

**Report of the
Comptroller and Auditor General of India**

on

**Social, General and Economic Sectors
(Non-Public Sector Undertakings)**

for the year ended 31 March 2016

Government of National Capital

Territory of Delhi

Report No. 1 of the year 2017

Table of Contents

Description	Reference to	
	Paragraph	Page No.
Preface		v
Overview		vii - xiv
Chapter-I: Introduction		
Budget Profile	1.1	1
Application of resources of the GNCTD	1.2	1
Persistent savings	1.3	2
Grants-in-aid from Government of India (GoI)	1.4	3
Planning and conduct of audit	1.5	3
Response of Government to Audit Report	1.6	4
Recoveries at the instance of Audit	1.7	4
Lack of response of Government to Audit	1.8	4
Follow-up on Audit Reports	1.9	5
Year-wise details of performance audits and audit paragraphs that appeared in Audit Report	1.10	5
Chapter-II: Performance Audit		
Department of Education		
Implementation of the Right of Children to Free and Compulsory Education Act, 2009	2.1	7
Department of Food Safety		
Implementation of the Food Safety and Standards Act, 2006 in Delhi	2.2	29
Department of Health & Family Welfare		
Up-gradation of Healthcare Facilities in Delhi	2.3	47
Department of Labour		
Implementation of Labour and Safety Laws in Industries by the Labour Department	2.4	63

Chapter-III: Compliance Audit		
Department of Education		
Avoidable expenditure of ₹ 1.09 crore	3.1	83
Department of Home		
Wasteful expenditure and blocking of funds	3.2	84
Department of Information Technology		
Implementation of Right to Public Services Legislation	3.3	86
Department of Labour		
Non-claiming of refund of TDS	3.4	94
Lack of effective monitoring of surplus balances	3.5	95
Loss due to projection of excess requirement	3.6	96
Public Works Department		
Implementation of Projects in Public Works Department	3.7	97
Failure to appeal against arbitral award within time prescribed in the Act	3.8	110
Department of Training and Technical Education		
Development and Modernisation of Infrastructural Facilities in Technical Institutes	3.9	112
Department of Urban Development		
Inclusion of price variation clause in lump sum contract in deviation of rules	3.10	116
Non-recovery of cost of treated effluent water	3.11	117
Idle investment in land	3.12	118
Department of Food Supplies and Consumer Affairs		
Follow-up Audit on Performance Audit of Department of Food Supplies & Consumer Affairs	3.13	120

ANNEXURES

Annexure No.	Particulars	Reference to	
		Paragraph	Page No.
2.1.1	Details of children enrolled and dropped out in selected sample	2.1.2 (b)	131
2.1.2	Enrolment in Class 1 of Government, aided and private schools	2.1.4.1	131
2.1.3	Budget provision and actual expenditure for OoSC (2010-16)	2.1.4.2 (i)	131
2.1.4	Budget and expenditure on transportation of children with disabilities	2.1.4.3	132
2.1.5	Admission of WSDG children in unaided schools (DoE)	2.1.4.4	132
2.1.6	Details of works executed by UEEM	2.1.4.5 (b)	132
2.1.7	Norms and Standards for a school	2.1.5	133
2.1.8	Physical targets, achievement, budget and expenditure on Teachers' Training Programmes during 2010-16	2.1.5.2	133
2.2.1	Requirement of additional technical/supporting staff	2.2.3.2 (b)	134
2.2.2A	Delay in issue of licenses	2.2.3.3	134
2.2.2B	Delay in issue of RCs	2.2.3.3	135
2.2.3	Food samples not tested for food safety parameters	2.2.4.2 (b)	135
2.2.4	Delay in redressal of grievances	2.2.5.1 (i)	141
2.2.5	Non-updation of status of applications of FBOs	2.2.6.2	141
2.3.1	Budget Allocation and Expenditure	2.3.2	142
2.3.2	15 cases where land was acquired free of cost	2.3.3.1	143
2.3.3	15 cases where land was purchased	2.3.3.1	144
2.3.4	Staff position in hospitals as on March 2016	2.3.5.1	145
2.3.5	Patient counters ratio in hospitals	2.3.5.3	145

Annexure No.	Particulars	Reference to	
		Paragraph	Page No.
2.4.1	List of Labour Laws enforced by GNCT of Delhi	2.4.1	146
2.4.2	Year-wise details of industrial disputes (2011-2016)	2.4.3.2 (b)	147
2.4.3	Delay in forwarding references of disputes to Labour Courts/ Industrial Tribunal	2.4.3.3 (b)	147
2.4.4	Registration of Principal Employer and license issued to Contractor	2.4.4.1	147
2.4.5	Pendency of cases under Minimum Wages Act, 1948	2.4.5	148
2.4.6	Time Taken in finalisation of cases	2.4.5	148
2.4.7	Inadequacy of inspections	2.4.5	148
2.4.8	Year wise details of inspections carried out by the Directorate	2.4.7.2	149
2.4.9	Complaints received, new factories registered and inspections actually done	2.4.7.2	149
2.4.10	Time taken for issue of license to factories	2.4.7.3	149
2.4.11	Short collection of interest (Cess)	2.4.8 (b)	150
3.3.1	Details of service-wise days allowed and date of notification under e-SLA	3.3	151
3.3.2	Details of applications received and uploaded on e-SLA	3.3.1.2 (i)	152
3.3.3	Delay in delivery of services and compensatory cost not paid and recovered	3.3.3	153
3.7.1	Inflated detailed estimate	3.7.2.2	155
3.7.2	Irregular inclusion of extra work	3.7.3.5	156
3.7.3	Non-completion/delay in completion of works	3.7.4	157
3.13.1	Audit observations where remedial action was not required by the Department after implementation of the NFS Act, 2013	3.13.1.1	160

Preface

This Report of the Comptroller and Auditor General of India has been prepared for submission to the Lieutenant Governor of the National Capital Territory of Delhi under Section 48 of the Government of National Capital Territory of Delhi Act, 1991 for being laid before the Legislative Assembly of the National Capital Territory of Delhi.

The Report for the year ended 31 March 2016 contains the significant findings arising from the performance audit and compliance audit of the departments of the Government of National Capital Territory of Delhi under the Social, General and Economic Sectors (Non-Public Sector Undertakings).

The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2015-16 as well as those which had come to the notice in earlier years but could not be dealt with in previous Reports. Matters relating to the period subsequent to 2015-16 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued (March 2002) by the Comptroller and Auditor General of India.

Overview

OVERVIEW

This Report contains four performance audits viz. (i) ‘Implementation of the Right of Children to Free and Compulsory Education Act, 2009’, (ii) ‘Implementation of the Food Safety and Standards Act, 2006 in Delhi’, (iii) ‘Up-gradation of Healthcare Facilities in Delhi’, and (iv) ‘Implementation of Labour and Safety Laws in Industries by the Labour Department’ and 12 paragraphs with financial implication of ₹ 336.87 crore relating to avoidable/wasteful expenditure, lack of monitoring of surplus balance, non-claiming of refund, deviation of rules/provisions of agreement, non-recovery and idle investment.

The total expenditure of the Government of the National Capital Territory of Delhi (GNCTD) increased by 33.36 *per cent* from ₹ 25,314.54 crore to ₹ 33,760.34 crore during 2011-16 while the revenue expenditure increased by 46.63 *per cent* from ₹ 17,964.85 crore in 2011-12 to ₹ 26,342.55 crore in 2015-16. Non-Plan revenue expenditure increased by 55.88 *per cent* from ₹ 11,524.00 crore to ₹ 17,963.23 crore and capital expenditure increased from ₹ 4,004.27 crore to ₹ 4,723.47 crore during the period 2011-16.

Some of the major findings detailed in the Report are summarized below.

PERFORMANCE AUDIT

Implementation of the Right of Children to Free and Compulsory Education Act, 2009

The Right of Children to Free and Compulsory Education Act, 2009(RTE Act) provides a fundamental right to the children in the age group of 6-14 years for free and compulsory elementary education. A performance audit covering the period 2010-16 brought out that effective implementation of the Act suffered due to poor planning and preparation, continuing vacancies as well as delay in release of funds and its utilisation.

- The Government lacked effective planning for implementing the RTE Act in Delhi. It failed to complete the mandatory household survey to collect and maintain a database of all children from their birth till they attain the age of 14 years and link it with the mapping of schools for the purpose of determining and establishing neighborhood schools. In the absence of such crucial data base, it was not possible for the Government to ensure enrolment of every child in the age group of 6 to 14 years in school. No specific targets for enrolment of children were fixed by GNCTD and local bodies.

(Paragraph 2.1.2(a))

- There were delays and short release of funds by the Union Ministry of Human Resource Development and the Directorate to the ‘Universalization

of Elementary Education Mission' (UEEM). Against approval of ₹ 1,115.72 crore by the Project Approval Board, only ₹ 647.48 crore was made available to UEEM during 2010-16. The UEEM actually spent only ₹ 534.29 crore during the same period.

(Paragraph 2.1.3.1)

- Enrolment in class 1 in the Government and aided schools decreased by 23 *per cent* from 2,04,884 in 2010-11 to 1,56,911 in 2015-16 while the almost static position in respect of overall enrolment (including private schools) during 2010-16 was not consistent with the increase in the population of Delhi during the same period.

(Paragraph 2.1.4.1)

- Provisions relating to special training of children and for children with disabilities or those belonging to weaker sections and disadvantaged groups were not adhered to. In unaided schools of the Directorate, only 90,262 children belonging to Weaker Section and Disadvantaged Group were admitted against 1,45,142 seats which should have been reserved for them during 2011-16.

(Paragraphs 2.1.4.2, 2.1.4.3 and 2.1.4.4)

- Despite the need to augment infrastructure, ₹ 18.29 crore sanctioned during 2015-16 to UEEM for construction of additional rooms and toilets remained unutilized as of June 2016 while 69 to 81 *per cent* of construction works of classrooms, halls, toilets and boundary walls remained unexecuted in North and South Municipal Corporations.

(Paragraph 2.1.4.5(b) & (c))

- In Directorate schools, 8,579 posts (22 *per cent*) out of 38,916 sanctioned posts of teachers and librarians were vacant as of July 2016.

(Paragraph 2.1.5.1)

- Uniforms, text books and writing materials were not distributed to all the students of 34 selected Delhi Municipal Corporations (DMCs) schools, and where provided, issued with delay. Uniforms and writing materials were not issued even to a single student of aided schools of DMCs.

(Paragraph 2.1.5.4 (a) & (b))

- Institutional mechanisms envisaged under the Act for monitoring the implementation of the RTE Act were ineffective as various advisory and monitoring committees were either not constituted or did not meet regularly.

(Paragraph 2.1.6)

Implementation of the Food Safety and Standards Act, 2006 in Delhi

The Food Safety and Standards Act, 2006 provides for food safety standards in the country. A performance audit covering the period from August 2011 to March 2016 brought out weak regulatory and administrative mechanism for enforcement of the Act and non-compliance with key provisions which compromised with the quality of food posing health hazard to the general public.

- The Department neither conducted a survey to identify food business operators nor maintained the database of food business establishments. Many food business operators engaged in mass consumption items remained out of the coverage under the Act.

(Paragraphs 2.2.2.2 and 2.2.2.3)

- State Food Laboratory got accreditation from National Accreditation Board for Testing and Calibration Laboratories in the year 2012 for two years. The accreditation could not be renewed beyond March 2014 as no up-gradation could take place due to shortage of technical staff and lack of requisite equipment.

(Paragraph 2.2.3.2(a) & 2.2.3.2 (b))

- There was delay in issue of licenses and registrations to Food Business Operators. 1,914 Licenses and 12,200 Registration Certificates expired due to non-renewal.

(Paragraphs 2.2.3.3 and 2.2.3.4)

- No inspection was carried out in 97 per cent of cases. Lifting of samples was very low at four per day against 49,796 licensed food establishments and other without valid license. Department prescribed no criteria for lifting food samples. The food samples were declared to be conforming to the food safety standards without testing them in totality for the prescribed parameters.

(Paragraphs 2.2.4.1 and 2.2.4.2)

- The Department did not monitor compliance with its internal orders for monitoring the implementation of the Act. Non-maintenance of daily diaries for allocation of field duties to Food Safety Officers, complaint registers for grievance redressal and progress registers to watch the pendency of cases in various courts showed weak internal control.

(Paragraph 2.2.6.1)

Up-gradation of Healthcare Facilities in Delhi

In National Capital Territory of Delhi, healthcare facilities are managed by the Department of Health and Family Welfare (DHFV). The performance audit of 'Up-gradation of Healthcare Facilities in Delhi' covering the period 2010-16 brought out poor planning and execution of plans and projects resulting

in delay in their fructification and denial of the intended benefits to needy patients.

- Directorate of Health Services (DHS) took possession of 77,558.35 sqm of land for 30 projects of new health facilities during 2007-16 at a cost of ₹ 14.26 crore and incurred additional expenditure of ₹ 3.28 crore on boundary walls, fencing, entry gates and security. But none of these plots were utilised as of August 2016.

(Paragraph 2.3.3.1)

- No headway could be achieved in 11 other projects of new hospitals with proposed bed capacity of 2,575 though executing agencies had been decided. DHS had incurred expenditure of ₹ 17.06 crore on these projects towards land cost, boundary walls and security.

(Paragraph 2.3.3.2)

- Maternal and Child Health(MCH) and Diabetes, Endocrine and Metabolic (DEM) Blocks of Guru Tegh Bahadur Hospital constructed at a cost of ₹72.07 crore remained underutilized even after 2-4 years of their completion due to shortage of staff, non-installation of medical gas pipeline and delay in procurement of requisite equipment. Rajiv Gandhi Super Speciality Hospital and Janakpuri Super Speciality Hospital remained under utilized even after 4 to 8 years of completion due to non-recruitment of staff and lack of equipment.

(Paragraphs 2.3.4.3, 2.3.4.4 and 2.3.4.5)

Implementation of Labour and Safety Laws in Industries by the Labour Department

With a view to assessing the performance of the Department in enforcing the labour laws and safety measures in industries, a performance audit covering the period 2011-16 was conducted from May 2016 to September 2016. The audit exercise brought out that lack of diligent adherence to and enforcement of the provisions of the Acts provided no assurance as to the achievement of the fundamental objective of ensuring expeditious and fair resolution of industrial disputes and protection of the legitimate interests of the workers in terms of safety and health standards and protection from exploitation.

- The conciliation and dispute redressal machinery for Industrial Disputes was neither fully constituted nor activated. Works Committees had not been set up.

(Paragraph 2.4.3.1)

- There was delay ranging from one to 121 days in commencement of the conciliation proceedings by the Conciliation Officers and also in completion of conciliation proceedings beyond the prescribed period of 14 days in 891 cases.

(Paragraph 2.4.3.2(a))

- There were delays in publication and implementation of awards. 45 *per cent* of the awards were published with a delay ranging from three months to more than six months.

(Paragraph 2.4.3.3(d))

- The enforcement of awards and recovery of dues from the employers of workmen was inadequate. Out of 1,245 recovery certificates aggregating ₹ 36.32 crore issued during 2011 to 2016 (April), recoveries in 379 cases amounting to ₹ 4.46 crore were pending.

(Paragraph 2.4.3.3 (e))

- The department did not carry out periodical verification of establishments/contractors to ensure that they were registered and had the requisite licenses under the Contract Labour Act. Inspections were not conducted in a planned manner and follow-up action on inspection reports was not adequate to ensure prevention of exploitation of contract labour.

