Chapter-III
COMPLIANCE AUDIT

Directorate of Agricultural Marketing

3.1 Non-upgradation of laboratory equipment

The envisaged up-gradation of the State Grading Laboratory (Fruits and Vegetables), was not achieved even after incurring an expenditure of ₹ 89.18 lakh.

The State Grading Laboratory (Fruits and Vegetables), hereinafter called Laboratory, was set up (July 2006) and the Directorate of Agricultural Marketing (the Directorate) purchased and installed equipment, (GCMS,[1] HPLC[2], UV-VIS[3] Spectrophotometer) in July-August 2006, for grading of fruits and vegetables, in accordance with prescribed parameters of 'Fruits and Vegetables Grading Rules, 2004' notified by the Ministry of Agriculture, Government of India, which could analyse 28 number of pesticide residues.

In January 2010, the Directorate proposed to upgrade the existing system of HPLC to LCMSMS[4], with a view to analyzing more than 153 pesticides and fulfilling the requirements of the Directorate of Marketing and Inspection (DMI), Department of Agriculture and Cooperation, Ministry of Agriculture and other guidelines (USFDA[5] and EU[6] guidelines) for the export of fruits, vegetables and other agricultural commodities. It was claimed that after upgradation, the Laboratory (then recognized only for the South-East Asian countries) would be recognized by APEDA[7] to analyse and certify export items for all the countries. After getting the APEDA recognition, arrival of samples for testing would increase, meeting the demand of exporters and the Laboratory would be a prominent institute in the country. Based on these justifications, the Directorate purchased an equipment 'LCMSMS triple quadruple' costing ₹ 89.18 lakh, which was installed in June 2010.

Audit scrutiny of records showed that the new equipment was required to be run round the clock for its satisfactory performance. However, the Directorate could not arrange continuous power back up for running the equipment. Consequently, the Laboratory could not fully utilise the upgraded system as of March 2014, and the laboratory was identifying only 28 number of pesticide residues, as it was doing prior to purchase of the new equipment. The Directorate approved a

[1] Gas Chormatography Mass Spectrometry
[2] High Pressure Liquid Chromatography
[3] Ultra Violet Visible Spectroscopy
[4] Liquid Chromatography Mass Spectrometry
[5] United States Food and Drug Administration
[6] European Union
[7] Agriculture and Processed Food Export Development Authority

proposal for construction of a room and installation of a DG set through PWD only in August 2012. Even this was yet to be commissioned as of September 2014.

Thus, even after an expenditure of ₹ 89.18 lakh, the Directorate could not upgrade its existing system of HPLC to LCMSMS and get accreditation from various authorities such as ISO[8], APEDA and NABL[9], due to lack of necessary infrastructure required for its optimal running, thereby, not only defeating the very purpose of meeting the demands of the exporters, but also failing to achieve the envisioned higher status and prominence for the Laboratory.

The Directorate accepted the facts and stated (September 2014) that the equipment was in operation though not to its optimum capacity. Since, there was no surety of uninterrupted power supply, the equipment was not run round the clock to save it from any severe damage due to power breakdown. The reply of the Directorate only confirms the audit observation that the equipment could not be used as envisaged.

The matter was referred to the Government in August 2014, their reply was awaited (April 2015).

Department of Education

3.2 Integrated Infrastructure Improvement of Government Schools in Delhi (*Roopantar*)

The project was assigned by Directorate of Education (DoE) to Delhi State Industrial and Infrastructure Development Corporation (DSIIDC) without any formal Agreement and detailed scope of work in the absence of which DoE could not ensure that DSIIDC carried out all the work envisaged under the project. Effective monitoring mechanism was absent. Out of 183 schools where works were claimed as completed by DSIIDC, DoE found only 78 completed, 50 under progress, and 55 yet to be verified by Principals of schools. DoE released ₹ 343.13 crore to DSIIDC although the Cabinet approved only ₹ 272.94 crore for the project.

The Directorate of Education (DoE) assigned (November 2006) the maintenance and improvement of infrastructure in 198 government schools in three districts (East, North East and North West-A) under the project '*Roopantar*', to Delhi State Industrial and Infrastructure Development Corporation (DSIIDC). Estimates of ₹ 272.94 crore, submitted by DSIIDC for the project, were approved by the Expenditure Finance Committee (EFC) in February 2008 and by the Cabinet in March 2008.

[8] International Organisation for Standardisation
[9] National Accreditation Board for Testing and Calibration Laboratories

A report on irregularities in bidding and execution of projects under Roopantar by DSIIDC was included in the C&AG's Report No. 1 of the year 2014. The present audit was conducted to assess as to how effectively the Directorate of Education (DoE) had discharged its role of monitoring the implementation of the project by DSIIDC. The audit was conducted during March to July 2014 by examining records at DoE headquarters and 39 schools[10] selected on the basis of approved estimates. Audit findings are discussed in the succeeding paragraphs:

3.2.1 Award of work without formal agreement and detailed scope of work

The project was assigned to DSIIDC on a 'deposit work' basis without any formal agreement laying down terms and conditions covering various aspects of work. In the absence of any formal agreement, the DoE was not in a position to safeguard public interest as brought out in subsequent paragraphs. The DoE stated (June 2014) that agreement was not signed since DSIIDC was a part of the Delhi Government and the rates of construction/renovation were as per the CPWD schedule rates. The contention is not tenable as DSIIDC is a Government Undertaking and not a Government Department.

Audit scrutiny further showed that DSIIDC prepared estimates for each of the 198 schools on the basis of a survey conducted through M/s IL&FS Education and Technology Services. But these were merely financial projections without detailed scope of works *viz.* number and quantity of specific works to be carried out. Thus, scope of work for the project *'Roopantar'* was not clearly defined.

The DoE stated (June 2014) that scope of work was not provided by the DSIIDC.

3.2.2 Non-conducting of Project Management Committee meetings

A Project Management Committee (PMC), constituted in October 2008 under the chairmanship of the Secretary (Education), was to review the progress of project on monthly basis. As per minutes of the only PMC meeting (November 2008), DSIIDC was directed to show tenders for renovation of 101 schools to the Directorate, prior to floating them. However, no records relating to these tenders were made available to Audit.

In response, DoE stated (June 2014) that though meetings were held from time to time, their minutes were not prepared and records relating to presentation of tenders were not available. Reply substantiates the audit observation on lack of seriousness of PMC in monitoring the project.

3.2.3 Delay or non-completion of works

In the absence of any formal agreement, there was no stipulated date of completion for the project. Audit observed that DSIIDC submitted completion reports in respect of 183 schools between January and March 2012. DoE directed all Principals to verify the works claimed by DSIIDC to be complete. Out of the

[10] 50 *per cent* of schools with estimate of ₹ 2.00 crore and above (15 schools), 20 *per cent* of schools with estimate of ₹ 1.00 crore and above but less than ₹ 2.00 crore (15 schools) and 10 *per cent* of schools with estimate less than of ₹ 1.00 crore. (9 schools)

above 183 schools, only 128 schools were verified by Principals, out of which work was completed only in 78 schools and was in progress in the remaining 50, indicating that DSIIDC misrepresented the facts in completion reports. Thus, in 105 schools[11], either work was in progress or verification from Principals was awaited as of June 2014.

DoE stated (June 2014) that despite repeated instructions, DSIIDC failed to complete the work and give reasons for the delay. However, the fact remains that DoE could not get the work completed due to absence of a formal agreement.

3.2.4 Irregular release of payment of ₹ 70 crore to DSIIDC

The Cabinet approved the project with estimated cost of ₹ 272.94 crore, out of which 50 *per cent* payment was to be released at the time of sanction and remaining 50 *per cent* on receipt of Completion Certificates from HoS. However, records showed that payment of ₹ 194 crore was released to DSIIDC up to February 2011, without obtaining Completion Reports from HoS, in violation of Cabinet approval. It was further observed that, DSIIDC submitted a revised estimate of ₹ 371.64 crore in June 2011 and requested for release of balance payment of ₹ 177.64 crore. The DoE released ₹ 64.14 crore, limiting total payment to ₹ 258.14 crore (after deducting amount of ₹ 14.80 crore for 13 schools where work was not started) in October 2011. When DSIIDC requested again for release of balance of ₹ 98.70 crore, DoE released ₹ 85 crore in March 2012 with the approval of the Chief Secretary, GNCTD, though neither revised sanction of the Cabinet nor completion reports from all the HoS were available. Thus, release of ₹ 70.19 crore (₹ 343.13 crore - ₹ 272.94 crore) to DSIIDC without the approval of the Cabinet, was irregular.

