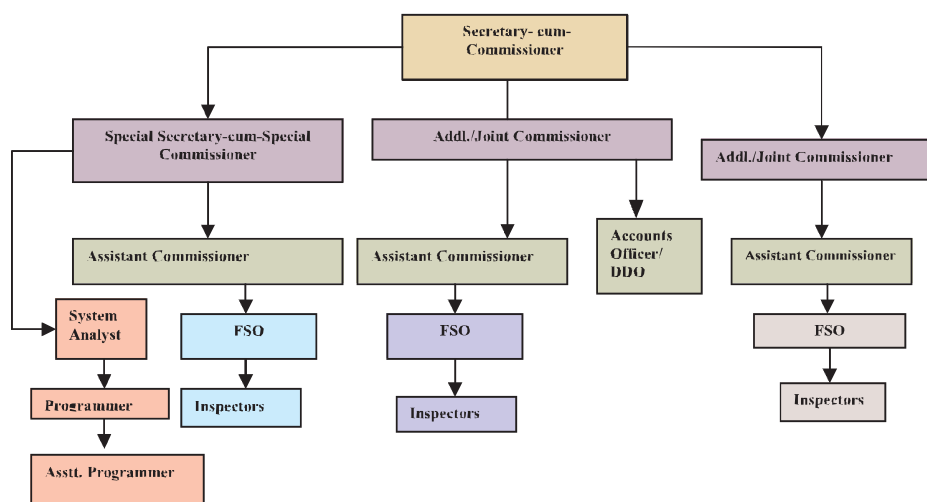
- The GoI procures and allocates to GNCTD essential commodities at fixed Central Issue Price (CIP), which generally involve subsidies borne by the GoI. The allocation is made on the basis of average annual off take of food grains under the PDS during the past ten years.
- Having received the allocation,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

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

2.1.2 Organisational set up

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

The organogram of the department is given below:



2.1.3 Scope and methodology of audit

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

The audit methodology included:

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

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

2.1.4 Audit objectives

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

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

2.1.5 Audit criteria

The criteria adopted for conducting performance audit was as follows:

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

2.1.6 Financial outlay

Year-wise budget allocation and expenditure incurred by the department

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

Table 2.1: Budget and actual expenditure

(₹ in crore)

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

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

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

Audit findings

2.1.7 Planning and identification of beneficiaries

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

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

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

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

2.1.7.1 Irregularities in issuance of ration cards

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

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

Table 2.2: Number of cards issued in different categories

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

From the table, it is revealed that:

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

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

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

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

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

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

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

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

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

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

2.1.7.2 Delay in issue of ration cards

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

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

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

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

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

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

2.1.7.4 Identification of beneficiaries under Annapurna

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

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

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

2.1.7.5 Review of households

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

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

2.1.8 Allocation, lifting and distribution of food grains

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

2.1.8.1 Difference in allocation by the GoI and by the department

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

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

Table 2.3: Allocation by the GoI and the department

(figure in MT)

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

(Source: FCI and department)

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

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

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

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

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

Table 2.4: Allocation, lifting and distribution of food grains

(figures in MT)