(Paragraph 2.4.4.1)

- Factory licences were granted without ensuring whether factories had prepared the Health and Safety Policy in 54 out of 55 cases.

(Paragraph 2.4.7.4)

- The assessment of cess cases was done without considering all cost factors in construction of buildings. There was short levy and collection of cess and interest thereon amounting to ₹ 1.53 crore.

(Paragraph 2.4.8(b))

COMPLIANCE AUDIT

Avoidable expenditure of ₹ 1.09 crore

The Directorate of Education failed to take cognizance of Notification exempting payment of service tax by educational institutions for auxiliary services resulting in avoidable expenditure of ₹ 1.09 crore to a firm.

(Paragraph 3.1)

Wasteful expenditure and blocking of funds

Procurement of Satellite Phones without ensuring availability of hub for their connectivity and purchase of an ambulance without ensuring services of a Medical Officer resulted in wasteful expenditure and blocking of ₹ 59.08 lakh.

(Paragraph 3.2)

Implementation of Right to Public Services Legislation

Implementation of the Right to Public Services Legislation was tardy as all the notified services were not uploaded on the electronic-Service Level Agreement (e-SLA) portal and where uploaded, was partial and incorrect. The Competent Officers were not vested with powers of Drawing and Disbursing Officers for making payment of cost or compensation to applicants for delayed delivery of service. Timelines were not fixed for each stage for time bound delivery of services. Though services were delivered with delay, neither the applicants were paid any compensatory costs nor the defaulting government servants penalized. No action was initiated either for identifying the erring official for fixing responsibility or for encouraging the efficient employees through cash incentive.

(Paragraph 3.3)

Non-claiming of refund of TDS

Failure of the Delhi Building and Other Construction Workers' Welfare Board (DBOCWWB) to file income tax returns and claim refund of tax deducted at source (TDS) by banks, resulted in blocking of funds of ₹ 15.95 crore and consequential loss of interest of ₹ 2.73 crore, which could have been earned had the refund of TDS been claimed timely and invested in Fixed Deposits in banks.

(Paragraph 3.4)

Lack of effective monitoring of surplus balances

Failure to effectively monitor transfer of funds from district account to the main account of the DBOCWWB resulted in loss of interest of ₹ 3.74 crore.

(Paragraph 3.5)

Loss due to projection of excess requirement

The DBOCWWB projected a requirement of 20 mobile van dispensaries against 10 approved and thereafter released ₹ 4.24 crore without ensuring their availability. This resulted in loss of interest of ₹ 1.15 crore that the Board could have earned by investing the unspent amount of ₹ 2.07 crore.

(Paragraph 3.6)

Implementation of Projects in Public Works Department

PWD did not invest adequate efforts and time in planning and design for the projects before their actual execution resulting in inflated detailed estimates, revision of drawings and designs and increase in quantities of items/execution of extra items after award of works. There were delays in completion of works and non-levy of compensation in delayed works. PWD failed to incorporate penal clause for variation in estimation of quantities in agreements entered into with consultants

and did not levy compensation on consultants for delay in supplying of drawings for the works despite contractual provisions. There were both avoidable payments on account of price variation as well as cost escalation. Incorrect adoption of base price and taking incorrect quantities, while calculating cost variation, resulted in non/short recoveries. These shortcomings have financial implications of ₹ 241.20 crore.

(Paragraph 3.7)

Failure to appeal against arbitral award within time prescribed in the Act

Failure of Public Works Department to challenge an arbitral award within the stipulated time resulted in rejection of the application and an opportunity lost to defend its case to avoid payment of ₹ 14.92 crore.

(Paragraph 3.8)

Development and Modernisation of Infrastructural Facilities in Technical Institutes

With the increasing number of students, Institutes were suffering from shortage of infrastructural facilities viz. class rooms, hostels and laboratories. However, projects intended to cater to the increased requirement could not be progressed in a timely manner leading to both denial of benefits to the students as well as cost escalations. The project of World Class Skill Centre was lagging behind the schedule while Delhi Technological University failed to commence construction of much needed infrastructural facilities and implement the Technical Education Quality Improvement Programme. Inordinate delay in execution of project of installation of lifts in Netaji Subhash Institute of Technology and construction of PG Block of Delhi Institute of Pharmaceutical Sciences and Research resulted in cost overrun of ₹ 22.29 crore.

(Paragraph 3.9)

Inclusion of price variation clause in lump sum contract in deviation of rules

Inclusion of a price variation clause in a lump sum contract without specific approval of competent authority resulted in avoidable payment of ₹ 10.22 crore.

(Paragraph 3.10)

Non-recovery of cost of treated effluent water

Failure of Delhi Jal Board to have any Agreement with Delhi Development Authority before supply of treated effluent water (TEW) to its Golf Course at Bhalswa resulted in non- recovery of ₹ 3.95 crore as cost of TEW supplied for the period from April 2004 to March 2016.

(Paragraph 3.11)

Idle investment in land

Due to lackadaisical approach of Urban Development Department in taking concrete decisions, a land measuring 3.78 acre, where ₹ 2.86 crore had been invested, was lying idle for 15-16 years, depriving the residents of Trans Yamuna area of intended facilities.

(Paragraph 3.12)

Chapter-I

Introduction

Chapter-I Introduction

1.1 Budget profile

There are 66 departments and 74 autonomous bodies functioning under the Government of National Capital Territory of Delhi (GNCTD). The position of budget estimates and actuals there against of the GNCTD during 2011-16 is given in **Table 1.1** below:

Table 1.1: Budget and expenditure of the GNCTD during 2011-16

(₹ in crore)

Particulars	2011-12		2012-13		2013-14		2014-15		2015-16	
	Budget estimates	Actuals	Budget estimates	Actuals	Budget estimates	Actuals	Budget estimates	Actuals	Budget estimates	Actuals
Revenue expenditure										
General services	1,589.55	4,347.23	3,128.74	5,738.57	5,792.69	5,597.48	6,763.15	5,983.40	7,055.66	6,427.12
Social services	11,567.05	10,717.11	12,616.68	11,737.43	13,134.81	12,314.54	14,800.52	13,306.11	16,193.02	14,817.83
Economic services	2,253.06	2,172.22	2,611.64	2,350.82	3,783.08	3,650.00	3,573.12	3,318.99	4,302.65	4,138.71
Grants-in-aid and contributions	736.23	728.29	833.77	832.53	804.50	804.50	900.99	900.99	958.89	958.89
Total (1)	16,145.89	17,964.85	19,190.83	20,659.35	23,515.08	22,366.52	26,037.78	23,509.49	28,510.22	26,342.55
Capital expenditure										
Capital outlay	4,209.53	4,004.27	4,835.80	4,176.63	4,889.22	4,707.42	4,937.41	4,403.94	5,308.25	4,723.47
Loans and advances disbursed	3,404.58	3,345.42	4,082.37	3,734.83	5,694.00	5,652.37	2,138.06	1,679.94	2,711.35	2,684.32
Repayment of Public Debt	1,090.00	1,087.88	1,288.00	1,287.99	1,325.29	1,325.29	1,676.75	1,346.73	1,435.18	1,435.17
Contingency Fund	0	0	0	0	0	0	0	0	0	10.00
Public Accounts disbursements	0	0	0	0	0	0	0	0	0	0
Closing cash balance	0	4,636.28	0	1,985.75	0	880.65	0	1,517.07	0	3,654.94
Total (2)	8,704.11	13,073.85	10,206.17	11,185.20	11,908.51	12,565.73	8,752.22	8,947.68	9,454.78	12,507.90
Grand Total (1+2)	24,850.00	31,038.70	29,397.00	31,844.55	35,423.59	34,932.25	34,790.00	32,457.17	37,965.00	38,850.45

Source: Annual Financial Statements and Finance Accounts of the GNCTD.

1.2 Application of resources of the GNCTD

The total expenditure¹ of the GNCTD increased by 33.36 per cent from ₹ 25,314.54 crore to ₹ 33,760.34 crore during 2011-16 while the revenue expenditure increased by 46.63 per cent from ₹ 17,964.85 crore in 2011-12 to ₹ 26,342.55 crore in

¹excluding repayment of public debt and cash balances

2015-16. Non-Plan revenue expenditure increased by 55.88 *per cent* from ₹ 11,524.00 crore to ₹ 17,963.23 crore and capital expenditure increased from ₹ 4,004.27 crore to ₹ 4,723.47 crore during the period 2011-16.

As a constituent of total expenditure, revenue expenditure increased from 70.97 *per cent* in 2011-12 to 78.03 *per cent* in 2015-16 while capital expenditure decreased from 15.82 *per cent* to 13.99 *per cent*. During the period 2011-16, total expenditure increased at an annual average rate of 6.85 *per cent* whereas revenue receipts grew at an annual average rate of 7.43 *per cent*.

1.3 Persistent savings

There were persistent savings of more than ₹ 1.00 crore during the last five years in four cases as given in **Table 1.2** below:

Table 1.2: List of grants with persistent savings during 2011-16

(₹ in crore)

Sl. No	Grant number and name	Amount of saving				
		2011-12	2012-13	2013-14	2014-15	2015-16
Revenue (Voted)						
1.	Grant No. 3: Administration of Justice: 2014 B.1(2)(1)-Judicial Magistrate's Courts	8.69	5.00	6.04	8.05	15.29
2.	Grant No.7: Medical and Public Health: 2211 K 1 (3) (1)-Urban Family Welfare Centre (CSS)	7.45	1.93	3.50	9.21	8.71
3.	Grant No. 11: Urban Development and Public Works Departments: 2217 A.8(2)(1)(26)- Grant-in-aid for municipal reforms	300.93	189.87	325.16	157.12	377.16
Capital (Voted)						
4.	Grant No. 8: Social Welfare: 5055 DD.1(3)(1)- Introduction of Electronic Trolley Buses- Alternative mode of Transport	240.75	8.39	97.21	3.00	11.00

Source: Appropriation Accounts

The persistent savings under these heads were attributable to receipt of less claims/bills, purchase of less store items, non-receipt of funds from Government of India (GoI), non/less release of grant to Municipal Corporations of Delhi, delayed receipt of approval/concurrence of competent authority, non-implementation of schemes and inability of the Public Works Department (PWD) to utilise allotted funds.

1.4 Grants-in-aid from Government of India (GoI)

The grants-in-aid received from GoI during the years 2011-12 to 2015-16 have been given in **Table 1.3** below:

Table 1.3: Year-wise details of Grants-in-aid from GoI

(₹ in crore)					
Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Non-Plan Grants	978.85	333.57	326.91	327.95	2,905.02
Grants for State Plan Schemes	814.76	919.73	717.81	1,467.35	486.72
Grants for Centrally Sponsored Schemes	167.03	249.22	358.14	552.84	866.55
Total	1,960.64	1,502.52	1,402.86	2,348.14	4,258.29
Percentage of increase (+)/ decrease (-) over the previous year	(-) 55.00	(-) 23.37	(-) 6.63	(+) 67.38	(+) 81.35
Revenue Receipts	22,393.17	25,560.97	27,980.69	29,584.59	34,998.85
Percentage of Revenue Receipts	8.76	5.88	5.01	7.94	12.17

Grants-in-aid from GoI showed a decreasing trend during 2011-14. Thereafter, it increased significantly to ₹ 2,348.14 crore during 2014-15 and almost doubled with an increase of 81.35 *per cent* during the year 2015-16. Its percentage to revenue receipts ranged between 5.01 and 12.17 *per cent*.

1.5 Planning and conduct of audit

The audit process commences with risk assessment of various departments, autonomous bodies and schemes/projects and includes assessing the criticality/complexity of activities, the level of delegated financial powers, internal controls, concerns of stakeholders and previous audit findings. Based on this risk assessment, the frequency and extent of audit is decided and an Annual Audit Plan is formulated.

After completion of audit, Inspection Reports containing the audit findings are issued to the head of the office with request to furnish replies within four weeks. Whenever replies are received, audit findings are either settled/or further action for compliance is advised. Important audit observations pointed out in these Inspection Reports are processed for inclusion in the Audit Reports of the Comptroller and Auditor General of India which are submitted to the Lieutenant Governor of Delhi under Section 48 of the Government of National Capital Territory of Delhi Act, 1991.

During 2015-16, compliance audit of 185 Drawing and Disbursing Officers (DDOs) of the GNCTD and 13 autonomous bodies was conducted by the office of the Accountant General (Audit), Delhi. In addition, four performance audits were also conducted.

1.6 Response of the Government to Audit Report

In previous years, Audit has reported on several significant deficiencies in implementation of various programmes/activities as well as on the quality of internal controls in selected departments which had negative impact on the success of programmes and functioning of the departments. The focus was on offering suitable recommendations to improve service delivery to the intended beneficiaries.

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Accountant General (Audit) Delhi to the Principal Secretaries/Secretaries of the department concerned drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the departments/Government is invariably indicated at the end of such paragraphs included in the Audit Report. Four performance audits and 17 paragraphs, proposed to be included in the Report of the Comptroller and Auditor General of India on Social, General and Economic (Non-PSUs) Sectors for the year ended 31 March 2016, were sent to the Principal Secretaries/Secretaries of the respective departments. Of these, replies in respect of one performance audit (Implementation of the Food Safety and Standards Act, 2006 in Delhi) and 16 audit paragraphs were not received (December 2016).

1.7 Recoveries at the instance of Audit

Audit findings, involving recoveries that came to notice in the course of test audit of accounts of the departments of the GNCTD, are referred to various departmental Drawing and Disbursing Officers (DDOs) for confirmation and further necessary action under intimation to Audit.

During the year 2015-16, against recovery of ₹ 11.62 crore pointed out in 156 cases, the DDOs concerned had effected recovery of only ₹ 2.11 crore (including recovery of previous years) in 62 cases.

1.8 Lack of response of Government to Audit

Based on the results of test audit, 7,742 audit observations contained in 1,650 Inspection Reports remained outstanding as on 31 March 2016 as shown in **Table 1.4**.

Table 1.4: Details of Outstanding IRs and audit observations

(₹ in crore)

Name of sector	As on March 2014			As on March 2015			As on March 2016		
	IRs	Paras	Amount	IRs	Paras	Amount	IRs	Paras	Amount
Social Sector	774	3,129	219.56	843	3,551	99.19	876	3,647	99.84
General Sector	616	3,000	256.34	537	3,041	448.04	594	3,455	455.30
Economic Sector (Non PSUs)	158	550	4,682.75	163	593	6,821.38	180	640	5,494.71
Total	1,548	6,679	5,158.65	1,543	7,185	7,368.61	1,650	7,742	6,049.85

The significant increase in number of outstanding audit observations indicates the need for Government to take effective action to address the issues raised by Audit to improve financial management and accountability.

1.9 Follow-up on Audit Reports

1.9.1 Non-submission of Action Taken Notes and discussion of paragraphs in Public Accounts Committee (PAC)

To ensure accountability of the Executive to the issues dealt with in various Audit Reports, the administrative departments are to initiate *suo motu* Action Taken Notes (ATNs) on all audit paragraphs and performance audits featuring in the Audit Reports irrespective of whether these are taken up for discussion by the Public Accounts Committee (PAC) or not. These ATNs are to be submitted to the PAC, duly vetted by the Accountant General (Audit) Delhi, within a period of four months from the date of presentation of the Audit Reports in the Legislature.

Out of 38 performance audits and 118 audit paragraphs featuring in the civil chapters of Audit Reports from 2005-06 to 2014-15, *suo motu* ATNs in respect of 10 performance audits and 44 audit paragraphs have not been received. Seven performance audits and 37 audit paragraphs have been discussed by the PAC/Committee on Government Undertakings (COGU) up to 30 November 2016.