In its reply, the DoE stated (June 2014) that approval for modified estimate could not be received at that time as Model Code of conduct was in force on account of MCsD elections. Reply is not convincing as more than two years have elapsed since the payment was released, but neither revised AA&ES, nor completion reports from all the HoS have been received.

3.2.5 Un-satisfactory provision of facilities and infrastructure

DSIIDC was hired for up-gradation of infrastructural facilities in 198 government schools. Scrutiny of records, however, showed the following shortcomings:

i) According to an evaluation study of the project, conducted by the Planning Department in July/August 2011, 14 *per cent* of Principals reported that work was satisfactory, 33 *per cent* reported partial satisfaction and 53 *per cent* were not satisfied with the work executed in their schools.

[11] 50 schools work was incomplete and 55 schools verification was awaited.

ii) Out of 39 selected schools, records of 36 schools were provided to Audit. Examination of records and joint inspections conducted by audit party and HoS of the school showed numerous shortcomings **(Annexure 3.1).** Major deficiencies were noticed in areas of toilets, playgrounds, development works of storm water drains, pathways, fire safety arrangements and horticulture works. DSIIDC did not provide Reverse Osmosis systems (RO) for purification of water in any of the selected schools.

Thus, in the absence of formal agreement and detailed scope of work, DoE could not ensure that DSIIDC carried out all the work envisaged under the project even after releasing ₹ 343.13 crore. Out of this, ₹ 70.19 crore were released without approval of the Cabinet. Effective monitoring was absent as PMC did not meet regularly.

The matter was referred to the Government in January 2015, their reply was awaited (April 2015).

Department of Health and Family Welfare

3.3 Unfruitful expenditure of ₹ 1.26 crore

Four newly constructed residential bungalows in Guru Teg Bahadur Hospital were not occupied for more than five years, rendering ₹ 1.26 crore incurred on construction of these bungalows, unfruitful.

Rule 21 of the General Financial Rules, 2005, envisages that every officer incurring or authorizing expenditure from public moneys should be guided by high standards of financial propriety.

In August 2005, the PWD submitted to the Medical Superintendent (MS), GTB Hospital, a preliminary estimate amounting to ₹ 68.16 lakh, seeking Administrative Approval and Expenditure Sanction (AA&ES) for construction of four Bungalows (Type VI) in the hospital campus, for Director, Principal, Medical Superintendent etc. It was mentioned in the history report (forming part of the estimate) that requirement of the buildings was raised by the MS, GTB in various meetings held in his chamber. However, neither formal proposal/request from the hospital nor the minutes of the meetings wherein the MS, GTB raised the requirement of the buildings, were available on records. Nevertheless, the MS, GTB accorded (March 2006) AA&ES of ₹ 68.16 lakh, which was subsequently revised to ₹ 1.34 crore in December 2008, with the concurrence of the Finance Department. The construction of bungalows was completed in September 2008 at a total cost of ₹ 1.26 crore.

Audit scrutiny of records showed that in April 2009, the PWD requested MS, GTB to take over the possession of newly constructed bungalows. However, the Hospital took over bungalows only in February 2010, after an inspection done by a team nominated by MS, GTB.

It was further observed that the Principal, UCMS[12] and MS, GTB had shown their inability to shift to these bungalows due to personal reasons and the bungalows could not be allotted to other officers as there was no demand. Consequently, it was decided (February 2010) that two bungalows should be utilized as 'Faculty Club/De-stressing room' for faculty and the remaining two would be utilized as 'Guest House'. A proposal regarding change in use of bungalows was sent to the Department of H&FW in August 2011, for seeking approval of the Finance Department. The Finance Department returned (October 2011) the proposal, seeking some clarifications, but the file had since been reportedly missing (September 2014). Further, the Hospital did not ensure maintenance and watch and ward of these buildings and these are currently in poor condition.

Non-occupancy of the bungalows for more than five years only indicates that these bungalows were constructed without any actual need and the expenditure incurred on construction of these accommodations was rendered unfruitful.

The matter was referred to the Government in August 2014, their reply was awaited (April 2015).

Institute of Liver and Biliary Sciences

3.4 Deviation from the Business Model of the Institute

The Institute deviated from its own Business Model, as it was paying regular pay scales and allowances to its faculty members, instead of lump sum package. House Rent Allowance and annual increment, were allowed to the staff at higher than admissible rates and Non-Practicing Allowance to faculty members was paid as against revenue sharing model.

The Institute of Liver and Biliary Sciences (the Institute) was registered in October 2002 as a society under the Societies Registration Act, 1860, with objectives of providing world class patient care at affordable cost, research on liver and biliary diseases, teaching and training at post graduate/doctorate level etc. The Institute is managed and administered by a Governing Council (GC) headed by the Chief Secretary, GNCTD. The members of GC include the Principal Secretary (Finance), Principal Secretary (H&FW) and eminent personalities of medical Institutions/Universities. The Institute is mainly funded by its own resources and grant-in-aid provided by GNCTD.

The Hospital Services Consultancy Corporation (HSCC) prepared a Business Model for the Institute, which was approved by the Cabinet in May 2006. As per this Business Model, all doctors and staff of the Institute would be hired on contract basis for four years, extendable based on performance and the salary structure would be comparable with that of All India Institute of Medical Sciences (AIIMS), excluding that of Consultants and Professors. For Consultants and Professors, it would be a lump sum package for the next level of post and not on

[12]University College of Medical Sciences

a pay-scale. The package would be revised keeping in view the price index. The Business Model also provides for revenue sharing in the remuneration package to all the Consultants, Professors, Associate Professors and Assistant Professors.

Audit findings are given in the succeeding paragraphs:

(i) Salary to faculty members: Audit scrutiny showed that the Institute appointed Professors, Additional Professors, Associate Professors and Assistant Professors on consolidated monthly salary as per their appointment letters. However, they were paid salaries based on regular pay scales as prescribed in the Revised Pay Rules, 2008, along with other allowances like House Rent Allowance, Dearness Allowance, Non-Practicing Allowance (NPA) etc. Annual increment of 7.5 *per cent* to their basic pay (including grade pay and NPA) was also allowed. Audit scrutiny of four cases (one each in the cadres of Professor, Additional Professor, Associate Professor and Assistant Professor) out of the faculty members[13] showed that monthly gross amount paid in these cases, was more than what should have been paid according to the Business Model. The amount agreed to be paid as per the appointment letters, was also not followed. The actual salary included components such as basic pay, DA, HRA, NPA, Transport Allowance, CPF, Telephone Allowance, Internet Allowance, CEA, Medical Allowance, and Academic Allowance, in deviation of Business Model as given in **Annexure 3.2**.

Further, the faculty members were eligible for a share of revenue. Finance Committee of the Institute approved (November 2008) payment of Non Practicing Allowance (NPA) to faculty members till the revenue share as per the Business Model materialized. This was also ratified by the Governing Council in April 2009. However, the Institute had not worked out the revenue sharing as of September 2014 and continued to pay NPA in lieu of revenue share. The Institute paid ₹ 5.39 crore towards NPA and consequential increase in allowances to its faculty members, during 2009 to 2014.

(ii) Higher rate of House Rent Allowance and annual increment: In AIIMS, House Rent Allowance (HRA) is paid at the rate of 30 *per cent* of basic pay *plus* grade pay, as admissible to all Government servants under the Revised Pay Rules, 2008. However, the Institute was paying HRA to all its employees (faculty, non-faculty and administrative staff) at the rate of 50 *per cent* of basic pay *plus* grade pay instead of 30 *per cent*, resulting in excess expenditure of ₹ 10.12 crore for the period from April 2009 to February 2014. Similarly, AIIMS allows annual increment to its staff at the rate of three *per cent* of basic pay *plus* grade pay and NPA (where applicable). However, the Institute allows annual increment at the rate of 7.5 *per cent* of basic pay *plus* grade pay and NPA (where applicable) to its employees.

[13]On an average, total strength of faculty members in the Institute ranged between 40 and 50, during the period 2011-12 to 2013-14.

Thus, the Institute paid the faculty members regular pay scales and allowances including NPA, and also allowed annual increments in contravention to the Business Model approved by the Cabinet. Further, it also paid HRA and annual increment at higher rates to staff. These decisions of the Institute were not justifiable, as these were not ratified by the Cabinet.