Year	Category	Allocation by the department		Opening balance		Lifting		Total stock		Distribution		Shortfall/excess in lifting w.r.t. allocation		Shortfall/excess in distribution w.r.t. total stock	
		Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice
1	2	3		4		5		6 (4+5)		7		8 (5-3)		9 (7-6)	
2006-07	APL	301777	112719	3588	1626	274527	92585	278115	94211	275737	93305	(-27250)	(-20134)	(-2377)	(-906)
	BPL	103920	44544	1943	165	102280	43217	103323	43382	102664	43297	(-1640)	(-1327)	(-1659)	(-86)
	AAY	16656	6660	90	34	16392	6545	16482	6579	16444	6554	(-264)	(-115)	(-38)	(-25)
2007-08	APL	379237	187164	2377	906	355094	165687	357471	166592	352736	165841	(-24144)	(-21478)	(-4735)	(-751)
	BPL	91011	39323	958	89	90248	38747	90906	38833	90763	38691	(-763)	(-576)	(-143)	(-142)
	AAY	29565	11826	35	24	28268	11267	28303	11291	27877	11184	(-1297)	(-859)	(-426)	(-108)
2008-09	APL	318954	100785	4736	751	312454	95854	317190	96605	311853	96131	(-6501)	(-4931)	(-5336)	(-475)
	BPL	66106	26142	143	142	66498	26985	66641	27127	66131	26962	392	843	(-510)	(-165)
	AAY	41279	16512	426	108	41189	16732	41615	16840	40815	16691	(-90)	220	(-800)	(-149)
2009-10	APL	323975	95416	5336	476	328618	100564	333955	101040	327902	97839	4643	5148	(-6052)	(-3201)
	BPL	58535	23411	510	165	61551	25234	62061	25399	61550	25226	3016	1823	(-511)	(-173)
	AAY	37998	15199	890	149	38400	15768	39200	15917	38637	15752	402	569	(-563)	(-165)
2010-11	APL	324972	95602	6248	1362	337724	123115	343972	124477	331670	113457	12752	27513	(-12302)	(-11020)
	BPL	68766	27504	347	150	81487	35934	81834	36084	76574	33958	12721	8430	(-5260)	(-2126)
	AAY	31470	12588	491	123	33734	13882	34225	14005	32104	13419	2264	1294	(-2121)	(-586)
														(-19683)	(-13732)

The above table shows the following trends

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

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

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

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

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

2.1.8.3 Allocation and lifting of food grains for welfare institutions

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

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

(figures in ton)

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

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

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

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

2.1.8.4 Allocation and lifting of food grains under Annapurna Scheme

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

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

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

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

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

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

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

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

varying significantly as depicted in the Table 2.7:

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

(figures in MT)

Year	Quantities lifted by DSCSC as per FCI		Quantities as per records of DSCSC		Quantities delivered by DSCSC to the FPSs as per department's records		Difference of lifting figures between department and DSCSC		Difference of lifting figures between department and FCI		Quantity distributed by the FPSs		Short distribution w.r.t. lifting from FCI	
	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice
1	2	3	4	5	6	7	8(6-4)	9(7-5)	10(6-2)	11(7-3)	12	13	14(12-2)	15(13-3)
2006-07	409893	145986	400076	145355	393198	142348	(-6878)	(-3907)	(-7695)	(-13638)	294846	143156	(-6047)	(-2830)
2007-08	486042	215548	481924	213091	473619	215701	(-8314)	2610	(-12432)	153	471376	215716	(-14666)	168
2008-09	421495	149138	431592	142309	420140	139571	(-11452)	(-2738)	(-1255)	(-567)	418798	139784	(-2697)	(-354)
2009-10	436537	147082	421896	134659	428569	141565	6673	6906	(-7998)	(-3517)	428989	138817	(-8448)	(-8265)
2010-11	491069	155758	454943	143637	452944	172932	(-1399)	27295	(-38116)	17174	440347	169834	(-50713)	5076
Total							(-21970)	(-31066)	(-67566)	7605			(-82571)	(-6205)

Source: FCI, DSCSC and department

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

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

2.1.8.6 Discrepancies in Utilisation Certificates (UCs)

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

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

Table 2.8: Discrepancies in utilisation certificates

(figures in qtls)

	APL		BPL		AAY	
	Rice	Wheat	Rice	Wheat	Rice	Wheat
Opening balance	16256	35880	1649	10428	343	896
Quantity lifted during April 2006 to Sept. 2009	4025923	11046591	1218035	2910424	426605	1056614
Total	4042175	11082471	1219684	2920852	426948	1057510
Less: Quantity distributed during April 2006 to Sept. 2009	4033096	11012497	1216673	2908747	424567	1047520
Closing balance as worked out by Audit	9079	69974	3011	12105	2381	9990
Less: Closing balance as shown in UCs	9766	67247	2850	11558	2302	9820
Difference	(-) 687	2727	161	547	79	170