1.10 Year-wise details of performance audits and audit paragraphs that appeared in Audit Report

The year-wise details of performance audits and audit paragraphs that appeared in the Audit Reports for the last three years along with their money value are given in **Table 1.5**.

Table-1.5: Details of performance audits and audit paragraphs appearing in Audit Reports during 2012-15

Year	Performance Audits		Audit Paragraphs		Replies received	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)	Performance Audit	Audit Paragraphs
2012-13	5	94.77	10	226.57	4	5
2013-14	5	43.40	15	146.26	3	0
2014-15	4	240.04	16	1711.58	1	3

Fourteen performance audits and 41 audit paragraphs were issued to the GNCTD. However, replies in respect of only eight performance audits and eight audit paragraphs were received from the Government/departments.

Four performance audits involving money value of ₹ 54.24 crore and 12 audit paragraphs involving ₹ 282.63 crore have been included in this Report. Replies, wherever received, have been incorporated at appropriate places.

Chapter-II

Performance Audit

Chapter-II Performance Audit

Department of Education

2.1 Implementation of the Right of Children to Free and Compulsory Education Act, 2009

The Right of Children to Free and Compulsory Education Act, 2009 (RTE Act) provides a fundamental right to the children in the age group of 6-14 years for free and compulsory elementary education. A performance audit covering the period 2010-16 brought out that effective implementation of the Act suffered due to poor planning and preparation, continuing vacancies as well as delay in release of funds and its utilisation. Some of the significant findings were as follows:

Highlights

- *The Government lacked effective planning for implementing the RTE Act in Delhi. It failed to complete the mandatory household survey to collect and maintain a database of all children from their birth till they attain the age of 14 years and link it with the mapping of schools for the purpose of determining and establishing neighborhood schools. In the absence of such crucial data base, it was not possible for the Government to ensure enrolment of every child in the age group of 6 to 14 years in school. No specific targets for enrolment of children were fixed by GNCTD and local bodies.*

(Paragraph 2.1.2(a))

- *There were delay and short release of funds by the Union Ministry of Human Resource Development and the Directorate to the 'Universalization of Elementary Education Mission' (UEEM). Against approval of ₹ 1,115.72 crore by the Project Approval Board, only ₹ 647.48 crore was made available to UEEM during 2010-16. The UEEM actually spent only ₹ 534.29 crore during the same period.*

(Paragraph 2.1.3.1)

- *Enrolment in class 1 in the Government and aided schools decreased by 23 per cent from 2,04,884 in 2010-11 to 1,56,911 in 2015-16 while the almost static position in respect of overall enrolment (including private schools) during 2010-16 was not consistent with the increase in the population of Delhi during the same period.*

(Paragraph 2.1.4.1)

- *Provisions relating to special training of children and for children with disabilities or those belonging to weaker sections and disadvantaged groups were not adhered to. In unaided schools of the Directorate, only 90,262 children belonging to Weaker Section and Disadvantaged*

Group were admitted against 1,45,142 seats which should have been reserved for them during 2011-16.

(Paragraphs 2.1.4.2, 2.1.4.3 and 2.1.4.4)

- *Despite the need to augment infrastructure, ₹ 18.29 crore sanctioned during 2015-16 to UEEM for construction of additional rooms and toilets remained unutilized as of June 2016 while 69 to 81 per cent of construction works of classrooms, halls, toilets and boundary walls remained unexecuted in North and South Municipal Corporations.*

(Paragraph 2.1.4.5 (b) & (c))

- *In Directorate schools, 8,579 posts (22 per cent) out of 38,916 sanctioned posts of teachers and librarians were vacant as of July 2016.*

(Paragraph 2.1.5.1)

- *Uniforms, text books and writing materials were not distributed to all the students of 34 selected Delhi Municipal Corporations (DMCs) schools, and where provided, issued with delay. Uniforms and writing materials were not issued even to a single student of aided schools of DMCs.*

(Paragraph 2.1.5.4 (a) & (b))

- *Institutional mechanisms envisaged under the Act for monitoring the implementation of the RTE Act were ineffective as various advisory and monitoring committees were either not constituted or did not meet regularly.*

(Paragraph 2.1.6)

2.1.1 Introduction

The Right of Children to Free and Compulsory Education (RTE) Act, 2009, became operational with effect from 01 April 2010 for providing right to free and compulsory elementary education (1st to 8th class) to all children of the age of 6 to 14 years in a neighbourhood school. Prior to enactment of the RTE Act, the Sarva Shiksha Abhiyan (SSA) was the flagship programme of the Government of India (GoI) for achieving universalization of elementary education. The SSA Framework of Implementation and Norms for Intervention was revised to correspond to the provisions of the RTE Act and SSA became the main vehicle for implementing the provisions of the RTE Act. In November 2011, the Government of NCT of Delhi notified 'the Delhi Right of Children to Free and Compulsory Education Rules, 2011' (DRTE Rules).

In Delhi, the SSA programme is implemented by a registered Society namely, "Universalization of Elementary Education Mission (UEEM)". As on 30 September 2015, there were 2,806 Government schools and 258 Government aided schools (with primary and upper primary classes) running under the aegis

of the Directorate of Education (the Directorate), three Municipal Corporations of Delhi (North, South and East), the New Delhi Municipal Council (NDMC) and the Delhi Cantonment Board (DCB). In addition, 2,671 un-aided private schools were also running in NCT of Delhi. As on 31 March 2016, a total of 18.41 lakh children in primary and 10.92 lakh children in upper primary classes were enrolled in these schools.

2.1.1.1 Organisational set-up

The Union Ministry of Human Resource Development (MHRD) is the nodal Ministry for overall implementation of the SSA-RTE programme in the country. The Project Approval Board (PAB) in the MHRD considers and approves the Annual Work Plan and Budget (AWPB) of States and reviews the status and progress of the programme. In Delhi, the overall responsibility for implementation of SSA-RTE programme vests with the Secretary (Education). The GNCTD, all the three Municipal Corporations, NDMC and DCB have been notified (April 2013) as local authorities for implementation of the RTE Act. In the Directorate of Education, the Director is the Chief Executive Officer assisted by Additional Directors, Deputy Directors of Education at various units/branches/districts and Principals of schools. In the UEEM, the Education Secretary is the Chairperson of the Executive Council who is assisted by the Vice-Chairperson, State Project Director, Finance Controller, District Project Officers and subordinate staff. In DMCs, the Act is implemented by the Commissioners assisted by Additional Commissioners and Additional/ Deputy/Assistant Directors. A State Advisory Council was also constituted by the GNCTD in April 2014 to render advice for effective implementation of the Act.

2.1.1.2 Audit scope and methodology

The performance audit to assess the extent of implementation of the RTE Act in NCT of Delhi covering the period 2010-16 was conducted from April to July 2016. For examination of records, Audit selected 2 out of 12 districts (North and South) of the Directorate through PPSWOR¹ with size measure as number of schools and 60 schools² out of 543 schools (including DMC's and aided schools) located in these two selected districts through SRSWOR³ method. Audit examined the relevant records in the Directorate, its North and South districts, headquarters of North and South DMCs, 60 selected schools, SCERT⁴ and the UEEM.

An Entry Conference was held on 27 April 2016 with the Director of Education and on 28 April 2016 with officers of North and South DMCs to discuss audit scope and the methodology. After conclusion of audit, the first draft report was

¹Probability Proportionate to Size without Replacement.

²26 schools of Directorate (primary and upper primary classes), 18 of South DMC and 16 of North DMC.

³Simple Random Sampling without Replacement.

⁴State Council of Educational Research and Training.

issued to the Government on 07 September 2016. An exit conference was also held on 16 September 2016 with the Director of Education, State Project Director (UEEM) and officers of DMCs to discuss the audit findings.

2.1.1.3 Audit objectives

The broad objectives of the performance audit were to assess whether:

- the RTE Act achieved its objective of making elementary education a fundamental right for all children in the age group of 6-14 years;
- the funds were utilised in an economic and efficient manner; and
- the RTE Act was implemented and monitored in a planned manner.

2.1.1.4 Audit criteria

The following were used for benchmarking the audit criteria for the performance audit:

- The Right of Children to Free and Compulsory Education Act, 2009;
- The Delhi Right of Children to Free and Compulsory Education Rules, 2011 (the DRTE Rules);
- Minutes of meetings of the Project Approval Board on Annual Work Plan and Budget; and
- Orders, circulars, instructions and guidelines of MHRD and GNCTD.

Audit findings

2.1.2 Planning and preparation for implementation of the Act

Proper planning and preparation is a pre-requisite for effective implementation of any statutory enactment. It is particularly important in case of the RTE Act which intends to secure the fundamental right of free elementary education to the children, especially in Delhi where multiple agencies provide school education. Audit, however, noticed that the Directorate lacked adequate planning and preparation for implementation of the Act as discussed below.

(a) Mapping of schools and identification of children: Rules 6(i) and 8(2) of the DRTE Rules stipulate that primary schools (classes 1 to 5) shall be established within a radial distance of one kilometer and upper primary schools (classes 6 to 8) within three kilometers from the residence of the child. The local authority⁵ shall undertake school mapping and identify all children of 6 to 14 years of age within a period of one year from the date of notification and every year thereafter.

⁵Rule 2(i) defines 'local authority' as the authority notified as 'local Authority'. As per notification dated 23 April 2013, the GNCTD, three DMCs, NDMC and DCB are local authorities in relation to schools under their respective administrative control.

Rule 9 further requires the local authority to maintain a record of all children from their birth till they attain the age of 14 years through a household survey.

Scrutiny of records revealed that no household survey was initiated up to the year 2014-15. In July 2015, UEEM released ₹ 57 lakh to five local bodies⁶ for conducting household survey of children from their birth till they attain age of 14 years. As of June 2016, the East DMC and DCB had completed the survey in their areas whereas it was in progress in the areas under remaining three local bodies. Regarding mapping of schools, a Committee constituted (January 2012) under the State Project Director of UEEM decided that municipal ward should be used as a basic unit for school mapping and all schools including private, recognised, unrecognised, shall be reflected in the Ward Map prepared by the Delhi Geospatial Society Limited (DGSL) and census data and habitation shall be super-imposed on it to identify the locations where neighbourhood schools are not available. However, as of July 2016, though the DGSL had mapped 5,777 schools, it could not link the ward maps with the children population as data regarding residence of students of various schools was not available with DGSL. As a result, DGSL could not determine whether the distance of the student's residence from the school was within the radial limit of 1 km (for primary schools) or 3 kms (for upper primary schools) as required under the rule.

Thus, the Directorate could neither complete the stipulated survey to gather data of children from their birth till they attain age of 14 years nor mapping of all schools even five years after the notification of Rules in November 2011. In the absence of such data, no assurance could be drawn as to whether all children of enrolment age are enrolled in neighborhood schools nor could any targets be fixed for enrolment of children in schools.

The Government stated (October 2016) that the Ward Education Survey was started only in 2015-16 by employing teachers of local bodies for mapping of children from their birth till they attain age of 14 years. It added that the Modified Unified District Information System for Education (U-DISE) format devised by MHRD in the year 2016-17 would be implemented in Delhi from 2016-17 which would help in child tracking and bring in every out of school child back to the school system. As regards targets for enrolment of children, it was stated that after completion of household survey and compilation of data, necessary instructions would be issued by UEEM to all local bodies to fix the targets of enrolment of children.

(b) Dropout rate of students: One of the objectives of the RTE Act is the retention of children in schools and reduction in the dropout rate. Towards this end, the

⁶ ₹ 18 lakh each to three DMCs, ₹ 2 lakh to NDMC and ₹ 1 lakh to DCB.

Directorate was required to frame an action plan to be followed by implementing agencies and create an institutional mechanism to collect and analyse data of children who had dropped out for suggesting remedial measures to keep the problem under check.

Audit scrutinised the records relating to dropout children in the selected 60 schools and found that 1,477 children (1.99 *per cent*) dropped out of government schools against a total enrolment of 74,291 children. In case of DMC's schools, this figure was 7,052 (9.49 *per cent*) against a total enrolment of 74,308 children during 2010-16 (**Annexure 2.1.1**). Audit further noted an increasing trend in the dropout rate in Directorate schools (except during 2012-13) from 1.3 *per cent* during 2010-11 to 2.6 *per cent* during 2015-16. The dropout rate of children in DMCs schools reduced from 11.25 *per cent* during 2010-11 to 7.74 *per cent* in the year 2012-13 and thereafter continuously increased to 10.43 *per cent* in 2015-16. However, no steps were initiated by the DMC to reduce the dropout rate of children.

The Government stated (October 2016) that as per U-DISE, data of dropout rate at Primary level as well as Upper Primary Level is negative. However, audit scrutiny in selected schools showed dropout as discussed above. It was further stated that the department had formulated an action plan to minimize dropout rate by taking initiatives like organizing parents counseling, launching various welfare schemes and new academic plan. Instructions have also been issued to Zones for maintaining records of dropout children. Reply could not be verified as no supporting documents/instructions for reducing the dropout rate were furnished to Audit.

2.1.3 Financial management

Budget for implementation of the Act is allocated under SSA-RTE being the main vehicle for implementation of the RTE Act. Till 2014-15, Central Government was providing Central assistance to UEEM in the Central and State ratio of 65:35 and from 2015-16 this funding pattern was revised to 60:40. Up to 2013-14, the MHRD released Central share directly to UEEM but from 2014-15 onwards, Central funds are routed through State Government accounts. The Directorate releases the Central share as well as State share to UEEM for implementation of the activities approved by the Project Approval Board (PAB). The UEEM further releases the fund to District Project Officers (DPOs) and from DPOs the funds are received by the schools.

2.1.3.1 Delay in receipt of funds from MHRD and State Government

MHRD releases the first instalment of central assistance in April and the second instalment in September of each year. As per instructions, States are required

to release their share of assistance to UEEM within one month of receiving the Central share. Year-wise position of budget and expenditure incurred by UEEM under SSA-RTE for the period 2010-16 is depicted in **Table 2.1.1**.

Table 2.1.1: Budget, total available funds and actual expenditure

(₹ in crore)

Year	Budget	Unspent balance of previous years	Received from MHRD	Received from GNCTD	Total Funds received	Other receipt (interest)	Total funds available	Expenditure	Saving w.r.t. to funds available	% saving w.r.t. funds available
2010-11	101.60	16.51	35.53	21.35	56.88	6.09	79.48	46.59	32.89	41.38
2011-12	206.02	32.89	37.83	13.66	51.49	5.74	90.12	80.09	10.03	11.13
2012-13	206.17	10.03	42.93	34.46	77.39	5.23	92.65	78.82	13.83	14.93
2013-14	207.00	13.83	83.23	28.88	112.11	5.05	130.99	102.16	28.83	22.01
2014-15	202.91	28.83	50.87	40.85	91.72	7.22	127.77	124.33	3.44	2.69
2015-16	192.02	3.44	71.59	46.27	117.86	5.17	126.47	102.30	24.17	19.11
Total	1,115.72	105.53	321.98	185.47	507.45	34.5	647.48	534.29	113.19	17.48

Source: Figures provided by UEEM

Thus, against a budget of ₹ 1,115.72 crore approved by the PAB, only ₹ 647.48 crore (58.03 per cent) was made available to UEEM out of which, ₹ 534.29 crore was actually utilized during 2010-16. Under-utilisation of funds ranged between 2.69 and 41.38 per cent.