In its reply, the Institute stated (September 2014) that the Governing Council of the Institute is empowered to appoint faculty members, other officers and staff and fix their remuneration. It also stated that pay packages for all posts recommended by a Working Group were endorsed by the Principal Secretary (Finance). It was also contended that payment of NPA in lieu of revenue sharing, results in lower pay packages to faculty members and saving to the exchequer.

The reply is not acceptable as the Governing Council is expected to exercise its powers within the framework of Business Model as approved by the Cabinet. Further, the endorsement of Principal Secretary (Finance) was only for payment of lump sum package based on next level of post in AIIMS to faculty members and pay scales prevalent in AIIMS for remaining staff. Its contention that payment of NPA in lieu of revenue sharing, leads to lower pay package, is also not supported by facts as the Institute did not work out the revenue share.

The paragraph was issued to the Government in November 2014, the reply was awaited (April 2015).

Department of Home

3.5 Avoidable expenditure of ₹ 70.06 lakh on electricity bills

Failure of the Forensic Science Laboratory to assess its contract load in consonance with its actual requirement, resulted in avoidable expenditure of ₹ 70.06 lakh.

In Delhi, the North Delhi Power Limited (NDPL) levies demand charges on contract load at a fixed rate of ₹ 150 per KVA per month, for non-domestic electricity connections, irrespective of actual consumption.

The Forensic Science Laboratory (FSL), Rohini is having a non-domestic electricity connection (K No. 441026025300), energized on 07 August 2003**,** for its building, from the NDPL with sanctioned load as 1413 KW and contract load 1663 KVA. Scrutiny of electricity bills of the FSL for the period September 2008 to July 2012, showed that the actual consumption varied between 674 KVA and 192 KVA per month, with maximum consumption of 674 KVA being in the month of August 2010. However, the NDPL charged demand charges on contract load (1663 KVA) at the rate of ₹ 150 per KVA per month. Thus, FSL had been paying demand charges in excess of its requirement. Failure of the FSL to assess its contract load in consonance with its actual requirement, resulted in avoidable expenditure of ₹ 70.06 lakh[14].

[14] 1038 KVA x ₹ 150 x 45 months

On this being pointed out by Audit (August 2012), the FSL intimated (May 2013) that it got its contract demand reduced from 1663 KVA to 625 KVA from 16 February 2013. This further substantiated that the FSL paid excess demand charges on 1038 KVA (1663 KVA - 625 KVA) for the period from September 2008 to February 2013.

The matter was referred to the Government in September 2014, their reply was awaited (April 2015).

Department of Labour

Delhi Building and Other Construction Workers Welfare Board

3.6 Loss of interest of ₹ 37.10 lakh

Inaction on the part of the Board and Deputy Labour Commissioners in taking prompt action to recover the cess amount of dishonored/returned cheques, resulted in loss of interest of ₹ 37.10 lakh. Board recovered ₹ 3.95 crore out of ₹ 4.80 crore pointed out in audit.

Under the Delhi Building and Other Construction Workers Welfare Cess Act, 1996, the Delhi Building and Other Construction Workers Welfare Board (the Board) is authorised to collect one *per cent* cess from construction agencies. The cess payers deposit the cess due, in the form of cheques in the respective office of Deputy Labour Commissioner (DLC) situated in their area. For the purpose, the Board has been operating 10 non-functional bank accounts, one at the headquarters and nine allotted to DLC offices which are linked with the main/master account of the Board. The cheques received in the DLC offices are deposited by them in their respective cess account. In case a cheque is dishonored due to any reason, a dishonored report is submitted by the Tis Hazari Branch of State Bank of India to the Board. The Board, thereafter, asks the DLC offices to recover the cess amount.

Audit scrutiny of records and information provided by the Board showed that during January 2010 to February 2014, 94 cheques amounting to ₹ 4.80 crore were dishonored by the bank. The cheques were generally dishonored due to insufficient funds in the account of the drawer or cheques having become time barred before they are presented to the bank for payment. Further, a few cheques were returned as they were drawn in favour of DLCs instead of Board. The Board did not take any concrete action to recover the amount corresponding to these dishonored/returned cheques.

At the instance of audit, the Board stated (November 2014) to have recovered ₹ 4.00 crore out of ₹ 4.80 crore. However, as per records made available to Audit, receipt of only ₹ 3.95 crore in respect of 35 cheques, could be verified. Though, the Board recovered ₹ 3.95 crore after it was pointed out by Audit in February

2014, it had suffered a loss of interest of ₹ 37.10 lakh[15] due to delay in initiating action to recover the amount.

The matter was referred to the Government in September 2014, their reply is awaited (April 2015).

Public Works Department

3.7 Irregular entrustment of work of ₹ 1.77 crore without calling of tenders

Public Works Department, GNCTD, entrusted a work costing ₹ 1.77 crore without obtaining prior approval of the Competent Authority and without calling open tenders in violation of the prescribed rules. The work was completed with a delay of 551 days.

Section 14.1(1) of CPWD Works Manual, 2012 stipulates that normally tenders should be called for all works costing more than ₹ 50,000. In case the work is to be awarded expeditiously, the prescribed period of notice may be reduced in urgent cases, or when the interest of the work so demands, or where it is more expedient to do so, work may be allowed without call of tenders after approval of the Competent Authority as per powers delegated in Appendix-1. As per Appendix-I, the Chief Engineer, under his own authority, may award the work without calling of tenders up to ₹ 25 lakh, with prior approval of ADG – up to ₹ 100 lakh and with prior approval of DG – up to ₹ 180 lakh.

Scrutiny of records of Division M-112, PWD showed that the Chief Engineer (M-1) accorded Administrative Approval and Expenditure Sanction (AA&E/S) for ₹ 95.86 lakh in March 2012, for the work "Providing U Turn and elimination of Red Light on NH-10 (Delhi-Rohtak road from Peeragarhi to Mundka for smooth running of traffic". The Executive Engineer (M-112) awarded (June 2012) the work at a tendered cost of ₹ 70.48 lakh with stipulated dates of start and completion of the work as 2 June 2012 and 1 July 2012 respectively. The actual date of completion was 3 January 2014.

Audit scrutiny further showed that the Chief Engineer (M-1) accorded a separate AA & ES for ₹ 1.77 crore for the work "Shifting of RCC drain for providing U-turn on NH-10 (Delhi Rohtak Road) from Peeragarhi to Mundka for smooth moving of traffic". The stipulated period of completion of this work was shown as two months in the estimate. This additional work was entrusted to the existing contractor without floating open tenders on the plea of avoiding delay in completion of the work. An amount of ₹ 2.59 crore (including ₹ 1.48 crore for extra items) had been released, for the additional work. Department's plea of avoiding delay in completion of the work is also not justified as the original work was actually completed with a delay of 551[16] days.

[15]Calculated at 9 *per cent* per annum from the dates of dishonored/time barred cheques to the date of fresh cheques (amounting to ₹ 3.95 crore) and on remaining cheques, interest was calculated from date of cheque to 04 September 2014

[16] From 1 July 2012 to 2 January 2014

Thus, the Department entrusted a work costing ₹ 1.77 crore without obtaining prior approval of the Competent Authority and without calling open tenders, in violation of the prescribed rules, thereby, not only failing to get benefit of competitive rates, but also extending undue favour to the contractor.

The matter was referred to the Government in August 2014, their reply was awaited (April 2015).

3.8 Irregular acceptance of award of work

The Chief Engineer (MZ-3) and Superintending Engineer (M-35) of PWD, irregularly accepted bids of ₹ 13.54 crore for three split-up parts of a single work, in violation of the delegated financial powers.

Item No.20 of Appendix-I of CPWD Works Manual stipulates that tenders for split up portions of work or distinct sub-head costing more than ₹ 16 crore, shall be accepted by the Central Works Board. Notes and explanation given to this provision make it amply clear that tenders for split up works should be accepted by the authority which sanctioned the original work, irrespective of tendered value of split up components.

Audit scrutiny of records in two divisions[17] of PWD, showed that the Assistant Housing Commissioner, PWD conveyed (January 2012) the AA&ES of ₹ 18.72 crore[18] for the work - 'Up-gradation of Extra Ordinary Repair (EOR) of 802 No. DA Flat of Type- B, C and D at Timarpur, Delhi'. The Department split-up the work in two parts - Package I - 'SH-392 Nos. flats consisting of 360 Type B and 32 Type D Flats' and Package II - 'SH-410 Nos. flats consisting of 320 Type B and 90 Type C flats'.