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

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

2.1.8.7 Allocation and lifting of kerosene oil

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

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

Table 2.9: Allocation and lifting of kerosene oil
(figures in KL)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Table 2.11: Quantity lifted by department during rainy reasons

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

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

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

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

2.1.10. Monitoring and evaluation

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

2.1.10.1 Functioning of Fair Price Shops and Kerosene Oil Depot

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

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

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

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

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

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

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

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

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

2.1.10.3 Non-testing of quality of food grains

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

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

2.1.10.4 Non-formation of vigilance committees

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

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

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

2.1.10.5 Impact assessment

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

2.1.11 Internal control

2.1.11.1 Inspection of PDS outlets

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

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

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

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

2.1.11.2 Delay in submission of reports

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

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

2.1.11.3 Non-submission of monthly return

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

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

2.1.11.4 Absence of Internal Audit

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

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

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

2.1.12 Manpower management

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

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

2.1.13 Conclusion

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

Recommendations

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

Municipal Corporation of Delhi

2.2 Manpower Audit of MCD

Executive Summary

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

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

DEMS had not recruited any SK directly for more than 20 years. Instead, MCD resorted to engagement of substitute SKs in terms of the provisions of Resolution No.331 (1986), which has not been notified till date. SKs engaged as substitutes were regularized under MCD resolutions. For this, substitutes were first declared as daily wagers and their service as substitutes was counted for their appointment as regular SKs. From the attendance records and pay bill registers it was seen that 4960 man days of substitute employees, during one month test-checked in 43 wards, were unaccounted for. The unaccounted pay for the test-checked period amounted to ₹ 7.82 lakh¹ in 43 wards. It was seen that 207 employees were unaccounted for i.e. in 188 cases, their names were included in the pay bills but not in the attendance register and in 19 cases, both the substitute as well as the regular employee against whom the substitute was engaged, were shown as present.

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

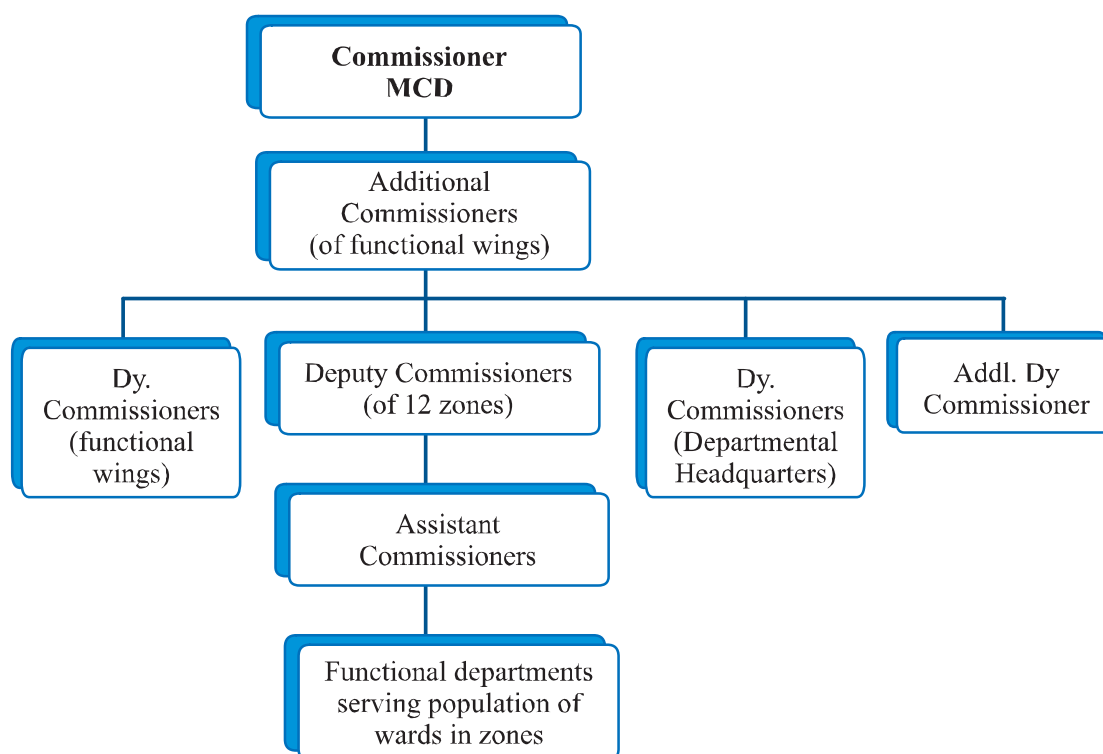
¹ At the rate of ₹ 157.62 per day.