The Government stated (October 2016) that funds could not be utilized as MHRD released the last instalment at the end of the financial year. It added that activities under SSA were planned for entire session but some activities could not be conducted during February to March each year due to examinations. The reply is not tenable as UEEM should plan its activities keeping in view the examination period.

Audit further noted that there were delays in receipt of funds from MHRD and further delay in release of funds to UEEM by the GNCTD as below:

- (i) The Directorate released ₹ 31.36 crore out of the State share of ₹ 44.82 crore to UEEM during 2013-14 and the remaining in the next financial year;
- (ii) The Directorate received Central share of ₹ 11.37 crore for 2014-15 in the next financial year. Consequently it released ₹ 17.49 crore (including State share) to UEEM in 2015-16; and
- (iii) The Directorate released ₹ 33.76 crore (Central and State share) to UEEM on the last day of the year i.e. on 31 March 2016. As a result, salaries of 1,139 primary teachers and 1,920 trained graduate teachers for 2015-16 amounting to ₹ 8.72 crore could not be released on time. Also, in South and North districts, salaries of teachers on contract basis deputed under SSA were released with delay upto three months during 2014-16.

Delayed release of funds by the MHRD and GNCTD undermines planning and timely execution of the programmes.

The Government stated (October 2016) that the matter for timely release of funds was being pursued with MHRD.

2.1.3.2 Utilization of funds under various activities

Details of budget approved by the PAB and expenditure incurred under the following four activities during 2010-16 are shown in **Table 2.1.2** below:

Table 2.1.2: Activity wise budget and expenditure (2010-16)

(₹ in crore)

Activity/Component	Budget	Expenditure	Under-utilisation (%)
Computer Aided Learning	20.84	7.01	13.83(66)
Community Mobilization	2.37	1.06	1.31 (55)
Research, Evaluation, Monitoring and Supervision (REMS)	2.54	1.64	0.90 (35)
Inclusive Education for Child With Special Need (CWSN)	27.20	14.27	12.93 (48)
Total	52.95	23.98	28.97 (55)

Non-utilization of ₹ 28.97 crore (55 per cent) under these activities indicates corresponding under achievement of objectives. Activity and component-wise shortcomings are discussed below:

(a) Computer Aided Learning (CAL): During 2010-16, the UEEM made provision of ₹ 20.84 crore for CAL activities like procurement of new workstations (computers), infrastructure maintenance of CAL resource centre, infrastructure technology support to schools and development of hardware/ software. Out of ₹ 20.84 crore, only ₹ 7.01 crore was utilised leaving ₹ 13.83 crore (66 per cent) unutilized. During 2013-14, ₹ 4.48 crore out of ₹ 4.50 crore remained unspent. During 2011-12, maintenance grant of ₹ 15.37 lakh out of ₹ 39 lakh released for 1,950 CAL labs in 892 schools could not be utilised. During 2012-13, maintenance grant of ₹ 54.90 lakh allocated for 1,830 CAL labs of 916 schools remained un-released to 442 schools due to non-submission of utilization certificates of earlier grants. Under-utilisation of funds defeated the very purpose of maintenance and upkeep of CAL Labs. The Government attributed (October 2016) the under-utilization to late receipt of funds.

(b) Community Mobilization: During 2010-16, the UEEM made provision of ₹ 2.37 crore for community mobilization which included media and awareness activities and awareness programme for minority and SC/ST students. However, only ₹ 1.06 crore was utilised leaving ₹ 1.31 crore (55 per cent) unutilized. The Government stated (October 2016) that all activities planned under this intervention could not be conducted due to late receipt of funds.

(c) Research, Evaluation, Monitoring and Supervision (REMS): During 2010-16, ₹ 2.54 crore was provided under REMS for studies such as Task Study for Teachers and Students, Teachers Effectiveness, Social and Gender Differentiation in School Education and Impact of In-Service Training on Learners. UEEM utilised only ₹ 1.64 crore on these activities during the period and ₹ 0.90 crore remained unspent. The Government stated (October 2016) that the expenditure undertaken for researches which are yet to be completed was not taken into account in costing sheet at the time of its submission to PAB and was reflected as funds not utilised. Reply is not convincing as it is not supported with details of expenditure incurred on research in progress at the end of each year (2010-16) and the amount remaining unspent at close of the year.

(d) Inclusive Education for Children with Special Need (CWSN): During 2010-16, the PAB made provision of ₹ 27.20 crore for inclusive education for CWSN which included activities like enrolment drive, awareness and assessment camp for CWSN, provision of aid appliances and trainings of general teachers on autism and multiple disabilities. Audit observed that against a target of 1,12,952 CWSN, 99,519 CWSN were benefitted under these activities and only ₹ 14.27 crore out of ₹ 27.20 crore were utilised leaving ₹ 12.93 crore (48 *per cent*) unutilized.

The Government stated (October 2016) that though MHRD approved ₹ 27.20 crore, it did not release 100 *per cent* funds and last installments were released at the end of each financial year. It further stated that salary of Inclusive Education (IE) - Resource teachers, IE-Volunteers and funds for strengthening of resource rooms could not be utilized due to non-availability of trained resource teachers/volunteers during 2010-16 but assured to utilize funds in the future. The reply of the Government indicates that even after five years of notification of the RTE Rules (2011), the UEEM failed to provide the resource teachers/volunteers for children with special needs.

2.1.4 Implementation of the provisions of the RTE Act

2.1.4.1 Decline in enrolment of children in Government and aided schools

A scrutiny of the Annual Appraisal Report (2016-17) of Annual Work Plan and Budget (AWPB) brought out that there was overall decline of 13.15 *per cent* in the enrolment in Government and aided schools at primary level during the last five years. On the other hand, there was 34.69 *per cent* increase in enrolment in private schools at this level during the same period. Analysis of the data provided by the Directorate in respect of children enrolled at the entry level of Class 1 in Government, aided and private schools for the period 2010-16 (**Annexure 2.1.2**) revealed that the enrolments in Class 1 in Government and aided schools showed a persistent declining trend with enrolment decreasing from 2,04,884 in 2010-11 to 1,56,911 in 2015-16 viz. a decline of 23 *per cent*. In contrast,

enrolments in private schools increased from 1,32,010 in 2010-11 to 1,78,034 in 2015-16 showing an increase of 35 *per cent*.

Further, total enrolment of children in all the schools put together decreased from 3,37,230 to 3,34,945 during 2010-16. This declining trend in enrolment was not consistent with increasing rate of population of Delhi which increased⁷ from 1,67,53,235 in 2011 to 1,86,86,902 in 2016 at an average yearly rate of 2.22 *per cent*. Logically, with increasing population, enrolment of children should also go up if all children of the age of enrolment are enrolled in schools.

The decline in the overall enrolment of children in schools and in particular in Government and aided schools was indicative of the need for improving the standards of learning and infrastructure in the Government and aided schools in order to achieve the objectives of the RTE.

The Government stated (October 2016) that decline in enrolment of children in Government and aided schools was due to migratory nature of population in Delhi. As regards private schools, it was stated that increase in admission was due to provision of admission of Weaker Section and Disadvantaged Group (WSDG) children under the Act and that initiatives were being taken to improve learning levels by increasing infrastructure in government schools. Fact remains that despite implementation of RTE Act, enrolment of children has not increased in government schools.

2.1.4.2 Special training of children

As per Section 4 of the RTE Act, a child above six years of age who has not been admitted in any school or if admitted, could not complete elementary education, shall be admitted in a class appropriate to his or her age and shall have a right to receive special training as may be prescribed. Further, Rule 5 lays down that School Management Committee (SMC) shall identify children from those who are already enrolled, but require special training. The training shall be provided for a period of three months extendable upto two years. In this regard, Audit observed the following:

(i) Cluster Resource Centre Co-ordinators in the zones under the District Project Officers (DPOs), NGOs and SMCs identify Out of School Children (OoSC) requiring special training and targets are fixed accordingly for providing training. In NCT of Delhi, the UEEM organises special training for OoSC through Special Training Centres at schools and through NGOs. During 2010-16, the UEEM utilised only ₹ 7.49 crore (24 *per cent*) on special training of OoSC against a provision of ₹ 31.31 crore leaving ₹ 23.82 crore (76 *per cent*) and only 33,173 children (58 *per cent*) were given special training against a target of 56,874 children (**Annexure 2.1.3**).

⁷Source- <http://www.indiaonlinepages.com/population/delhi-population.html>

In its reply, the Government provided (October 2016) number of OoSCs who were brought to mainstream in appropriate class after providing them special training. However, fact remained that 23,701 children although targeted for providing training were not provided special training.

(ii) Out of 26 selected government schools, SMC of only one school identified 20 children who, though enrolled, required special training and provided training to them during 2013-16. SMCs of 19 schools did not identify such children and four schools found no children belonging to this category. One school identified only one child of this category but did not provide training to him. One school did not furnish this information. Thus, SMCs of most of the selected government schools did not identify children requiring special training, as was required under the RTE Act. In DMCs, out of 34 selected schools, SMC of one school identified two children to whom special training was provided by the school.

2.1.4.3 Deficient transportation arrangement for children with disabilities

As per Rule 6(5), the Government or the local authorities are required to arrange free transportation for children with disabilities from home to school and back. As per instructions of UEEM, the School Management Committees were to manage transportation for such children for which ₹ 250 per child per month for eight months in a year was prescribed. For this purpose, the UEEM releases funds to District Project Officers (DPOs), who further release funds to schools. Audit scrutiny revealed that 12,959 children⁸ with disabilities were eligible for transport facility during 2014-16 for which Project Approval Board (PAB) approved ₹ 2.59 crore. However, only ₹ 1.20 crore was utilised in respect of 7,158 children leaving ₹ 1.39 crore (54 *per cent*) unspent thereby depriving 5,801 children from transport facility (**Annexure 2.1.4**).

UEEM stated (June 2016) that due to submission of list of less number of children with disabilities by schools and time taken by the competent authority for issuing sanctions, available budget could not be utilized. Reply is not tenable as UEEM should have ensured that all the eligible children were provided transport facility.

2.1.4.4 Admission of children belonging to Weaker Section and Disadvantaged Group (WSDG) in unaided schools

Section 12 of the Act provides that an unaided school shall admit children belonging to WSDG in the neighborhood in class I to the extent of at least 25 *per cent* of the strength of that class. The unaided school shall be reimbursed the expenditure so incurred by it to the extent of per child expenditure incurred by the State or the actual amount charged from the child whichever is less.

⁸Source: Records of UEEM

Audit observed that a total of 5,80,571 children were enrolled in class I in unaided schools under the jurisdiction of the Directorate during 2011-16. As per the provisions of the Act, 1,45,142 children (25 *per cent* of 5,80,571) belonging to WSDG should have been admitted in these unaided schools. However, only 90,262 WSDG children were admitted and 54,880 seats (38 *per cent*) were not filled by those children (**Annexure 2.1.5**). Further test check of records revealed:

(i) In 30 unaided schools of North District under the Directorate, total 8,317 children were enrolled in class I during 2013-16 implying that 2,089 seats (25 *per cent*) should have been earmarked for WSDG children, but only 833 WSDG children (10 *per cent*) were admitted. Similarly, in 49 unaided schools in South District, only 3,348 WSDG children (23 *per cent*) were admitted against total enrolment of 14,557 in class I during 2012-16.

(ii) In 138 unaided schools of North DMC, only 2,867 seats were filled by WSDG children during 2010-16 although 10,989 seats should have been reserved for them. In 45 unaided schools under the jurisdiction of South DMC, against 2,780 seats, only 382 seats were filled by WSDG children.

(iii) For the period 2011-16, a budget of ₹ 104 crore was provided to the Directorate for re-imburement of expenditure incurred by unaided schools for admission of WSDG children. Against this, the Directorate utilised ₹ 76.64 crore leaving ₹ 27.36 crore (26 *per cent*) unspent. Department stated (June 2016) that the funds were approved by the Finance Department (GNCTD) in the month of March of each year (at the end of the financial year) resulting in less utilisation of funds. It added that the Delhi Cantonment Board and NDMC had not claimed reimbursement of expenditure on WSDG children for the audited period.

Thus, poor expenditure reflected corresponding fewer enrolments of children belonging to WSDG in unaided private schools and failure of the Directorate and DMCs in ensuring full adherence to the provisions of the RTE Act regarding minimum 25 *per cent* admission of WSDG children in un-aided schools.

The Government stated (October 2016) that reasons of less number of admission of children belonging to WSDG category included many private schools being located in the interiors/non-confirming areas where number of applicants are very less, non-submission of application for admission and discrimination of private schools. To overcome these problems, the Department has initiated on-line admission process for children of these categories from academic session 2016-17. As regards schools of North and South DMCs, instructions have been issued to all unaided schools not to deny admission to WSDG children. Further, the Government assured to take effective measures in the next academic year to motivate parents to get their children admitted in unaided schools.

2.1.4.5 Adequacy of infrastructure in schools

As per Section 8(d) of RTE Act, it is the duty of the Government to provide infrastructure including school building, teaching staff and learning equipment within three years from coming into force of the Act. In Delhi, major infrastructure facilities in schools are provided by the Directorate and local bodies. Apart from this, GNCTD also undertakes civil infrastructure works through UEEM with funds approved by PAB every year in schools managed by the Directorate and three DMCs. Audit observed the following:

(a) Works executed by the Directorate: The GNCTD approved (March 2011) ₹ 706.03 crore for creation of additional infrastructure facilities⁹ in Directorate schools. Its implementation was to be spread over three to five years.

Government informed (October 2016) that ₹ 1,357.24 crore was allocated during 2011-16 for construction of 9,960 additional classrooms, 2,955 additional toilets and miscellaneous works, against which an expenditure of ₹ 1,225.04 crore had been booked by PWD. In addition, ramps in 961 schools, CWSN toilets in 985 schools were also constructed. In addition, during 2011-16, 24 new pucca schools buildings were constructed or are near completion and possession of land for 59 schools had been taken over or was in process. However, the records/information relating to construction works planned, awarded/executed and completed during the review period were not furnished and hence Audit could not provide assurance as to the works actually executed by the Directorate.

(b) Works executed by UEEM: The PAB sanctioned ₹ 142.98 crore to UEEM during 2010-16 for construction of 1,146 additional rooms, 715 toilets and 100 ramps in schools of the Directorate and DMCs. However, audit scrutiny revealed that only 798 additional rooms, 492 toilets and 96 ramps were constructed as of June 2016 (**Annexure 2.1.6**). It was also observed that entire funds of ₹ 18.29 crore sanctioned during 2015-16 for construction of 102 additional rooms and 79 toilets remained unutilized as of June 2016 as PWD and DMCs (the two executing agencies) could not finalize tenders.

The Government stated (October 2016) that the civil works could not be completed due to strikes called by construction agencies, frequent transfers of Engineers in PWD and space crunch for additional classrooms.

(c) Status of works executed in schools of North and South DMCs: The Engineering Departments of respective DMC carry out construction and renovation works in schools on requisition of respective Education Departments. Status of works requisitioned by Education Departments of North and South

⁹2,768 additional class rooms, 140 special rooms for Children With Special Needs (CWSN), 1,000 toilets for CWSN, 470 water modules, 23 new schools, safety measures in 60 schools, 1,180 ramps in 295 schools and acquisition of land for 50 schools.