Audit further observed that the Chief Engineer (MZ-3) sought the approval of the Delhi Works Advisory Board (DWA Board) for acceptance of the bid for Civil part of Package II, amounting to ₹ 9.09 crore, whereas bids for Civil part of Package I, was accepted (March 2013) by the Chief Engineer (MZ-3), at a tendered cost of ₹ 9.03 crore. For Electrical parts of both the Packages, bids were accepted by the Superintending Engineer (M-35), at negotiated cost of ₹ 2.25 crore and ₹ 2.26 crore in November and December 2012, respectively.

Thus, acceptance of bids of ₹ 13.54 crore for three split-up parts of a single work without approval of DWA Board, was in violation of the delegated financial powers and, hence, irregular.

On this being pointed out, EE (M-323) stated (June 2014) that in the DWA Board meeting, held on 14 March 2013, the Chief Engineer (MZ-3) explained that though the AA&ES for the work was single, it was split up into two Packages

[17] Civil Building Maintenance Division (CBMD M-323) and Electrical Maintenance Division (EMD M-351)
[18] ₹ 15.04 crore for Civil and ₹ 3.68 crore for Electrical work

and the acceptance of civil component of Package I, was within the competency of PWD engineers. It was further stated that the bid for Package I was accepted by the Chief Engineer with prior approval of the Additional Director General (ADG).

Reply is not acceptable as the Chief Engineer misrepresented the facts to the Board, on the powers of PWD engineers for acceptance of split-up works and irregularly accepted the bid of Package I, which was within the power of DWA Board only. The total cost of works being ₹ 18.72 crore, acceptance of bids for split-up works, was in the competency of the DWA Board only.

The matter was referred to the Government in August 2014, their reply was awaited (April 2015).

3.9 Avoidable expenditure on strengthening of roads -₹ 73.31 lakh

Use of hot straight run bitumen of VG-10 grade, instead of bitumen emulsion of low viscosity on bituminous surface and application of double tack coat instead of single coat, resulted in avoidable expenditure of ₹ 73.31 lakh.

Audit test checked 11 works of improvement and strengthening of roads in two Civil Road Maintenance Divisions (M-212 and M-112) of PWD. As per general specifications included in contract agreements of these works, the work of 'tack coat' shall consist of application of a single coat of low viscosity liquid bituminous material to an existing road surface preparatory to another bituminous construction over it and the binder used for tack coat, shall be bitumen of suitable grade. The work shall be done strictly in accordance with clause 503 and sub clause thereto, of MoRTH[19] specifications for Road and Bridge works (IVth Revision), 2001.

Further, according to clause 503.2.1-'Binder', the binder used for tack coat shall be bituminous emulsion complying with IS 8887, of a type and grade, as specified in the contract or as directed by the Engineer. However, Audit scrutiny showed violation of prescribed specifications and procedures in the works, as discussed below:

(a) In five works of Division (M-212), while preparing detailed estimates for obtaining technical sanction, the division included 'Hot straight run bitumen of VG-10 grade' in place of 'bitumen emulsion' for tack coat work and the same was included in the schedule of quantity also. Consequently Hot

[19] Ministry of Road Transport and Highways

straight run bitumen of VG-10 grade was used in all the five works as given in **Table 3.9.1.**

Table 3.9.1: Application of Hot straight run bitumen of VG-10 grade

(Amount in ₹)

Sl. No.	Name of work	Quantity executed (Sqm.)	Rate of bitumen emulsion as per DSR (*)	Rate of Bitumen (VG 10) as per DSR (*)	Extra ex-penditure
1	2	3	4	5	6 {(5-4)x3}
	Improvement and strengthen-ing of				
1.	Khichripur Road from Kon-dli Bridge to Mother Dairy etc. (69/12-13)	98721.75	7.70	23.39	1548944
2.	Main Trilokpuri Road from Chilla Chowk to Noida T point etc. (70/12-13)	28826.39	7.70	23.39	452286
3.	Road from NH-24 to Khichripur Block No.1 etc. (71/12-13)	103182.85	7.77	23.60	1633385
4.	Road from NH 24 to Kondli bridge along Ghazipur drain etc. (72/12-13)	21600.77	7.77	23.60	341940
5.	Road from High Land Apartment to Soochna Apartment at Vasund-hara Enclave etc.(81/12-13)	52939.41	7.94	24.10	855501
Total					**4832056**

(*) Rate calculated DSR (-) 12 %(+) 8.05% (+/-) percentage rates quoted by contractor

Audit observed that Hot Straight Run Bitumen of VG-10 grade is costlier as compared to cost of bitumen emulsion. However, justification for using costlier item was not recorded at the time of preparing the detailed estimates for seeking technical sanction. The deviation from MoRTH specification resulted in avoidable expenditure of ₹ 48.32 lakh.

(b) In M-112 Division, in the execution of six works of strengthening of roads, tack coat on road surfaces was applied for more than once, as against single coat prescribed in the contract. The details are in **Table 3.9.2**.

Table 3.9.2: Application of extra tack coats

(Amount in ₹)

Sl. No.	Name of the Road	Quantities executed (Sqm)	Excess tack coat executed (Sqm)	Rate	Avoidable expenditure
1	2	3	4	5	6=4x5
1.	Tanki Wala Marg, Tagore Garden, Tagore Garden, & Devki Nandan-Marg **(65/CRMD/M-112/13-14)**	48207.57	33146.65	8.25	273460
2.	Rohtak Rd. from Punjabi Bagh to Zakhira (**73/CRMD/M-112/12-13)**	192525.43	114232.91	6.81	777926

3.	Shivdaspuri Marg from Ring Rd. to Moti Ngr. (**76/ CRMD/M-112/12-13)**	161932.77	101593.61	6.65	675598
4.	No. 235 Extn. Tilak Ngr Main Rd. and Subhash Ngr drain to Patel Ngr Marg (**88/CRMD/M-112/13-14)**	55070.96	32331.46	7.39	238929
5.	Hans Raj Model School to Punjabi Bagh, NW Avenue Rd. to Punjabi Bagh, Paschim Puri Chowk to New Slum Qtr. **(102/ CRMD/M-112/13-14)**	59057.64	32877.69	8.98	295242
6.	NG Rd. to NG Drain, Milan Cinema to House No. 19/289, H. No. H-1 to I-42, HIL to Milan Cinema Bus Trml., Smt. Ginni Devi Rd**. (118/ CRMD/M-112/13-14)**	67426.79	30477.67	7.79	237421
	Total				**2498576**

Thus, adoption of costlier specification (VG-10) and application of extra tack coats, resulted in avoidable expenditure of ₹ 73.31 lakh.

In its reply, the Department stated (July 2014) that the estimates were prepared on the basis of DSR-2012 for technical sanction and accordingly the work was executed. Reply is not acceptable as the Department adopted a costlier item without justification, especially when another division (M-112) used bituminous emulsion in six test checked similar works. The Department›s contention that the estimates were prepared on the basis of DSR is not relevant to audit observation. The reply was silent on the issue of applying double tack coat.

The matter was referred to the Government in January 2015, their reply was awaited (April 2015).

Department of Revenue

3.10 Working of Land Acquisition Collectors

Land Acquisition Collectors failed to complete acquisition processes within prescribed time and to pay compensation before taking possession of land, resulting in avoidable interest payment of ₹ 12.68 crore. Urgency clause was invoked in a routine manner. Prescribed committees for regular monitoring of land acquisitioning process, were not constituted.

Acquisition of land is regulated under the Land Acquisition Act, 1894 and under the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, w.e.f. 01 January 2014.

Audit of the 'Working of Land Acquisition Collectors', covering the period 2011-14, was conducted in 4 out of 11 districts, selected on the basis of area

of land acquired. Audit examined 48 cases[20] in selected districts and relevant records in the Land & Building Department.

3.10.1 Avoidable payment/liability of interest of ₹ 12.68 crore

Audit scrutiny showed that LACs paid/created liability of avoidable interest payment of ₹ 12.68 crore in 18 cases, as discussed below:

(i) As per Section 11 A of the LA Act, the Collector should make an award within a period of two years from the date of publication of the declaration regarding acquisition of land for public purpose. However, in five cases involving a compensation of ₹ 26.01 crore, the acquisition proceedings lingered on for periods up to 12 years. This delay resulted in avoidable interest payment/liability of ₹ 5.01 crore.