2.2.1 Introduction

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

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

2.2.2. Organisation set up



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

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

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

- **Regular employees:-** These include regular *Safai Karmacharis* (SKs) who draw their pay as per prescribed pay band.
- **Temporary employees-** They are further divided into following categories:
 - (i) **Daily wagers-** They are employed on day-to-day basis at the prescribed rate and engaged against existing vacant posts.
 - (ii) **Piecemeal employees-** They are engaged for 89 days on expiry of which, fresh sanctions are issued after giving a gap of one day in their employment. These employees draw the salary of daily wagers.
 - (iii) **Substitutes-** They are also like daily wagers but are engaged against leave vacancies of regular employees and daily wagers.

2.2.3 Audit sample and scope

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

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

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

Table 2.12: Temporary employees in selected departments

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

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

2.2.4 Audit objectives

The main objectives of the audit were to examine whether:

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

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

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

2.2.5 Audit findings

2.2.5.1 Assessment of requirement and employment of Safai Karmcharis

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

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

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

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

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

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

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

Discrepancies noticed in the engagement of substitutes are as under:

a) *Engagement and Regularisation of SKs*

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

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

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

b) Unreliable database for manpower planning

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

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

c) Discrepancies in attendance and payments to substitute SKs

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

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

Table 2.13: Excess man days paid to substitute employees

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

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

It is evident from above that the unaccounted amount paid to substitutes for the test-checked one month, worked out to ₹ 7.82 lakh² in 43 wards. In 188 cases, employees were unaccounted for i.e. their names were included in the pay bills but not in the attendance register and in 19 cases, both the substitute as well the regular employee against whom the substitute was engaged, were shown as present.

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

² @₹.157.62 per day

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

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

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

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

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

e) Postal survey of temporary employees

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

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

f) Physical verification of temporary employees

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

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

Table 2.14: Result of physical survey

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

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

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

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

2.2.6 Implementation of bio-metric attendance system

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

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

2.2.7 Discrepancies in attendance of regular employees

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

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

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

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

2.2.8 Discrepancies in service records of SKs, malis and beldars

As per Central Civil Service(CCS) Rules³ every person newly appointed to a service or a post under Government shall, at the time of the appointment, declare the date of birth by the Christian era with as far as possible confirmatory documentary evidence such as a Matriculation Certificate, Municipal Birth Certificate and so on. This date of birth should be recorded in the service book. The date on which a Government servant attains the age of sixty years shall be determined with reference to the date of birth declared by the government servant at the time of appointment and accepted by the appropriate authority. Also, every step in the official's career should be recorded and each entry attested by the Head of office that will ensure that the entries are correct and that there is no erasure, overwriting etc. in the Service Book.

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

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

³ Adopted by MCD as per its Act

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

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

2.2.9 Recruitment and deployment

2.2.9.1 Non-recruitment of direct recruit Section Officers

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

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

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

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

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

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

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

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

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

Table 2.15: Details of ad hoc appointments

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

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

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

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

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

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

2.2.9.3 Operation of LAC for Groups A, B and C

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

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

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

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

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

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

2.2.9.4 Filled up posts more than the sanctioned posts

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

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

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

2.2.10 Promotion

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

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

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

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

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

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

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

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

2.2.11 Conclusion

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

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

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

Recommendations

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

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