DMCs and executed by their respective Engineering Departments during 2009-16 is depicted in **Table 2.1.3** below:

Table 2.1.3: Works executed in schools of DMCs (as of July 2016)

Work	No. of schools	Works proposed	Works executed	Not executed (%)
Class Rooms	78	1,317	380	937 (71)
Halls	28	29	9	20 (69)
Toilet Blocks	34	271	100	171 (63)
Seats (toilet)	6	83	16	67 (81)
Boundary walls	18	18	5	13 (72)
Gates	1	1	0	1 (100)

Thus, 937 works (71 *per cent*) out of 1,317 works relating to construction of classrooms, 171 works (63 *per cent*) out of 271 works relating to construction of toilets blocks and 13 works (72 *per cent*) out of 18 works relating to construction of Boundary walls were not executed till July 2016. Audit scrutiny further revealed that:

- Works in eight schools under North and South DMCs were not taken up as budget was not available.
- 24 works (construction of 351 rooms, 3 halls) in North DMC and 25 works (construction of 247 rooms, 10 halls, 141 toilet blocks) in South DMC were not started though Engineering Departments received requisitions seven to 78 months ago (between September 2009 and August 2016).
- Requisition for works in five schools of North DMC and 22 schools of South DMC, though sent by respective Education Departments (25 works sent during 2010-13), were not received in Engineering Departments indicating lack of pursuance by the Education Departments.

Audit further noted that due to non-creation of adequate infrastructure, there were instances of adverse Student Classroom Ratio (SCR)¹⁰ against the norms of 40:1 used as benchmark in Appraisal Report (2016-17) on Annual Work Plan and Budget of SSA. The details of adverse student classroom ratio (SCR) out of 421 schools (with primary classes) and 1,005 schools (with upper primary classes) of Directorate and 1,709 schools of DMCs is depicted in the **Table 2.1.4**.

¹⁰Source: School-wise report (26 August 2016) available on web site "www.Edudel.nic.in"

Table 2.1.4: Details of adverse Student Classroom Ratio (SCR)

Students per class room	No. of Directorate schools (with primary classes) with adverse SCR (per cent)	No. of Directorate schools (with Upper Primary classes) with adverse SCR (per cent)	No. of DMC Schools with adverse SCR (per cent)
41 to 100	126(30)	695(69)	441(26)
101 to 150	3(0.71)	22(2)	4(0.23)
More than 150	1(0.23)	21(2)	2(0.12)
Total	130	738	447

As evident from above, 30 per cent schools of Directorate with primary classes, 69 per cent schools with upper primary classes and 26 per cent schools of DMCs are running with adverse SCR (41 to 100).

The Directorate stated (July 2016) that due to land constraints, construction of additional class rooms is impossible in certain areas, adding that adverse SCR was due to heavy influx of migratory population from adjoining States resulting in development of unplanned colonies, where no provision for education and health amenities was kept. The reply is not tenable as it is indicative of poor planning and execution of projects resulting in failure of the Government to ensure requisite infrastructure and to maintain standard SCR in schools.

(d) Other infrastructure facilities: As per item 2 of the Schedule to the RTE Act, every school should have at least one class room for every teacher and an office-cum-store-cum-head teacher's room, barrier-free access, playground, library and separate toilets for boys and girls. As per the Appraisal Report (2016-17) on Annual Work Plan & Budget (AWPB), out of 2,777 government schools, 319 schools were without ramps, 406 schools without play grounds and 25 schools did not have library up to 2015-16. Test check of the 60 selected schools brought out shortcomings as depicted in **Table 2.1.5** below:

Table 2.1.5: Non-availability of other infrastructure in schools

Sl No	Particulars	Directorate schools (out of 26 schools)	North DMC schools (out of 16 schools)	South DMC school (out of 18 schools)
1	Office-cum-store-cum-head teacher's room	1	-	-
2	One class room for every teacher	-	1	1
3	Play ground	7	9	11
4	Library	2	-	-
5	Barrier free access	-	13	14
6	Separate toilets for boys and girls	-	1	-

Thus, seven schools of the Directorate and 20 schools of North and South DMCs had no play grounds. No barrier free access was found in 27 schools of North and South DMCs.

The Government accepted (October 2016) that some schools have no playgrounds, no barrier free access, separate toilets for boys and girls and there was shortage of classrooms.

2.1.5 Academic activities

As per Section 25 of the Act, the Government and local authority were to ensure Pupil-Teacher Ratio (PTR) in each school as specified in the Schedule (**Annexure 2.1.7**) within six months of the commencement of the Act. Scrutiny of records revealed there was acute shortage of teachers as discussed below.

2.1.5.1 Shortage of teachers in schools of the Directorate

The details of vacant posts of teachers for primary and upper primary classes and librarians in the Directorate (July 2016) are depicted in the **Table 2.1.6** below:

Table 2.1.6: Details of vacant posts of teachers for primary and upper primary classes

SL. No.	Post	Posts sanctioned upto March 2016	Incumbents as on 31 March 2016	Posts vacant (<i>per cent</i>)
1	Assistant Nursery Teacher	499	55	444 (88)
2	Trained Graduate Teacher (TGT)	32,385	27,489*	4,896 (15)
3	Librarian	999	507	492 (49)
4	Work Experience Teacher	1,017	1	1,016 (99)
5.	Assistant Teacher (Primary)	4,016	2,285	1,731 (43)
	Total	38,916	30,337	8,579(22)

* including 8,097 guest teachers

As brought out above, out of 38,916 posts of teachers and librarians, 8,579 posts (22 *per cent*) were vacant as of July 2016. It was noted that 444 posts of Assistant Nursery Teacher (88 *per cent*) out of 499 posts, 1,016 posts of Work Experience Teacher (99 *per cent*) out of 1,017 posts and 1,731 posts of Assistant Teacher Primary (43 *per cent*) out of 4,016 were vacant.

Audit noted that against 3,760 Trained Graduate Teacher (TGT) posts sanctioned by GNCTD in March 2011, the Directorate filled 1,082 posts through promotions. The requisition for 2,678 posts was sent to Delhi Subordinate Staff Selection Board (DSSSB) between January 2012 and April 2013 but matter was not pursued thereafter and the posts remained vacant (July 2016). Moreover, the Directorate did not finalise amendments in recruitment rules for the post of Work Experience Teacher due to which 1,016 posts were vacant as of July 2016. Thus, lack of

effective pursuance of staff recruitment proposals by the Directorate resulted in continuing vacancies in a majority of posts sanctioned more than five years ago.

Audit further noted that due to shortage of teachers, PTR¹¹ was adverse in primary and upper primary classes. It was analyzed that 829 schools of DMCs were running with adverse PTR ranging between 41 and 164. Similarly, 30 schools (with primary classes) of the Directorate had adverse PTR between 41 and 169, and 292 schools with upper primary classes had adverse PTR between 36 and 182. Consequently, Schools were suffering from severe shortage of teachers/trained teachers, thereby compromising the standards of education.

The Government stated (October 2016) that all efforts were being made to fill the vacant posts and to amend recruitment rules of Work Experience Teachers.

2.1.5.2 Non-achievement of targets of Teacher's Training

In order to train teachers in specific quality improvement programme, the UEEM makes provision every year for training of teachers. The State Council of Educational Research and Training (SCERT), Delhi, provides academic resource support for training programmes of three to 10 days duration. Audit noted that out of 1,07,142 teachers proposed by SCERT for training, only 91,145 primary and upper primary teachers attended the training during 2010-16 as depicted in **Annexure 2.1.8** even though sufficient funds were available with SCERT. It was noticed that SCERT was allotted ₹ 12.46 crore for conducting in-service teachers' training during 2010-16 against which, it incurred an expenditure of only ₹ 4.75 crore. Hence, there was shortfall in achievement of both financial (62 *per cent*) and physical (15 *per cent*) targets.

The Government stated (October 2016) that the target could not be achieved due to poor participation of teachers from local body schools and late receipt of funds in October and November. Hence, training could be organised only during 2-3 months after December each year which is the period for preparation of final exams in schools. The reply is not acceptable as the department should have framed the annual training programme keeping in view the period of examination.

2.1.5.3 Running of schools without recognition

Section 18 of the RTE Act provides that no school, other than a school established, owned or controlled by the appropriate Government or local authority, shall be established or function without obtaining a certificate of recognition from such authority. Contravention of the conditions of recognition shall result in withdrawal of recognition. Further, any person who establishes or runs a school without recognition or continues to run a school after withdrawal of recognition, shall be liable to a fine upto Rupees one lakh and in case of continuing contravention, to a fine of ₹10,000 for each day during which such contravention continues.

¹¹Source: School-wise report (26 August 2016) available on web site "www.Edudel.nic.in"

Further, as per section 19 (2) of the RTE Act, where a school established before the commencement of the Act does not fulfil the norms and standard specified in the Schedule, it shall take steps to fulfil such norms and standards at its own expense, within a period of three years from the date of such commencement.

In March 2013, the Directorate invited applications from 1,596 unrecognised schools running in Delhi for granting them recognition. It granted (April 2013) provisional recognition to 825 private unrecognised schools functioning prior to April 2010 (from the date of implementation of Act) for one year from 1 April 2013 to March 2014 subject to fulfilment of terms and condition of recognition as per RTE Act/Rules and Delhi School Education Act & Rules 1973. Audit noticed that though these schools did not fulfil the terms and conditions of recognition as per RTE Act/Rules inter alia involving submission of requisite certificates of registration, health, safe drinking water, structural stability/building safety, fire safety and land of school not being Gram Sabha/forest land, the provisional recognition was extended from time to time latest up to September 2016 without imposing any fine. Further, 771 of these unrecognised schools¹² were not found eligible and not granted recognition but instructed to prominently display their status as “UNRECOGNISED” on the entrance board instead of being closed down. Moreover, the Directorate did not conduct any inspections to ensure compliance with these orders.

The Government stated (October 2016) that provisional recognition was extended to 825 un-recognized schools up to 30 September 2016 and schools which did not apply for recognition were given opportunity to apply before 30 September 2016. It was also added that as per the Act, before closing down of unrecognized schools, it is the responsibility of the Department to adjust students in other recognized schools. The policy formulation in this regard is under process. The reply is not tenable as these ineligible schools have been functioning for over three years since their provisional recognition in April 2013 and the policy should have been in place by now to ensure adherence or action as per the RTE Act.

2.1.5.4 Free provision of text books, uniforms and writing material

Rule 8 provides that children studying in schools run by the Government or local authority and aided schools will be entitled for free uniform, textbooks and writing material. In the PAB meetings (2012-16) for approval of Annual Work Plan & Budget, representative of the NCT Government assured that uniforms, textbooks and writing material would be provided to all the children at the beginning of the academic year. Audit scrutiny of selected schools, however, revealed the following:

(a) Text books: The Directorate and DMCs procure books for the students of class I to VIII from the Delhi Bureau of Text Book (DBTB) which delivers

¹²243 schools did not have sufficient land, 225 were not given recognition due not following of RTE Act norms, and 303 schools did not submit relevant documents for recognition.

the same directly to schools. The schools aided by DMCs have to pay five *per cent* cost of books whereas in schools aided by the Directorate, cash is given to children in lieu of text books.

(i) *Selected schools of the Directorate:* Audit observed that out of 26 selected Government schools and aided schools, 12 Government schools provided text books to 29,476 children in April, to 3,670 children between May and November and to 2,381 children thereafter. Two Government schools did not provide the information in this regard. Twelve aided schools paid cash for text books to 1,423 children between July and November and to 28,843 children thereafter during 2010-16.

(ii) *Selected schools of DMCs:* Out of the total 74,308 children in 34 selected schools, 28,110 children were given text books with delay ranging from one to five months whereas 2,255 children were not provided text books during 2010-16.

The Government stated (October 2016) that books were provided to all children of North and South DMC schools who regularly attended school assuring that books would be provided timely in future.

(b) Uniform and writing material: (i) *Selected schools of the Directorate:* Children of the Directorate schools were not provided uniforms or writing material in kind but paid cash¹³ in lieu thereof. Twelve schools paid cash for uniform to 22,165 children between July and November and to 13,029 children thereafter during 2010-16. Two government schools did not provide the information in this regard. In 12 aided schools, cash was paid to 948 children between October and November and to 29,318 children thereafter.

The Government stated (October 2016) that an expenditure of ₹ 526.89 crore was incurred on text books and ₹ 685.31 crore on uniforms from the State Budget of Delhi during 2010-16. The reply was, however, silent on delay in issue of text books and cash payment for uniforms to children.

(ii) *Selected schools of DMCs:* In South DMC schools, cash was disbursed in lieu of uniforms while in North DMC schools uniforms were provided to the students. Out of total enrolment of 74,308 children in 34 selected schools, 17,208 children of 21 schools (including 12,135 children of eight aided schools) were not provided with uniforms or cash in lieu thereof. Twenty six schools distributed uniforms/cash to 27,264 children with delay of one to six months, 25 schools with delay of seven to 12 months to 27,967 children, and seven schools with delay of more than 12 months (5,027 children).

¹³For uniform, ₹ 500 per child upto class V and ₹ 700 per child from class VI to VIII. For writing material, ₹ 300 per child upto class V and ₹ 400 per child from class VI to VIII.

Late/non-providing of text books, uniforms and writing material hampers the learning process of children and the very purpose of providing free text books, uniforms and writing material was defeated.

The Government stated (October 2016) that the cash subsidy of ₹ 500 is provided only through bank account of students to avoid malpractice. The main reason for delay in payment of cash subsidy to students was attributable to difficulties in opening bank accounts of students. The reply is not acceptable as RTE Rules came into force in November 2011, but the department failed to take appropriate steps to ensure timely supply of uniforms/cash to children.

2.1.6 Monitoring mechanism

Monitoring of the implementation of the RTE Act is an important and integral component of the whole process. Through continuous and effective monitoring, the top management locates the non-performing areas in the process of execution of a plan, identifies the causes and directs timely remedial measures to be applied to keep the execution on course. Audit observed the following:

(a) State Advisory Council: The Act envisages constitution of a State Advisory Council (SAC) for implementation of the Act in an effective manner. The SAC is to meet regularly but three months shall not intervene between two consecutive meetings. Audit scrutiny revealed that till July 2016 SAC had met only once (September 2014) since its constitution in April 2014 to discuss the issue of age for admission to the entry level class. Other issues like review of the progress in the implementation of RTE Act by the Directorate and Local Authorities, difficulties in implementation relating to PTR, classroom ratio and other infrastructure and measures to be taken to remove these difficulties were not discussed. Thus, the SAC remained largely ineffective in discharging its role.

(b) School Management Committees: Rule 3 provides for constitution of a School Management Committee (SMC) in every school within six months of coming into force of the Rules to monitor the implementation of the RTE Act. Out of 60 selected schools, in 23 schools of the Directorate, SMCs were constituted with delays ranging from one to 31 months and in 27 DMC schools, with delays from one to 27 months. In two DMC schools, SMCs were not even constituted as of March 2016. Besides, the SMCs were irregular in holding prescribed six meetings in a year. In one school of the Directorate, the SMC did not conduct even a single meeting while in other 24 schools, SMCs conducted less than prescribed six meetings in a year. Hence, the purpose of constituting SMCs was not fully achieved.

(c) Non-preparation of School Development Plan: Rule 4 provides that the SMCs shall prepare a School Development Plan (SDP) containing estimates of enrolment, requirement of teachers and infrastructure. Scrutiny of records in

selected schools showed that SMCs of four schools of the Directorate and nine schools each of North and South DMCs did not prepare SDPs for the period 2010-16. Further, 18 schools prepared only Annual Development Plan for 2014-15 and 2015-16.

Thus, important Advisory/Management Committees were either not put in place or these did not discharge their functions properly for effective implementation of Act.

The Government stated (October 2016) that SDPs were prepared first time in 2014-15 by government schools, and instructions have been issued (September 2016) to schools of North and South DMCs in this regard.