(ii) Under Section 34, if the compensation is not paid on or before taking possession of land, interest at the rate of 9 *per cent* is payable on the amount awarded, for one year from the date of taking possession and 15 *per cent* thereafter. However, in 13 cases, compensation of ₹ 158.10 crore was not paid on or before taking possession, resulting in avoidable payment of interest of ₹ 1.66 crore and liability of ₹ 6.01 crore.

In its reply (June 2014), LAC (NW) attributed the delay to shortage of staff and want of legal clarifications, whereas LAC (North) stated (August 2014) that delay was not on their part as LAC (NW) transferred the records to their District, only in December/January 2013. The reply is not acceptable as NW District declared very few (seven in all) awards during 2011-14 and the delay was on the part of the Department as a whole.

3.10.2 Excess acquisition of land

The Delhi Metro Rail Corporation (DMRC) requested (February 2012) the L&B Department for 129.24 sqm of land at village Okhla. Subsequently on 24 September 2013, DMRC intimated the LAC (SE) that only 77.71 sqm of land would suffice. However, the LAC (SE) in its award of December 2013, acquired 129.46 sqm of land, but DMRC was given possession of only 77.71 sqm of land. The status of remaining land and release of compensation to land owners, was not available on record. The LAC (SE) stated (December 2014) that the case was under process.

3.10.3 Unauthorised declaration of supplementary award

(i) As per OM No. 15519-33 dated 07 February 2012 issued by the L&B Department, no supplementary award was to be declared w.e.f. 01 January 2012. However, audit noticed that LAC (South) declared a supplementary award of ₹ 3.06 crore in respect of structures that were present at the land acquired in June 2011. The supplementary award was declared in August 2012, based on

[20] (i) District wise details - South - 19, South East - 9, North West - 7 and North - 13. (Total 48 cases)
(ii) Deptt,/Agency wise details - DMRC - 18, DDA 14, DJB 6, PWD 5, MCD 3 and DESU - 2. (Total 48 cases)

earlier valuation report of July 2009. The violation of provisions, resulted in unauthorized payment of compensation of ₹ 3.06 crore.

(ii) Paragraph 2(v) of Standing Instructions issued by the L&B Department states that LACs should get the valuation estimates of the superstructures from PWD and the valuation estimate of only the authorized built-up structures approved by MCD or DDA, should be considered. However, Audit observed that in five cases, there was no information in valuation reports as to whether these structures were authorized by MCD or DDA.

3.10.4 Inappropriate invoking of urgency clause of the Act

As per Paragraph 1(m) of the Standing Instructions, urgency clause under section 17 of the LA Act should be used sparingly when the land is required for urgent and time bound projects. Audit scrutiny showed that urgency clause was invoked in 35 out of 48 selected cases. However, after issue of declaration, LAC (SE) took 3 to 7 months to finalise four out of eight such cases. In remaining cases, awards were announced after 17 months to over 12 years, whereas, farmers had only 15 days to appeal against publication of notice under section 9 of the Act. This showed that urgency clause was used in a routine manner though no urgency was seen on the part of LACs.

3.10.5 Outstanding compensation

(i) In 42 cases, compensation of ₹ 52.16 crore was yet to be released by L&B Department to the concerned LACs, with delays ranging between 11 and 49 months. The L&B Department, while furnishing reasons for delay, intimated (September 2014) that a period of 30 to 45 days is required to obtain approval of Principal Secretary. However, the reply does not justify delays as pointed out.

(ii) As per para 4 of Standing Instructions, on receipt of compensation amount from the requisitioning agency and on taking possession of the land, LAC should make payment to the land owner within 60 days. However, in six cases, three LACs (South, North and SE) did not release compensation amounting to ₹ 18.70 crore to land owners, despite receipt of the amount from L&B Department.

3.10.6 Non-submission of Utilisation Certificates

Paragraph 5(iii) of the Standing Instructions provides that the LAC shall submit Utilization Certificate (UC) in respect of payment of compensation, to the L&B Department within 15 days of the disbursement of the amount. However, audit scrutiny showed that as of December 2014, UCs were pending for ₹ 704.53 crore[21], released during 2011-14. The Department stated (September 2014) that the matter had been taken up with LACs.

[21] 2011-12- ₹ 496.95 crore, 2012-13- ₹ 149.79 crore and 2013-14 - ₹ 57.79 crore.

3.10.7 Other points

(i) Internal audit: The Directorate of Audit, GNCTD had conducted internal audit of only NW District, up to 2011-12, during the period under audit. Information in respect of other districts, were not made available to Audit.

(ii) Non-constitution of prescribed committees: As per Paras 8 and 9 of Standing Instructions, two committees – one headed by the Principal Secretary (L&B) and other by the Additional Secretary (L&B), were to be constituted for monitoring the land acquisitioning process. However, L&B Department intimated (May 2014) that no such committees were constituted but meetings with the officers of DDA and LACs were held regularly to clear complexities/ issues**.** Reply strengthens the audit observation and points to non-compliance of the Standing Instructions.

(iii) Absence of mechanism to ensure end use of land acquired: As per section 101 of the LARR Act, when any land acquired under this Act, remains unutilized for a period of five years, the same shall be returned to the original owner or to the Land Bank of the Government. To an audit query, LACs (North) and (North West) stated (July/August 2014) that LA Branch had no role to play after handing over the possession of land. From the reply, it is implied that there is no mechanism in the Department, to ensure proper utilisation of acquired land by the requisitioning department.

Delays in declaration of awards resulted in avoidable payment/liability of interest. There were delays in releasing the compensation by the L&B Department to LACs and further to land owners. There was lack of monitoring in the Department, as Committees required to be constituted under Standing Instructions of the L&B Department, were not constituted. LACs were not submitting UCs in respect of compensation to the L&B Department.

The matter was referred to the Government in October 2014, their reply was awaited (April 2015).

Directorate of Training and Technical Education

3.11 Infructuous expenditure of ₹ 75.94 lakh

Non pursuance of the project of Science and Technology Park by Netaji Subhash Institute of Technology resulted in infructuous expenditure of ₹ 75.94 lakh on preparation of Detailed Project Report /Feasibility Report and advertisements.

The Netaji Subhash Institute of Technology (NSIT) conceptualized a project - "Science and Technology Park" in April 2007, to be developed in its campus. NSIT appointed National Association of Software and Service Companies (NASSCOM) as a partner, who prepared and submitted the DPR/ Feasibility Report in December 2007 at a cost of ₹ 30 lakh.

The cost of the project was estimated to be ₹ 425 crore to be funded mainly by private developers with NSIT's contribution confined to the land usage rights. Revenue was projected in the form of lease rentals from tenants in the Park, which was estimated at about ₹ 200 crore yearly.

After 'in principle approval' of the Council of Ministers (July 2008) to the project., NSIT issued (September/October 2008) 'Request for Proposal' (RFP) for appointing architect and technical consultant as well as 'Expression of Interest' (EoI) for developer for the project through advertisements in Public Media, inviting international competitive bidding, on which ₹ 45.13 lakh was incurred.

In response to RFP, only one request was received. The matter was discussed in a meeting chaired by the Chief Secretary, GNCTD (February 2009) and it was observed that the poor response was due to severe global economic down turn which was badly affecting all PPP projects. NSIT was directed -

(i) to ask the project Consultant to revise the project report, taking into consideration the current economic realities of severe down turn,

(ii) to obtain advice of the Planning Commission as to whether the project should be deferred under the prevailing conditions of economic recession.

However, the NSIT did not take any action on the above points. Instead, the Board of Governors decided (9 April 2009) to defer the implementation of S&T project for the time being and reassess the project after economic recession was stabilized. Since then, the status of the project remained unchanged though more than five years have passed.

Even if the project is revived at this stage, the entire expenditure of ₹ 75.94 lakh[22] already incurred on DPR and advertisement, will have no relevance in the fast changing technology scenario. Thus, ₹ 75.94 lakh incurred on this project by NSIT proved to be infructuous.

The Directorate stated (December 2014) that the project was conceived to promote IT and IT enabled services in Delhi as well as in the country and knowledge and experience gained from the DPR would be very useful for NSIT and Government in undertaking such initiatives in future.

The fact remains that Directorate/NSIT did not reassess the project as directed (February 2009) by the Chief Secretary and the utility of the report remains doubtful.

The matter was referred to the Government in August 2014, their reply was awaited (April 2015).

[22]DPR- ₹ 30.00 lakh, Advertisement- ₹ 45.13 lakh and Misc. expenses ₹ 0.81 lakh.

Department of Transport

3.12 Unfruitful expenditure of ₹ 9.85 crore on feasibility studies

Expenditure of ₹ 9.85 crore was rendered unfruitful, as Department of Transport (DoT) did not initiate any action on feasibility reports for PRT system, as prepared by Delhi Integrated Multi-Modal Transit System Limited (DIMTS).

Audit scrutiny of records in the Department of Transport showed that DIMTS, a joint venture company, proposed (27 April 2009) to carry out a feasibility study on Personal Rapid Transit System (PRT)[23] in and around Vasant Kunj and Vasant Vihar/ Munirka area in Delhi. The proposal was approved by DoT in May 2009 and subsequently it released ₹ 1.63 crore[24] in four instalments (June 2009 to April 2010) to DIMTS, which submitted the Study Report in October 2009. The DoT did not take any further action on the report.

The DIMTS again proposed (2 May 2011) to take up a feasibility study on PRT system in five locations (Dwarka Sub-City, the North Campus, ITPO, Karol Bagh and East Delhi's link to Central Delhi) and a Detailed Progress Report (DPR) of one selected location for PRT in Delhi. The DoT approved (6 May 2011) the proposal and issued sanction for ₹ 7.45 crore in favour of DIMTS. As per the sanction order, the Delhi Transport Infrastructure Development Corporation (DTIDC), a Government Undertaking under DoT, was to release the funds for the study to DIMTS from its revolving fund. An agreement was also signed between DIMTS and the DoT in June 2011. An amount of ₹ 7.45 crore was released (10 May 2011) to DIMTS, and the Feasibility Report along with DPR was submitted in March 2013. As per the records made available to Audit, DoT did not take any further action on this Report or the DPR.

An expenditure of 9.85 crore, including service tax of ₹ 77 lakh, was rendered unfruitful, as DoT did not initiate any further action on the feasibility reports as of November 2014.

Further, the entire cost of second feasibility study (₹ 7.45 crore) was released in advance to DIMTS in contravention of Rule 159, which stipulates that advance up to 30 *per cent* only of the contract value can be released to a private firm. Further, concurrence of the Finance Department/ EFC was not sought by DoT prior to release of entire funds to DIMTS.

The matter was referred to the Government in October 2014, their reply was awaited (April 2015).

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[23] The PRT System is a Public Transit System designed to deliver similar level of flexibility as a taxi, with the privacy of a car. The system typically consists electric powered vehicles (Pods) with carrying capacity of 4-6 persons, with a central control system, running on either ground level or elevated guided ways with minimal waiting time and takes passengers non- stop to their destinations.

[24] The project was approved at a cost of ₹ 1.48 Crore plus service tax as applicable. The amount released was ₹ 1.63 Crore inclusive of service tax @ 10.3 *per cent*.

3.13 Blocking of funds of ₹ 1.47 crore

Inadequate planning for the project of e-challaning in the Enforcement Branch of the Department of Transport (DoT), resulted in blockade of funds to the tune of ₹ 1.47 crore in purchase of equipment, which were lying idle for more than three years.

In view of the ever increasing vehicle population in Delhi, the DoT in consultation with DIMTS decided (June 2010) to equip enforcement vehicles for providing facilities like online challaning, connectivity with headquarters' server, printing of challans, electronic card readers, camera etc. Accordingly, it was decided to procure 40 sets of equipment for e-enforcement (e-challaning of defaulting vehicles/drivers) for 40 mobile vehicles. The proposed system was a computerised system enabled with 3G and capable of being connected to the central database. With the system, history of all earlier offences and penalties in respect of the violating vehicle, could be retrieved instantly by feeding its registration number. It was also capable of interfacing with other systems of the Department. For instance, if a motorist has failed to pay traffic fines or attend the Court, he would not be able to conduct other transactions about his challaned vehicle, such as, addition or cancellation of hire purchase entries, sale and transfer of vehicle, renewal of insurance policies etc.

Audit scrutiny of the records showed that the DoT associated DIMTS in the implementation of the project, though no formal agreement was signed between the two parties. On the advice of DIMTS, which was endorsed by the Enforcement Wing and the System Analyst, the DoT purchased 40 Tough books, 40 Printers, 80 Smart Card Readers, 40 UPSs, 40 Data Cards and two Plasma Screen (63"), at a cost of ₹ 1.47 crore during July to October 2010. Simultaneously, software for the system was developed by the DIMTS. However, contract for development of software and maintenance of the system, could not be finalized with DIMTS due to higher prices quoted by them. Consequently, on the request of DoT, the NIC developed the software in October 2013. Application of the system was launched in July 2014 on two vehicles. The system was still under trial phase as of September 2014.

Thus, due to inadequate planning, i.e. absence of formal agreement and non-timely finalization of contract for development of software and maintenance of the system, the project could not be implemented and the equipment purchased remained idle for more than three years, resulting in blockade of funds to the tune of ₹ 1.47 crore.

The matter was referred to the Government in December 2014, their reply was awaited (April 2015).

Department of Urban Development

3.14 Operation of Multilevel Car Parking-cum-Commercial Complexes

NDMC did not follow the codal provisions in appointing consultant. Undue benefit was extended to the Concessionaire by allowing change in retrieval methodology. Concessionaire short- deposited concession fee of ₹ 96.36 lakh. Non-adherence to statutory regulations led to stalling of Kasturba Gandhi Marg Multilevel Car Parking cum Commercial Complex, blocking of ₹ 9.13 crore and loss of ₹ 11.71 crore due to closed surface parking. NDMC incurred a wasteful expenditure of ₹ 1.22 crore as IE's fee for the stalled project.

The New Delhi Municipal Council (NDMC) identified three locations for construction of multilevel car parking-cum-commercial complex (MLCP) at – (i) Baba Kharak Singh Marg (BKSM), (ii) Sarojini Nagar (SN), and (iii) Kasturba Gandhi Marg (KGM). The MLCPs were to be developed on Build, Operate and Transfer (BOT) basis under Public Private Partnership (PPP[25]) mode. NDMC was to provide the land and charge a yearly concession fee from the MLCP operator and the contractor (or Concessionaire) was to finance the entire construction, operations and maintenance costs of the projects. The NDMC appointed (January 2005) M/s Infrastructure Development Financial Corporation (IDFC) as consultant, for preparing Techno Commercial Study Reports and bid documents (including concession agreement), for award of contract for the projects. The scheduled project completion date (SPCD) for SN and BKSM MLCP was May 2010, but these were completed in May and September 2012 respectively. SPCD for KGM project was June 2010, but the project got stalled in May 2010.

Test check of the records of all the three projects during the period from May to November 2014, showed the following:

3.14.1 Irregular appointment of project consultant

Rule 176 of the General Financial Rules (GFRs) stipulates that for works costing more than ₹ 25 lakh, in special circumstances wherein a single source is to be selected, approval of the competent authority should be obtained with full justification.

Audit observed that NDMC signed (June 2004) an MoU with IDFC, under which IDFC was to assist the NDMC for development, up gradation and maintenance of service of urban infrastructures in various areas, including vehicles parking sites. Though the MoU did not specify the name of the work to be undertaken, yet

[25]In a PPP project, a concession agreement is signed between the Government and a private company, for creating an infrastructure through management skills, delivering cost effective design and technology. PPP encourages rigorous governance over the selection of projects and competition for award of long term contracts, by following a fair and transparent selection process and makes private sector responsible for design, construction, finance, operation, ownership and transfer of assets at the end of the concession period.

NDMC appointed IDFC as consultant for three MLCP projects for which IDFC was to be paid ₹ 27 lakh (₹ 9.00 lakh for each activity). The selection of IDFC as consultant on nomination basis was irregular, lacked transparency and deprived NDMC of benefits of competitive rates.

The NDMC stated (January 2015) that IDFC was appointed after approval of the competent authority by following all codal procedures. The reply is not acceptable as no justification for single source selection was found on record.