2.1.7 Conclusion

Effective implementation of the RTE Act in Delhi suffered due to poor planning and preparation, continuing vacancies as well as delay in release of funds and its utilisation. The Directorate failed to complete the mandatory household survey to collect and maintain a database of all children from their birth till they attain the age of 14 years and link it with the mapping of schools for the purpose of determining and establishing neighborhood schools. No specific targets for enrolment of children were fixed by GNCTD and local bodies. Further, enrolment in class 1 in the Government and aided schools decreased by 23 *per cent* between 2010-11 to 2015-16 while the almost static position in respect of overall enrolment (including private schools) during 2010-16 was not consistent with the increase in the population of Delhi during the same period. Provisions relating to special training of children and for children with disabilities or those belonging to weaker sections and disadvantaged groups were not adhered to. Despite the need to augment infrastructure, ₹ 18.29 crore sanctioned during 2015-16 to UEEM for construction of additional rooms and toilets remained unutilized as of June 2016 while 69 to 81 *per cent* of construction works of classrooms, halls, toilets and boundary walls remained unexecuted in North and South DMCs.

Further, uniforms, text books and writing material were not being distributed to all students and where provided, issued late and the institutional mechanisms envisaged under the Act for monitoring the implementation of the RTE Act were ineffective as various advisory and monitoring committees were either not constituted or did not meet regularly.

The decline in the overall enrolment of children in schools and in particular in Government and aided schools was indicative of the need for improving the standards of learning and infrastructure in the Government and aided schools in order to achieve the objectives of the RTE.

2.1.8 Recommendations

Based on the audit findings, it is recommended that the Government may:

- *Complete the household survey to have a comprehensive database of children upto the age of 14 years, update it annually and link it with the mapping of schools for effective planning to ensure enrolment of all the children of 6 to 14 years in schools;*
- *Ensure timely release of funds at all levels and its proper utilisation;*
- *Ensure provision of free text books, uniforms and writing material to all children in the beginning of academic year;*
- *Recruit adequate number of teachers to maintain requisite Pupil Teacher Ratio and augment infrastructure and basic facilities for maintaining prescribed Student Classroom Ratio also; and*
- *Strengthen the institutional mechanisms for effective monitoring of implementation of the Act.*

Department of Food Safety
2.2 Implementation of the Food Safety and Standards Act, 2006 in Delhi

The Food Safety and Standards Act, 2006 provides for food safety standards in the country. A performance audit covering the period from August 2011 to March 2016 brought out weak regulatory and administrative mechanism for enforcement of the Act. Non-compliance with key provisions of the Act compromised with the quality of food, posing serious health hazard to the general public. Some of the significant audit findings are given below:

Highlights

- *The Department neither conducted a survey to identify food business operators nor maintained the database of food business establishments. Many food business operators engaged in mass consumption items remained out of the coverage under the Act.*

(Paragraphs 2.2.2.2 and 2.2.2.3)

- *State Food Laboratory got accreditation from National Accreditation Board for Testing and Calibration Laboratories in the year 2012 for two years. The accreditation could not be renewed beyond March 2014 as no up-gradation could take place due to shortage of technical staff and lack of requisite equipment.*

(Paragraph 2.2.3.2(a) & 2.2.3.2 (b))

- *There was delay in issue of licenses and registrations to Food Business Operators. 1,914 Licenses and 12,200 Registration Certificates expired due to non-renewal.*

(Paragraphs 2.2.3.3 and 2.2.3.4)

- *Premises of very few food operators were inspected. No inspection was carried out in 97 per cent of cases. Lifting of samples was very low at four per day against 49,796 licensed food establishments and others without valid license. Department prescribed no criteria for lifting food samples. The food samples were declared to be conforming to the food safety standards without testing them in totality for the prescribed parameters.*

(Paragraphs 2.2.4.1 and 2.2.4.2)

- *The Department did not monitor compliance with its internal orders for monitoring the implementation of the Act. Non-maintenance of daily diaries for allocation of field duties to Food Safety Officers, complaint registers for grievance redressal and progress registers to watch the pendency of cases in various courts showed weak internal control.*

(Paragraph 2.2.6.1)

2.2.1 Introduction

Food safety is an important social and health priority for any country. The consequences of unsafe food include illness, hospitalization and in extreme cases, fatalities. With a view to enforcing the food safety standards in the country, the Government of India (GOI) enacted the Food Safety and Standards Act, 2006 (the Act) on 24 August 2006 and framed the Food Safety and Standards Rules, 2011, on 5 May 2011. Separate Regulations dealing with different matters¹⁴ were also notified by GOI in August 2011.

2.2.1.1 Organisational set up

The Food Safety and Standards Authority of India (FSSAI) at the central level and the Food Safety Authorities¹⁵ at the state level are responsible for enforcement of the Act. In Delhi, the Department of Food Safety (the Department) headed by the Commissioner, under the administrative control of the Department of Health and Family Welfare (DHFV), is responsible for implementation of the Act for regulating manufacturing, sale, storage and distribution of food articles.

2.2.1.2 Audit scope and methodology

The performance audit covering the period from August 2011 to March 2016 was conducted during April to August 2016. Audit examined the records of the Department of Food Safety and selected three out of 11 districts, the only State Food Laboratory and Licenses and Registration Certificates as below:

- Three districts (East, West and South) selected through probability proportional to size and without replacement (PPSWOR);
- 360 out of 5,064 licenses issued during 2013-16 and 90 out of 12,274 Registration Certificates (RCs) issued during 2013-16 selected by Simple Random Sampling Without Replacement (SRSWOR); and
- 375 out of 1,885 food samples lifted during 2011-16.

The performance audit commenced with an entry conference held in April 2016 with the Commissioner (Food Safety) apprising the Department about the audit scope and methodology. An exit conference was held with Commissioner, Food Safety in September 2016 to discuss the audit findings. The views expressed by the Department in the exit conference and replies subsequently received have been incorporated in the report. However, Government's reply is awaited (December 2016).

¹⁴Food Safety and Standards Regulations on (1) Contaminants, toxins and residues, (2) Laboratory and sample analysis, (3) Licensing and registration of food businesses, (4) Packaging and labelling, (5) Prohibition and restrictions on sales and (6) Food products standards and food additives.

¹⁵ Food Safety Authority in Delhi is the Commissioner, Food Safety.

2.2.1.3 Audit objectives

The main audit objectives were to assess whether:

- regulatory and administrative mechanisms were in place for the implementation of the Act;
- requisite infrastructure and resources were in place and licensing and registration was done as per the provisions of the Act;
- inspections, sample testing and prosecutions were being conducted as envisaged in the Act; and
- mechanisms were in place for creating awareness, Information, Education and Communication (IEC), monitoring and evaluation.

2.2.1.4 Audit criteria

The following were used as the criteria for the audit:

- The Food Safety and Standards Act, 2006;
- The Food Safety and Standards Rules, 2011;
- Various Food Safety and Standards Regulations notified in August 2011;
- Guidelines, manuals and food standards issued by the FSSAI; and
- Internal orders of the Department.

Audit findings

2.2.2 Regulatory and Administrative Mechanism

2.2.2.1 Delay in issue of Licenses/Registration Certificates under the Act

While the Act was enacted by GOI in August 2006, the Food Safety and Standards Rules in May 2011 and Food Safety and Standards Regulations thereunder notified in August 2011, the Department of Food Safety was notified by GNCTD in March 2012. Further, it took more than one year to issue the first license¹⁶ to Food Business Operator (FBOs) in April 2013 and about two years to issue the first registration certificate (RC)¹⁷ in January 2014.

The Department attributed (November 2016) the time taken to start issuing licenses/RCs to non-existence of infrastructure, framing of checklists and guidelines for the staff. It was added that although the procedure for issue of licenses/RCs was prescribed in the Rules and Regulations notified in August 2011, further steps were needed to be taken on the ground for following the prescribed procedures as there was no licensing for FBOs in Delhi. The reply is not tenable as infrastructure was already in place i.e. Designated Officers (DOs) and Food Safety Officers (FSOs) were appointed and trained in the year 2011 itself. Moreover, instructions

¹⁶Food Business Operators having annual turnover above ₹ 12 lakh are required to apply for licenses

¹⁷Food Business Operators having annual turnover below ₹ 12 lakh are required to apply for RCs

for the list of documents to be enclosed for new/ conversion/ renewal of license and checklist for various categories of FBOs was issued by FSSAI in May 2012.

2.2.2.2 Non-identification of Food Business Operators

Section 31 of the Act provides that no person shall commence or carry on any food business except under a license or RC. As per Rule 2.1.3 (4) (iii) (f) of the FSS Rules, Food Safety Officer (FSO) of the area shall maintain database of all food businesses. Further, Regulation 2.1.2 of the FSS (Licensing & Registration) Regulations, 2011, provides that any person or FBO carrying on food business on the date of notification of these Regulations shall get his existing license converted into license/registration under the new Act.

Audit examination revealed that the department neither evolved any mechanism to collect from the previous enforcement agencies¹⁸ the information on FBOs operating under the previous Acts/Orders nor conducted any survey to prepare a database of all FBOs. The projected figures of two lakh FBOs¹⁹ dealing in food business in Delhi could not be verified in audit. Further, the Department had issued only 49,796 licenses and RCs with a 75 *per cent* shortfall in coverage of 1,50,204 FBOs under the new Act upto March 2016. In the absence of reliable database, the possibility of FBOs operating without licenses/RCs could not be ruled out.

The Department stated (November 2016) that survey could not be carried out due to acute shortage of staff. The reply is not tenable as the Department made no effort to coordinate with previous enforcement agencies under the repealed Acts/Orders to obtain information on the existing FBOs.

2.2.2.3 Non-coverage of FBOs

Audit noticed that in the absence of database of FBOs, the Department failed to cover FBOs (in terms of issuance of Licenses/RCs and lifting of samples) dealing in mass consumption food items like mid-day meal in schools, packaged drinking water, alcoholic drinks and wines, and milk as detailed below:

(a) The Mid-Day Meal Scheme is a central scheme designed to improve the nutritional status of school children. Scrutiny of records revealed that the Central Advisory Committee (CAC) of FSSAI in its 10th meeting (September 2013) emphasized on monitoring of the mid-day meal scheme and other government food supply programmes to ensure safety of the food being supplied. However, despite clear instructions of the Committee and media reports of cases of students falling sick after eating mid-day meal in Delhi schools, the Department did not

¹⁸MCsD, NDMC, Department of Food and Civil Supplies, Ministry of Food Processing Industries, and Directorate of Vanaspati, Vegetable Oils and Fats.

¹⁹Projected figures of two lakh as per annual reports for 2014-15 and 2015-16 submitted by the Department to FSSAI

cover FBOs engaged in supply of mid-day meal in schools²⁰, Fair Price Shops²¹ and Anganwadi centres²² in Delhi.

The Department stated (November 2016) that a nodal officer was appointed in March 2016 for checking samples of mid-day meals and Anganwadis. It added that list of kitchens under Mid-Day Meal Scheme and Anganwadis was available and five samples were lifted from there. The reply is not tenable as lifting of only five samples from food supplied to 14,466 units cannot be deemed to be adequate coverage of FBOs under the government food supply programmes so as to derive assurance as to the quality of the food items supplied.

(b) As per Regulation 2.3.14 (18) of the FSS (Prohibition and Restrictions on Sales), Regulations, 2011, the Department is responsible for ensuring that packaged drinking water is tested for specified characteristics and bears BIS certification mark. It should also conform to packaging and labeling requirements. The Delhi Jal Board (DJB) provides packaged drinking water through its retail outlets in Delhi. However, Audit observed that the Department did not cover DJB under the ambit of its activities. On being pointed out, the Department attributed (November 2016) non-coverage of DJB to shortage of staff.

(c) FSSAI decided (December 2012) that all FBOs dealing in alcoholic drinks and wines should obtain licenses/RCs from respective authorities. Audit scrutiny revealed that the Department did not cover FBOs dealing in alcoholic drinks and wines in Delhi to check whether the concerned FBOs had acquired the requisite licenses/RCs and whether these were still valid. The Department attributed (November 2016) non-coverage of such FBOs to shortage of staff.

(d) The Commissioner, Food Safety, directed (November 2015) all DOs and FSOs to check samples of milk by using Food Testing Kits and to submit a list of all the distributors of Mother Dairy and Amul Milk. Audit scrutiny revealed that the Department did not have a database of outlets of Mother Dairy and Amul Milk to cover all FBOs dealing with them. However, on being pointed out in August 2016, the Department requested (August 2016) Mother Dairy to furnish the list of its distributors and outlets. In its reply, the Department stated (November 2016) that all Mother Dairy booths had licenses/registration and that samples were lifted from time to time. However, reply was not supported with relevant documents showing details of Licenses/RCs of FBOs and lifting of samples.

Thus, the Department failed even to identify the FBOs dealing in mass consumption food items to check whether any of them were operating without licenses/registration. Resultantly, the safety of food being supplied in Delhi, which is one of the basic objectives of the Act, could not be assured in audit.

²⁰33 institutions provide mid-day meal to about 1,000 government and 216 government aided schools.

²¹There are 2,100 FPS in Delhi providing food grains under the Food Security Act.

²²Delhi has 11,150 Anganwadi Centres providing food to the children.

2.2.3 Inadequacy of physical and human infrastructure and shortcomings in issue of licenses and registration certificates

Scrutiny of records revealed inadequacy of infrastructure and manpower resources as well as shortcomings in issue of licenses and registration certificates as discussed in the succeeding paragraphs.

2.2.3.1 Shortage of manpower

As on 31 March 2016, there was 50 *per cent* and 63 *per cent* shortage²³ in the posts of Designated Officers (DO) and Food Safety Officers (FSO) respectively which adversely affected the enforcement of various provisions of the Act like lifting of adequate number of samples, inspections of the food establishments and monitoring the prosecution/adjudication cases. In the State Food Laboratory also, one sanctioned post of food analyst and seven out of 10 sanctioned posts of chemists were vacant as on 31 March 2016.

The Department stated (November 2016) that despite acute shortage of manpower, it took all possible steps and efforts to ensure availability of safe food to the citizens of Delhi.

Audit observed that after submitting its requirement of FSOs to the Delhi Subordinate Services Selection Board (DSSSB) in June 2013, Department did not pursue the matter till May 2016. Hence, there was a lack of seriousness on the part of the Department in filling up the vacancies. Resultantly, the Department had to compromise with its mandate of lifting samples, inspecting food establishments, monitoring prosecution/adjudication cases and upgrading food laboratory for testing food samples.

2.2.3.2 Functioning of State Food Laboratory

As per Section 43(1) of the Act, Food Authority may notify food laboratories and research institutions accredited by the National Accreditation Board for Testing and Calibration Laboratories (NABL) or any other accreditation agency for carrying out analysis of samples by the food analysts under the Act. The State Food Laboratory, Delhi, is the statutory laboratory of the GNCTD entrusted with the responsibility of carrying out various physical, chemical, micro-biological and pesticide residues tests of food items. Audit observed deficiencies in the functioning of the Laboratory as brought out below:

(a) Non-accreditation of State Food Laboratory: The State Food Laboratory, Delhi, was accredited by NABL only for chemical testing from 7 March 2012 to 6 March 2014. In January 2013, NABL pointed out that technical manpower deployed was insufficient and the accreditation of the laboratory expired in

²³Against 12 sanctioned posts of DOs and 32 posts of FSOs, six posts of DOs and 20 posts of FSOs were vacant.