3.14.2 Development of Multilevel Car Parking

3.14.2.1 Change of selected technology after award of contract

The project works of MLCP at Sarojini Nagar and Baba Kharak Singh Marg were awarded to M/s DLF in September 2007 and the agreement was signed in November 2007. Audit observed that at the time of bidding for the project, DLF projected 'ECOSAFE Pallet Technology', of M/s Plaintiff (Netherland) and provided by M/s Simpark Infrastructure (Kolkata) for operating the MLCP. However, DLF later ousted M/s Simpark Infrastructure and introduced M/s Precision Automation and Robotics India Ltd. (PARI), for installing its technology. This was in violation of conditions of Concession Agreement (CA), as DLF won the technical bid by quoting 'ECOSAFE pallet technology'. The NDMC did not provide records or information on whether the new technology used by DLF, was similar to the previous one and approved by the competent authority and TEC. Further, whether PARI had adequate technical experience for the project was also not found on record.

The NDMC stated (January 2015) that ECOSAFE pallet technology was a brand name of M/s Simpark and the same technology was provided by M/s PARI. Also, this change was approved by the TEC and the competent authority. The contention of the Department is not acceptable as CA on technology transfer and technical support, specifically mentioned that installation, testing and commissioning will be provided by M/s Simpark. Further, no deviation in technology was permitted in the CA. NDMC also did not provide any documentary evidence of approval by the competent authority/TEC for acceptance of technology provided by PARI.

3.14.2.2 Change in retrieval methodology - undue benefit to the Concessionaire

As per RFP document (item 2.2.2 of the technical proposal), retrieval time[26] for vehicle, should not to be more than three minutes.

Audit scrutiny showed that M/s DIMTS, the appointed Independent Engineer (IE) (for reviewing, monitoring and ensuring compliance by Concessionaire with design, construction, operation and maintenance requirement etc.), witnessed the

[26]As per CA, the retrieval time is described as "maximum retrieval time of a vehicle in the parking structure as time taken to bring a vehicle parked at the farthest point from the entry/exit area, to the entry/exit point from where the vehicle can be driven out of the building and not taking more than 3 minutes in fully automatic parking facility.

test carried out by DLF (November 2011) on the functioning of parking system and retrieval time at SN MLCP, and observed that the retrieval system was not installed as per provisions of the CA. The retrieval time during testing, varied from 3 to 14 minutes. In order to reduce the retrieval time to 3 minutes, DLF proposed (April 2012) a two staged modified technology which included swiping of proximity card at a Token Kiosk and waiting for retrieval command by the operator for adjusting above time variation, in contravention to the retrieval operation projected in the CA. M/s DLF claimed that as per tests carried out on 120 cars in April 2012, the retrieval time with modified methodology, was within three minutes. However, DIMTS commented that the time interval between the swiping of card at Token Kiosk and retrieval command by the operator, was not recorded in the system and was additional, which was likely to vary with parking load and may reach maximum, under full load condition. Notwithstanding views of DIMTS, the NDMC confirmed the modified methodology (April 2012) and directed DIMTS to issue the completion certificate, which the DIMTS issued in May 2012 with comments that the retrieval time was still not in conformity with the provisions of the CA. On adopting similar modified methodology, completion certificate for MLCP at BKSM, was also issued in September 2012.

Audit observed that provision of a 'Token Kiosk' where customer gets a token number and then waits for his turn to present the token to the operator for payment and retrieval of his car, was not the part of the CA. Thus, even with this modified methodology, retrieval time was not within acceptable limits of three minutes. But NDMC accepted the modified methodology for both the sites, extending undue benefit to DLF.

The NDMC stated (January 2015) that the retrieval time was within specified limit and the token kiosk was installed to avoid confusion between theoretical and actual retrieval time. The reply is not tenable as retrieval time was to be reckoned from swiping of card for retrieval till the delivery of the car to customer. The fact is that token kiosk was an escape route provided by NDMC to the Concessionaire, to achieve the said prescribed retrieval time, where token/waiting time is not taken into consideration while calculating the retrieval time.

3.14.2.3 Non-monitoring of Concessionaire's performance of O&M work

Schedule 5 to Article 4 of the CA clearly specifies that IE should review operation and maintenance (O&M) of project till the MLCP is handed back to NDMC. It further prescribes responsibility of IE to - (i) report physical, technical and financial aspects of the projects, and (ii) monitor the performance of the Concessionaire and report on incidence of material and persistent breach of O&M requirements.

For SN and BKSM projects, DIMTS was appointed (June 2008) as IE on a remuneration of ₹ 4.89 lakh per month with escalation @ 10 *per cent* per annum, for three years, with extension not exceeding two years at a time, allowed. Audit

scrutiny showed that NDMC retained the IE upto 15 October 2012, during which completion certificates for both the projects were issued (SN - May 2012 and BKSM-September 2012). However, after 15 October 2012, NDMC neither extended the services of DIMTS, nor appointed any new firm as IE, for O&M activities.

Thus, in the absence of IE or any other consultant, neither O&M activities of the projects were being reviewed nor performance of the Concessionaire was being monitored.

3.14.2.4 Undue benefit to Concessionaire on account of late reimbursement of IE's fee

As per Article 4.3 of CA, all fees payable to IE, should be shared by the Concessionaire and NDMC equally. The Concessionaire should reimburse its share to NDMC on the 1st day of each month. Article 10 further requires NDMC to take proper action against Concessionaire, in case of delay in payment for more than 90 days. Audit noticed that the Concessionaire reimbursed its share to NDMC with delays ranging from one to 17 months. Though the Concessionaire was not regular in paying his share of fee, NDMC did not take any action against the Concessionaire for the same, extending undue benefit to the Concessionaire.

The NDMC in its reply (January 2015), admitted the late reimbursement of IE's fee by the Concessionaire. However, the reply was silent whether any action was taken against the Concessionaire.

3.14.2.5 Short realization of concession fee -₹ 96.36 lakh

As per Article 7 of CA, the Concessionaire was required to pay concession fee of ₹ 15.00 lakh and ₹ 22.00 lakh per annum with five *per cent* yearly escalation, for MLCP at SN and BKSM respectively. The concession fee was to be paid in advance on every anniversary of the scheduled project completion date (SPCD)[27]and the first concession fee was payable within seven days of the SPCD. As agreements for both sites were executed in November 2007, the Concessionaire was liable to pay concession fee w. e. f. June 2010. An analysis of information provided by the NDMC showed that the Concessionaire short deposited concession fee of ₹ 48.90 lakh for SN and ₹ 47.46 lakh for BKSM. Thus, a total amount of ₹ 96.36 lakh was short received by the NDMC.

The NDMC attributed (January 2015) the delay to late approvals from different Government agencies and extension of SPCD by the Project Management Committee with the approval of competent authority. The reply is not acceptable as six months were separately provided in CA for getting such approvals. Moreover, the NDMC did not furnish any documentary evidence of approval of extension of SPCD by the competent authority.

[27]SPCD means the date 24 months from the effective date, and effective date means the date on which the approval has been completed in accordance with schedule 3 of CA or six months from the appointed date, whichever is earlier.

3.14.2.6 Non-inclusion of penalty clause in CA for delay in completion of projects

According to section 33.1 (3) of CPWD Works Manual, compensation for delay in completion of work is recoverable from the contractor subject to a maximum 10 *per cent* of tendered value.

As per CA, the construction of MLCP projects at BKSM and SN were to be completed within 30 months (i.e. by June 2010) by DLF. Audit scrutiny showed that CA contained clauses fixing target dates and milestones to be achieved by the Concessionaire, but it did not have any penalty clause for non-achievement of milestones and completion of the projects within scheduled time. The completion certificates for projects at SN and BKSM, were issued in May 2012 and September 2012, indicating delay of 23 and 27 months respectively. The reasons for delayed completion of projects, were not provided by NDMC.

Thus, non-inclusion of penalty clause for the delay in completion of projects, in the CA deprived the general public of intended facilities for the period of delay and extended undue favour to the Concessionaire.

The NDMC stated (January 2015) that PPP concept being a new one, it could not recognize the need for inclusion of penalty clause in CA. The reply is not tenable as the guidelines of the Central Vigilance Commission provide that while awarding contracts, clauses pertaining to completion schedule, penalty for delayed completion, etc., should be incorporated in the bid documents.