March 2014. However, the Department did not initiate appropriate steps for its renewal as of November 2016. In the absence of NABL accreditation, third party certification of the competency of the laboratory could not be ensured.

The Department stated (November 2016) that recruitment of technical manpower required was under process. Regarding competency of the laboratory, it was stated (November 2016) that the reports of the State Food Laboratory were being accepted by various courts as per law.

(b) Non-upgradation of the State Food Laboratory

A laboratory should be suitably equipped and manned by adequate technical and supporting staff to meet its mandated responsibility. Audit observed that only the Chemical Division of the State Food Laboratory was functional and other two Divisions (Micro-Biological, and Pesticide Residue and Heavy Metals) had not been functioning since the inception of the Department due to shortage of technical staff and lack of equipment. The Food Safety Department submitted (June 2015) a detailed proposal to the Department of Health and Family Welfare (DHFW) for upgrading the laboratory to match international standards. Apart from the latest equipment for strengthening of the laboratory, the proposal also included setting up of a Mobile Food Laboratory²⁴, requirement of additional technical/supporting staff (**Annexure 2.2.1**) and an additional space of 6,000 sq.ft. for storage of samples, records, chemical storage rooms and quality assurance room. DHFW approved (June 2015) the proposal with the directions to set up the laboratory within three months and that additional staff should be recruited before installation of equipment. However, the Laboratory was not upgraded as of November 2016 due to non-recruitment of additional staff.

The Department stated (November 2016) that the proposal of strengthening and upgradation of laboratory was approved (June 2015) by the DHFW. Accordingly, a plan for infrastructure requirement as per NABL accreditation requirements has been initiated. It added (November 2016) that based on the FSSAI gap analysis report, the State Food Laboratory of Delhi was selected among nine laboratories situated in different parts of the country for upgradation and grant of funds from FSSAI. Tender notice had been issued by FSSAI for supply of equipment to the concerned laboratories. The fact remains that the State Food Laboratory is yet to be upgraded for providing quality assurance of the food items being supplied in Delhi even after 17 months of DHFW's directions in June 2015 to set up the Laboratory within three months.

2.2.3.3 Delay in issue of licenses and RCs

Regulation 2.1 of FSS (L&R) Regulations provides for processing of application for license and RCs within 60 days and seven days of receipt respectively.

²⁴Having an advantage of dispensing with the requirement of sample preparation, its analysis and paper work by providing 'on the spot' testing facilities of 50 to 100 food samples per day.

However, scrutiny of records in three selected districts revealed that 118 licenses out of selected 360 cases were issued with delay²⁵ ranging from one to 200 days (81 cases), above 200 to 400 days (29 cases) and above 400 days in eight cases (**Annexure 2.2.2 A**). Likewise, there was delay in 22 out of selected 90 cases of issue of RCs. The delay ranged from one to 100 days (13 cases), above 100 to 200 days (8 cases) and more than 200 days in one case (**Annexure 2.2.2 B**). The delay in issue of licenses and RCs indicates poor implementation of the provisions of the Act.

The Department attributed (November 2016) the delay in issuing of licenses to the time given for completing shortcomings in the applications so as to encourage more and more FBOs to come under the ambit of licensing.

2.2.3.4 Expired licenses/RCs

As per regulation 2.1.7 of FSS (L&R) Regulations, a license or an RC shall be valid and subsisting, unless otherwise specified, for a period of one to five years as chosen by the FBOs, from the date of issue of RC or license subject to remittance of applicable fee and compliance with all conditions of license/RC. Audit scrutiny revealed that the Department had no system of monitoring the renewal of licenses/ RCs as detailed in **Table 2.2.1** below:

Table 2.2.1: Details of expired licenses/RCs as on 31 March 2016

Licenses due for renewal	Licenses renewed	Licenses expired	RCs due for renewal	RCs renewed	RC expired
2,773	859	1,914	12,385	185	12,200

From the table above, it can be seen that out of 2,773 licenses and 12,385 RCs, 1,914 licenses and 12,200 RCs expired due to non-renewal by the FBOs. No action was contemplated by the Department against the FBOs who did not get their licenses/RCs renewed.

In the three selected districts, the status of renewal of licenses was as in **Table 2.2.2** below:

Table 2.2.2: Details of expired licenses in East, West and South District as on 31 March 2016

District	Licenses due for renewal	Licenses renewed	Licenses expired	Licenses issued afresh
East	173	55	118	13
West	402	112	290	26
South	150	71	79	7
Total	725	238	487	46

²⁵Delay has been calculated as time taken to issue licence beyond 105 days (60 days from the date of issue of application ID number + 15 days for scrutiny of application from the date of its receipt + 30 days for FBOs to furnish additional information or complete the application).

Thus, 487 out of 725 licenses had expired due to non-renewal by the FBOs. Out of 487 expired licenses, only 46 FBOs were issued licenses afresh.

The Department stated (November 2016) that no mechanism could be evolved for monitoring/follow-up action on expired licenses/RCs due to acute shortage of manpower.

2.2.4 Inspections, sampling and prosecution

Scrutiny of records revealed shortcomings in inspection, sampling and prosecution regarding issue of licenses/RCs. Audit findings are discussed below.

2.2.4.1 Inspection of food establishments

As per regulation 2.1.2(5) of FSS (L & R) Regulations, Licensing Authority shall ensure periodical food safety audit and inspection of licensed establishments through its own or agencies authorized for this purpose by FSSAI. Further, as per regulation 2.1.1 (6), food safety inspection of the registered establishments shall be carried out at least once a year. Audit scrutiny revealed that the Department issued online licenses and RCs to 12,895 and 32,474 FBOs respectively upto 31 March 2016. However, no inspection was carried out in 97 per cent of cases as detailed in Table 2.2.3 below:

Table 2.2.3: Details of inspection of licensed and registered establishments as on 31 March 2016

Registration Certificates			Licenses		
RCs issued	FBOs inspected	FBOs not inspected	Licenses issued	FBOs inspected	FBOs not inspected
32,474	22	32,452	12,895	1,365	11,530

The Department did not furnish details of inspections of premises of 4,427 FBOs which were issued offline licenses during 2013-15 due to non-digitization of physical data after commencement of on-line system for issuing licenses/RCs from January 2014. In the three selected districts, the Department issued online licenses and RCs to 5,064 and 12,274 FBOs respectively upto 31 March 2016; however, no inspection was carried out in 98 per cent of cases as detailed in Table 2.2.4 below:

Table 2.2.4: Details of inspections of licensed and registered FBOs in East, West and South District as on 31 March 2016

District	RCs issued	Inspections conducted	Licenses issued	Inspections conducted
East	4,750	Nil	996	20
West	4,631	Nil	2,567	262
South	2,893	Nil	1,501	0
Total	12,274	Nil	5,064	282

Thus, due to failure of the Department to inspect premises of all the FBOs, an assurance as to whether FBOs were complying with food safety standards, could not be drawn.

2.2.4.2 Lifting of samples

The Department is vested with the mandate of lifting samples of various food items and sending them to laboratory for analysis to ensure that FBOs are following food safety standards properly. However, audit scrutiny of records revealed deficiencies in enforcing the food safety standards by the Department.

(a) Samples lifted not commensurate with number of licenses/RCs issued:

Though, no specific targets were fixed by the Department for FSOs regarding number of samples to be lifted and number of FBOs to be covered, audit scrutiny revealed that during 2011-16, only 7,470 samples, i.e. about four samples per day, were lifted from the food establishments (with or without valid license/RC) against 49,796 licenses and RCs issued during the same period. Further, the number of samples which were found non-conforming to the safety standards increased from 139 to 239 (72 *per cent*) during 2011-12 (August 2011) to 2015-16 while the number of samples lifted by the Department decreased from 1,942 to 1,473 (24 *per cent*) indicating an inadequate surveillance system of the Department to ensure safety of food items being sold in Delhi.

The Department stated (November 2016) that it focused on lifting limited samples instead of large numbers of samples for effective detection of sub-standard or otherwise non-conforming samples. Reply is not acceptable as decrease in the number of samples from food establishments reflects the inability of the Department to deter FBOs from dealing in non-conforming food items.

(b) Non-testing of food samples for food safety parameters:

Audit scrutiny of selected 375 food sample analysis reports revealed that in 55 mass consumption food items, the samples were declared conforming to food safety standards without analyzing all parameters prescribed by FSSAI which included metal contaminants, pesticides, microbiological safety, naturally occurring toxic substances and anti-oxidants (**Annexure 2.2.3**). It was further observed that the Department did not send the samples for testing to other NABL accredited laboratories as instructed by FSSAI in November 2014. Declaring a food sample conforming to food safety standards without testing it according to prescribed procedure and parameters amounts to compromising with the quality of food and provides a false assurance as to the enforcement of food safety standards.

The Department stated (November 2016) that it was pursuing the purchase of reference standards of metal contaminants, pesticides and other consumables required for analysis of these parameters. It added that FSSAI would provide manpower and consumables alongwith equipment for three years after which food articles would be analysed in totality.

(c) Non-fixing of criteria for lifting of samples of food articles

(i) Audit noticed that the Department prescribed no criteria for lifting food samples. Samples were being lifted in an arbitrary manner. The FBO from where a sample is lifted was not linked to the license/RC in the absence of which it could not be ensured whether samples of all FBOs were analysed. The Department stated (November 2016) that it was issuing show-cause notices to FBOs not having licenses/RCs.

(ii) In selected districts, 59 food samples of 56 FBOs were declared 'Unsafe' for human consumption from 5 August 2011 to 31 March 2016. However, the Department re-visited the premises of only six FBOs for lifting samples. In the absence of analysis of subsequent samples, it could not be ensured that the remaining 50 defaulting FBOs had taken remedial measures to supply safe food.

The Department stated (November 2016) that some dealers were re-visited, but it was not possible to visit all dealers whose samples were found unsafe in the past due to staff constraints. Fact remains that in the absence of re-analysis of food samples, supply of safe food to the consumers cannot be ensured.

(iii) The Department fixed (March 2014) the norms for number of samples to be lifted from a particular food establishment as detailed in **Table 2.2.5** below:

Table 2.2.5: Norms for lifting samples of food items

Sl.No.	Number of items in which FBO is dealing	Minimum number of samples to be lifted
1	10	1
2	10-15	2
3	More than 15	5
4	Complaint cases	All items mentioned in the complaint

Audit scrutiny of records in three selected districts revealed that during 2011-16, only one food sample was lifted from each premise irrespective of number of items being sold by FBOs. This was indicative of a casual approach on the part of the Department in enforcing its own orders regarding lifting of number of samples. The Department attributed (November 2016) it to shortage of staff. The reply is not tenable as audit observation relates to those cases only where the Department visited the premises of food establishments but did not lift prescribed number of samples.

(iv) The Department had fixed no criteria for the type of sample to be lifted from FBOs dealing in various kinds of food items/ingredients. In 375 test checked cases, it was observed that the Department visited 168 food establishments selling prepared food items; however, instead of lifting samples of prepared food items, samples of only one of the ingredients used in their preparation was lifted in 158 cases (94 per cent).

The Department stated (November 2016) that it was not feasible to fix in advance the type of sample to be lifted and that sample of prepared food items were being lifted. The contention of the Department is not correct as after the matter being pointed out by Audit, the Department itself issued instructions (June 2016) to all FSOs to invariably lift samples of prepared food and to lift second sample of spices if their quality was found to be poor or adulterated.

(d) Lack of initiative in preventing adulteration of milk: Milk is a mass consumption food item consumed not only by infants but also by public at large due to its nutritive value. The National Survey on Milk Adulteration-2011 was conducted by FSSAI to ascertain the quality of milk and identify different types of adulteration in milk throughout the country. Survey disclosed that, on an average, 68.40 *per cent* samples did not conform to the safety standards in the country whereas 70 *per cent* of the samples from Delhi were found to be adulterated. As indicated by the study, the common adulterants were water, re-constituted milk and detergent. The Supreme Court also directed (November 2014) the Union and the State Governments to take measures to completely rule out the sale of adulterated and synthetic milk allegedly prepared by materials like urea, detergent, refined oil and caustic soda.

Scrutiny of records revealed that the Department analysed 324 samples of milk during the period from 5 August 2011 to 31 March 2016. Out of these, 274 samples were found 'genuine', three 'misbranded' and 47 'sub-standard.' However, the samples were not tested for micro-biological²⁶ safety, presence of metal contaminants, pesticides, caustic soda, refined white paint and refined oil. Moreover, nitrate tests, as specified in para 1.2.10 of the Laboratory Manual of FSSAI, were not conducted for detecting addition of pond water in the milk nor were the samples tested for detecting formalin as an adulterant. Prior to 12 June 2015, milk samples were not tested for the presence of detergent also. Thus, stopping supply of adulterated milk was not ensured.

The Department stated (November 2016) that the FSS Regulations prescribe the mandatory standards for analysis of food article whereas the Manual of Analysis prescribes methods of analysis wherever required and which are not required in all cases. It further stated that the State Food Laboratory had added the test of nitrate, formalin and method of sample preparation in its analysis report as observed by Audit. Reply is not tenable as the method of sample preparation for proper homogenization prescribed in the Manual for Analysis of Milk and Milk Product, was not applied. Moreover, samples were not tested for all the parameters²⁷ for ensuring food safety standards notified by FSSAI under various regulations.

²⁶Food Microbiology encompasses the study of microorganisms (bacteria/germs) which have poisonous effects on the quality and safety of raw/processed food and is concerned with areas of food poisoning, food spoilage and food preservation.

²⁷(1) General Parameters (tests not performed for natural colours, added preservatives, synthetic colours, anti-oxidants and non-nutritive sweeteners, (2) Metal contaminants, (3) Other contaminants, (4) Contaminants, (5) Microbiological and (6) Pesticides

(e) **Inadequate testing of vegetables and fruits for pesticides residue:** As per Section 21 of the Act, no article of food shall contain insecticides or pesticides residues in excess of such tolerance limits as may be specified by regulations. In compliance to the directives (5 March 2014) of the High Court of Delhi, the Department lifted 2,686 samples during 2014-15 and sent them for analysis to the State Grading Laboratory of the Directorate of Agricultural Marketing. Ten out of 2,686 samples, lifted from FBOs in Delhi, were detected with pesticides residue above the prescribed limit. Further scrutiny revealed the following:

- Out of the 2,686 samples, 2,676 samples were reported conforming to the food safety standards by the State Grading Laboratory though it was neither accredited by NABL nor notified by FSSAI. It was observed that against 113 types of pesticides for fruits and vegetables (including 53 banned pesticides), the laboratory was equipped to test only 28 types of pesticides including 18 banned pesticides. This indicated that 2,676 samples were declared conforming to food safety standards without testing for 85 (75 per cent) remaining pesticides including 35 (66 per cent) banned pesticides thereby exposing the people of Delhi to health hazards on consuming vegetables and fruits contaminated with pesticides residue.
- Test reports showed (April 2015) presence of pesticides residue above permissible limits in 10 samples of *mausmi*, pear, french beans, cabbage and green onion. However, the Department did not subsequently lift and test even a single sample of these items during 2015-16.

Thus, there was no assurance that vegetables and fruits met the prescribed food safety standards.

The Department stated (November 2016) that it had forwarded a list of 58 pesticides for monitoring of residue by the State Grading Laboratory. It further stated that target of lifting of samples could not be achieved due to shortage of enforcement staff. Reply confirms the audit observation regarding inadequate testing of vegetables and fruits for pesticides residue. Moreover, with a view to ensuring that the vegetables and fruits meet the prescribed food safety standards, the Department could have explored other laboratories notified by FSSAI for testing.