3.14.3 Construction of MLCP at KG Marg

3.14.3.1 Non- fulfilling prior requirement of 'No Objection Certificate' from ASI

The construction of MLCP at KG Marg was awarded to M/s DS Construction Ltd. (September 2007) and the CA was executed in December 2007 although NDMC did not own the land for the project which was allotted to NDMC only in January 2009. In terms of Article 3.4 of CA, the Concessionaire was to obtain all applicable permits for the project from the local bodies and authorities. As the project site was located within 203.85 mtrs from 'Uggra Sain Ki Baoli', a centrally protected monument, prior permission of ASI was needed for the project. On the basis of an intimation from M/s DS Construction (July 2008) that they had applied for the same, NDMC allowed them to commence excavation work at the site. Further scrutiny showed that M/s DS Construction misled NDMC on this issue and actually applied for permission from ASI only in March 2010. In the meanwhile, ASI lodged an FIR (May 2010) against unauthorized construction by NDMC and returned (July 2010) the application with remarks that due to implementation of the AMASR Act, 2010, NOC is to be obtained from National Monuments Authority of India (NMAI). Consequently, the work of MLCP was stalled w.e.f. 1 May 2010.

Thus, the NDMC rushed to award the work of MLCP in September 2007 whereas the land for the project was allotted in January 2009, i.e. after 15 months from the award of work. Even then, NDMC could not arrange the required NOC (by itself or through the Concessionaire) before start of the work. Failure of NDMC and the IE as well, to ensure that the Concessionaire had arranged the required NOC from ASI, prior to granting permission for excavation work, resulted in stalling of the project.

Construction work of MLCP at KG Marg stalled for want of ASI clearance

The NDMC stated (January 2015) that the Concessionaire approached the ASI for NOC but the matter could not be resolved as powers to issue NOC was transferred to National Monument Authority of India (NMAI) which was constituted w.e.f. 30 March 2010. The reply is not acceptable as Concessionaire could have applied for and obtained NOC in 2007 itself, i.e. before formation of NMAI.

3.14.3.2 Blockade of fund and loss of ₹ 11.71 crore due to non-adherence to statutory regulations

(i) The MoUD allotted (January 2009) a plot (area 6143 sqm.) at KGM to NDMC, for construction of MLCP, at a cost of ₹ 9.13 crore[28]. As per allotment conditions, payment for the land became due from the date of allotment. The NDMC was required to construct building within a period of two years from the date of possession of land and pay ground rent in advance, whether demanded or not. Failure to adhere to conditions, would attract interest at the rate of 10 *per cent* per annum.

Audit scrutiny, however, showed that NDMC did not pay ground rent after January 2010, which had accumulated to ₹ 1.11 crore upto January 2015.

(ii) Before allotment, NDMC was using this plot as 'surface parking facility' and earning ₹ 14.11 lakh per month. In December 2007, the plot was handed over to Concessionaire for MLCP. However, the MLCP could not be completed as of January 2015. Thus, ₹ 9.13 crore remained blocked since April 2009 and NDMC

[28] 25 *per cent* of plot area at commercial rate (₹ 57,960 per sqm plus 2.5 *per cent* annual ground rent), and 75 *per cent* of area at un-remunerative land rate (₹ 11,000 per acre plus 5 *per cent* annual ground rent)

incurred loss of ₹ 11.71 crore[29] on account of closing of 'surface parking'. Also, a liability of ₹ 1.11 crore on account of ground rent has accumulated.

The NDMC, in its reply (January 2015), stated that efforts were made by Concessionaire and NDMC at the highest level but NOC from ASI could not be obtained. Reply is not acceptable as the NDMC and Concessionaire, before ensuring required permits, started excavation work, which also led to filing of the FIR.

3.14.3.3 Wasteful expenditure of ₹ 1.22 crore on account of payment to IE

M/s Meinhardt Singapore Pvt. Ltd. India (MSPL) was appointed as IE for MLCP at KGM and contract agreement (IE contract) was signed in May 2008, on a remuneration of ₹ 7.09 lakh per month, for three years. Audit scrutiny showed that IE for the work was appointed before the allotment of land for the project (January 2009), which was not justifiable.

NDMC suspended IE contract in September 2010 and paid ₹ 2.12 crore (including ₹ 1.06 crore as Concessionaire's share) to M/s MSPL. However, the Concessionaire did not reimburse a sum of ₹ 0.16 crore pertaining to the period May to August 2010. As the project was stalled in May 2010, the expenditure of ₹ 1.22 crore (₹ 1.06 crore as NDMC share plus ₹ 0.16 crore) on account of payment to IE was wasteful.

The NDMC stated (January 2015) that the IE performed its prescribed responsibilities properly and payment made to him was not wasteful. The reply is not acceptable as the IE was appointed before the allotment of land, and the work was stopped in May 2010, when merely excavation work was completed.

Thus, it can be seen that NDMC did not follow the codal formalities in appointing consultant. Undue benefit was extended to the Concessionaire by allowing change of selected technology and retrieval methodology. No IE was appointed for monitoring of O&M. Concessionaire short deposited concession fee of ₹ 96.36 lakh overlooking the SPCD. Non-adherence to statutory regulations led to stalling of KGM MLCP, thereby, blocking of ₹ 9.13 crore and loss of ₹ 11.71 crore due to closed surface parking. NDMC incurred a wasteful expenditure of ₹ 1.22 crore as IE's fee for the stalled project.

The matter was referred to the Government in December 2014, their reply was awaited (April 2015).

3.15 Unfruitful expenditure of ₹ 73.85 lakh

Failure on the part of Delhi Jal Board in ensuring availability of clear site before approval of NIT and awarding of work, resulted in abandoning a project of laying of Sewage Rising Main midway and unfruitful expenditure of ₹ 73.85 lakh.

[29] calculated at the rate of ₹ 14.11 lakh per month from December 2007 to October 2014.

Section 15.1(2) of CPWD Works Manual, 2012 envisages that before approval of Notice Inviting Tender (NIT), the following are desirable (i) availability of clear site, funds and approval of building plans from local bodies; (ii) confirmation that materials to be issued to the contractor would be available; and (iii) availability of structural drawings for the foundations, and (iv) lay out plan for all services.

Audit scrutiny of records for the period 2005-2014 of the Executive Engineer (C) Drainage-III, Delhi Jal Board, showed that the work of 'providing, laying and joining 350 mm dia DI/CI Rising main from Azadpur Sewage Pumping Station (SPS) to Coronation Pillar STP' was awarded at a cost of ₹ 1.25 crore against ₹ 1.02 crore put to tender in September 2007. The scope of work included providing and laying of 2910 meter length of 350 mm dia DI pipe to carry collected sewage from Azadpur SPS (command area – MCD colony Azadpur, Naniwala Bagh and Azadpur Commercial Complex) to the Coronation Pillar STP. The schedule dates of start and completion of work were 26 November 2007 and 25 May 2008 respectively. The work was actually taken up by the contractor from 01 February 2008. It was observed that after 2277.20 meter length of pipe was laid on available alignment, the work was stopped (August 2008) due to various hindrances i.e. objections by RWA, ongoing monsoon season, works executed by PWD/DMRC etc.

When the contractor requested (4 August 2008) for foreclosing the contract and clearance of balance payment along with security money of ₹ 6.25 lakh, DJB assured the contractor to hand over a clear site by August 2008, but failed to keep its assurance. Finally when the DJB gave clearance for the work in October 2008, the contractor demanded ₹ 2.45 crore against the initial cost of ₹ 1.25 crore (140 *per cent* above the tendered cost) to execute the balance work. The higher rates were not acceded to by DJB and it was decided (April 2009) to foreclose the contract. The contractor was paid ₹ 73.85 lakh for the work executed and security deposit of ₹ 6.25 lakh was also refunded. The balance work was not awarded as of January 2015, though more than five years have elapsed since work was foreclosed in April 2009.

Thus, failure on the the part of DJB in ensuring availability of clear site before approval of NIT and awarding of work, the project, had to be abandoned midway. This has not only resulted in unfruitful expenditure of ₹ 73.85 lakh but also the sewage from Azadpur SPS not being transported to the Coronation Pillar STP, as conceptualized.

The Department in its reply stated (October 2014) that the hindrances could not be anticipated, as the concerned agencies never informed them of likely developments. The delay, leading to ultimate foreclosure was due to development work being done on war footing during the period, preceding the Common Wealth Games 2010, in Delhi.

The reply of the Department is not tenable, as CPWD Manual, 2012 clearly stipulates that clear site should be available before approval of NIT for the work. Further, the Common Wealth Games were held in October 2010, but the balance work has not been awarded, even after four years of completion of the games.

The matter was referred to the Government in August 2014, their reply was awaited (April 2015).

New Delhi **(DOLLY CHAKRABARTY)**
Dated: 01 June 2015 **Principal Accountant General (Audit), Delhi**

Countersigned

New Delhi **(SHASHI KANT SHARMA)**
Dated: 01 June 2015 **Comptroller and Auditor General of India**