2.2.4.3 Prosecution and adjudication cases

The Act empowers the Government to take action against defaulting FBOs by instituting cases for prosecution or adjudication²⁸ depending upon the gravity of the offence²⁹. Audit scrutiny of the records revealed that there were lapses in

²⁸As per FSS Rules 3.1.1 (2), if DO decides that contravention to the Act is not punishable with imprisonment but only with fine, he shall cause and authorize the FSO to file with the Adjudicating Officer an application for adjudication of the offence alleged to have been committed by the person from whom the food sample has been taken.

²⁹Sections 42 and 59 (i) of the Act

instituting cases for prosecution and taking follow up actions by the Department as enumerated below:

(i) As per Section 42 (3) of FSS Act, the Designated Officer, after scrutiny of the report of Food Analyst, shall decide as to whether the contravention is punishable with imprisonment or fine only and in the case of contravention punishable with imprisonment, he shall send his recommendations within fourteen days to the Commissioner of Food Safety for sanctioning prosecution. Scrutiny of 'Case Institution Register' maintained by the Department revealed that in three districts, there was adverse test reports from Food Analyst in 28 cases, but sanction for prosecution was initiated with delay³⁰ of more than six months in 13 cases.

The Department stated (November 2016) that according to the provisions of Section 77 of the Act, the limitation for filing the case for prosecution is one year. It further stated (November 2016) that as per section 46 (4), an appeal against the report of Food Analyst lies before the DO who has the power to refer the matter to the Referral Food Laboratory which may take time. The reply is not tenable as delay in filing cases against concerned FBOs puts the health of general public at risk as defaulters would continue to operate in the intervening period till action was initiated by the department.

ii) As per section 96 of Act, if a penalty is not paid, it shall be recovered as an arrear of land revenue and the defaulter's license shall be suspended till the penalty is paid. Audit scrutiny revealed that, as of March 2016, samples of 524 FBOs were found non-conforming to the safety standards and adjudication proceedings were to be launched. However, adjudications were filed during 2011-16 in only 401 cases out of which final orders were passed in 168 cases where penalty of ₹ 104 lakh was imposed. Though, ₹ 56.91 lakh was recovered as of June 2016, the Department did not have case-wise and year-wise details of defaulting FBOs from whom penalty was recoverable. In the absence of such details, the Department was not in a position to keep track of the recovery of balance penalty of ₹ 47.09 lakh and thus, could not initiate any action for suspending the license/RCs of the defaulting FBOs as envisaged in the Act.

The Department stated (November 2016) that in the absence of directions from the Adjudicating Officer regarding non-payment of fine by the FBOs, no license was suspended or cancelled by it. The reply is not acceptable as Department did not maintain case-wise and year-wise details of 168 cases wherein final orders were passed by the Adjudication Officer and penalty of ₹ 47.09 lakh was pending recovery from the defaulting FBOs.

³⁰ Delay calculated from 14 days from date of receipt of Laboratory report by the DO from the Food Analyst.

2.2.5 Grievance redressal mechanism, awareness, and Information, Education and Communication (IEC)

Creation of awareness among all stakeholders and general public is an important factor for any social programme or scheme to be successful. Enforcement of food safety standards is no exception. In addition, a sound grievance redressal mechanism facilitates a strict vigil on compliance of food safety norms by FBOs. Scrutiny of records revealed the following:

2.2.5.1 Grievance redressal mechanism

(i) The citizens' charter of the Department stipulates a time frame of 45 days for the disposal of a complaint. Audit noticed that 114 (45 *per cent*) out of 252 complaints received during 2011-16 were pending disposal as of July 2016. The pendency in 65 of these complaints ranged between two and three years (**Annexure 2.2.4**). Further, in 67 out of 138 cases which were disposed, the Department did not mention details of final disposal of complaints and action taken on its website.

The Department stated (November 2016) that all complaints were attended within the time frame as per its citizens' charter. It added that directions had been issued to the concerned officers regarding non-availability of action taken reports.

(ii) FSSAI forwarded 58 complaints to the Food Safety Commissioner, Delhi from 30 November 2011 to March 2016 for taking necessary action. However, neither details of these complaints were uploaded on website nor were records relating to action taken shown to Audit. As a result, status of redressal of public grievances could not be commented by audit. The Department stated (November 2016) that the complaints of FSSAI had been attended to and supported its stand with documentary evidence regarding action taken in case of 10 complaints of the period 2014-16. However, due to non-submission of action taken report for the remaining 48 complaints, status of redressal of public grievances could not be commented by audit.

2.2.5.2 Creation of awareness for food safety among stakeholders

Scrutiny of records revealed shortcomings in creation of awareness for food safety among various stakeholders i.e. consumers and FBOs, as discussed below.

(i) The Central Advisory Committee (CAC) emphasized (April 2012) the need for organizing promotional activities for various stakeholders to make them aware of the essential elements of the Act. It was, however, observed that prior to 11 August 2014, the Department did not issue any notice for creating awareness among public despite the fact that the timeline for obtaining Registration/license was extended repeatedly (upto 4 August 2012, 6 December 2013, 4 February 2014 and 4 August 2014) by the FSSAI.

The Department stated (November 2016) that it regularly interacted with trade/market representatives to emphasize on the need to obtain license/registration and the procedure to be followed. It further stated that some NGOs helped in generating awareness in this regard. However, no supporting evidence was furnished to audit.

(ii) With a view to creating awareness on food safety among various stakeholders, the Department printed (November 2012) 36,500 booklets. However, records relating to distribution and impact assessment reports were not made available to Audit.

The Department stated (November 2016) that sufficient IEC material was distributed among various stakeholders including FBOs and consumers.

2.2.5.3 Information, Education and Communication (IEC) activities

The CAC advised (July 2012) all Food Safety Commissioners to take up with their governments the issue of ploughing back at least 75 *per cent* of license fee collected for carrying out Information, Education and Communication (IEC) activities. The Department accepted (June 2016) that though it had participated in *Melas*, Food Festivals for awareness of consumers, no other IEC activities were ever planned by it. It was further noticed that though fees of ₹ 15.38 crore was collected by the Department during 2013-16, it did not initiate any proposal for utilizing funds for IEC activities. The Department stated (November 2016) that funds could not be utilized due to paucity of staff coupled with other procedural constraints.

2.2.6 Monitoring and evaluation

Internal control system is a management tool used to provide assurance that the objectives of the organization are being achieved as planned. The internal control system ensures monitoring and evaluation of strict adherence to statutes, prescribed codes and provisions of manual to minimize risk of errors and irregularities in the day to day functioning of an entity. Deficiencies noticed in internal control and monitoring system in the Department are as under:

2.2.6.1 Non-maintenance of records

Audit observed that DOs did not comply with the instructions issued by the Commissioner for maintenance of:

- Daily diaries regarding allocation of field duties for FSOs and preparation of rosters for lifting of samples by the FSOs;
- District-wise complaint registers in electronic and manual form for monthly submission to the Commissioner; and
- Progress registers to monitor the pendency of cases in various courts.

This showed poor internal control and lack of initiative in enforcing compliance to the internal orders for monitoring the implementation of the Act.

The Department stated (November 2016) that daily work assigned by the DO to the FSO is maintained on the portal showing all the details of samples taken. The Department attributed the improper maintenance of complaint register to shortage of staff. The reply is not acceptable as the portal of the Department shows only the details of samples lifted by the FSOs and not the roster of duties allocated to them.

2.2.6.2 Inadequate monitoring of issue of licenses and RCs

As per information on Food Licensing and Registration System (FLRS) module, 19,075 applications for licenses and 52,497 for RCs were submitted by FBOs from January 2014 to March 2016. It was, however, noticed that the Department did not issue license and RCs to 5,431 and 19,123 FBOs respectively due to non-updation of the status of applications submitted by the FBOs which were pending for periods upto two years as detailed in **Annexure 2.2.5**. The status of applications for issue of licenses/RCs shows lack of initiative and poor monitoring system on the part of the Department to cover eligible food establishments under the Act.

The Department stated (November 2016) that the system can only update the payment status as to whether the required fee has been deposited by FBO in the bank. It added that the issue of licensing and registration was an ongoing process wherein previous applications were processed and new ones added. Reply is not acceptable as Regulation 2.1 of FSS (Licensing & Registration) Regulations, 2011, provides for processing of application within stipulated time frame. Department's reply indicates inadequate monitoring on the part of the Department regarding status of applications and poor co-ordination with the bank.

2.2.6.3 Non-reconciliation of figures of samples lifted and sent for testing

All samples lifted by the FSOs are allotted a unique identity number termed as DO slip number before these are sent to the State Food Laboratory for testing. Scrutiny of records showed that there was no mechanism for allotting DO slips to the Designated Officers and reconciliation of DO slips issued and actually utilised. The Department printed 15,000 DO slips during 2011-16; however, DO slips bearing serial number from 6,301 to 7,500 (1,200 DO slips) were not issued to any DO though subsequent numbers from 7,501 onwards were shown as issued which is fraught with the risk of DO slips being misused. Moreover, in 34 cases, DO slips having same number were used for lifting of samples more than once which indicates misuse of these slips as one DO slip is to be used to lift only one food sample. In the absence of reconciliation of DO slips issued and actually utilized, there was no assurance that the DO slips were not being misused and all samples were sent to Laboratory for testing.

The Department stated (November 2016) that any DO slip which is not signed or stamp marked by the DO is merely a piece of paper and has got no statutory identity.

2.2.6.4 Absence of monitoring of returns by manufactures/licensees

As per FSS Regulations³¹, every licensee shall on or before 31st May of each year, submit annual and half-yearly returns in respect of each class of food (substituted by manufacturer w.e.f. 10 June 2014) of food products handled by it during the previous financial year. It was, however, observed that the Department had no mechanism in place to monitor submission of these returns.

The Department stated (November 2016) that in the absence of provision in the Food Licensing and Registration System (FLRS) for submission of annual return by FBOs, it was unable to monitor the submission of details of return in prescribed form. It added that the matter was under consideration of FSSAI and the system was being developed by National Institute for Smart Government (NISG).

2.2.7 Conclusion

The regulatory and administrative mechanism for enforcement of the Act was weak as the Department neither conducted any survey to identify Food Business Operators carrying on business without licenses/RCS nor maintained a database of FBOs. The Department lacked infrastructure in terms of requisite manpower and upgraded State Food Laboratory which led to inadequate lifting and testing of samples and inspection of food establishments, thereby, not providing any assurance about compliance with food safety norms by FBOs. Non-adherence to various provisions of the Act and improper maintenance of records indicated a weak internal control system. Non-compliance with key provisions of the Act compromised with the quality of food, posing serious health hazard to the general public.

2.2.8 Recommendations

In light of the audit findings, the Department may:

- *Evolve a mechanism to maintain database of food business operators by conducting survey of all food business operators;*
- *Upgrade the State Food Laboratory supported by adequate technical/ supporting staff and latest equipment;*
- *Fix targets for conducting inspections of the food establishments on regular basis and develop a protocol for lifting of food samples for various categories of food items based on risk assessment; and*
- *Strengthen monitoring mechanism for strict enforcement of the food safety norms.*

The matter was referred to the Government in September 2016; their reply was awaited (December 2016).

³¹2.1.13 of FSS (L and R) Regulation

Department of Health and Family Welfare

2.3 Up-gradation of Healthcare Facilities in Delhi

In National Capital Territory of Delhi, healthcare facilities are managed by the Department of Health and Family Welfare (DHFV). The performance audit of 'Up-gradation of Healthcare Facilities in Delhi' covering the period 2010-16 brought out that plans and projects for upgradation of health facilities in NCT of Delhi were marked with poor planning and execution resulting in delay in fructification of projects and denial of the intended benefits to needy patients. Some of the significant audit findings are summarized below:

Highlights

- *Directorate of Health Services (DHS) took possession of 77,558.35 sqm of land for 30 projects of new health facilities during 2007-16 at a cost of ₹ 14.26 crore and incurred additional expenditure of ₹ 3.28 crore on boundary walls, fencing, entry gates and security. But none of these plots were utilised as of August 2016.*

(Paragraph 2.3.3.1)

- *No headway could be achieved in 11 other projects of new hospitals with proposed bed capacity of 2,575 though executing agencies had been decided. DHS had incurred expenditure of ₹ 17.06 crore on these projects towards land cost, boundary walls and security.*

(Paragraph 2.3.3.2)

- *Maternal and Child Health (MCH) and Diabetes, Endocrine and Metabolic (DEM) Blocks of Guru Tegh Bahadur Hospital constructed at a cost of ₹ 72.07 crore remained underutilized even after 2-4 years of completion due to shortage of staff, non-installation of medical gas pipeline and delay in procurement of requisite equipment. Rajiv Gandhi Super Speciality Hospital and Janakpuri Super Speciality Hospital remained underutilized even after 4 to 8 years of completion due to non-recruitment of staff and lack of equipment.*

(Paragraphs 2.3.4.3, 2.3.4.4 and 2.3.4.5)

2.3.1 Introduction

Up-gradation of healthcare facilities is a continuous process necessary to maintain an adequate level of medical infrastructure for delivering effective, safe and quality health care to patients. The 12th Five Year Plan (2012-17) proposed certain key initiatives to improve health facilities including increasing the bed strength in existing hospitals, setting up of new hospitals, expansion and improvement of existing hospitals, procurement of machinery and equipment and expansion of operation theatres, blood banks and laboratories.

2.3.1.1 Organisational structure

In the Government of NCT of Delhi, healthcare facilities are managed by the Department of Health and Family Welfare (DHFV) headed by the Principal Secretary (Health). The Directorate of Health Services (DHS) and the Principal Secretary (Health) together control the administration of Government health institutions. A Planning Cell and a Hospital Cell under the DHS are vested with the responsibility of planning for and establishment of new hospitals. The administration of government hospitals/institutes is the responsibility of the concerned Director or Medical Superintendent of the hospital.

2.3.1.2 Audit objectives

The primary objectives of the performance audit were to assess whether:

- there was efficient planning for up-grading medical facilities and resource mobilization and upgraded facilities were created as per approved plans;
- the medical facilities were upgraded, fruitfully utilised for the purpose and intended benefits reached the beneficiaries;
- adequate manpower was available for the upgraded medical facilities to deliver healthcare services; and
- there existed an effective internal control mechanism.

2.3.1.3 Audit criteria

The following criteria were used in the performance audit:

- Policies of the Department of Health and Family Welfare and DHS as reflected in their Annual Plans and Master Plan-2021;
- Norms for staff, infrastructure and other facilities for hospitals as prescribed by Department of Health and Family Welfare; and
- Guidelines/instructions issued by NCT Government for procurement of drugs and medical equipment for upgraded facilities.

2.3.1.4 Audit scope and methodology

The performance audit of 'Up-gradation of Healthcare Facilities in Delhi' covering the period 2010-16 in respect of healthcare facilities under GNCTD was carried out from May to September 2016. Audit commenced with an entry conference on 26 May 2016 wherein the audit objectives, scope and criteria were discussed with heads of selected hospitals, DHS and DHFW. Records were examined in DHS and 10 hospitals³² out of 39 hospitals selected through random sampling. Besides, records in PWD were also checked for examining execution of works of expansion of existing hospitals and construction of new hospitals.

³² (1) Lal Bahadur Shastri Hospital (LBSH), (2) A & U Tibbia College and Hospital (AU Tibia), (3) Janakpuri Super Specialty Hospital (JSSH), (4) Deep Chand Bandhu Hospital (DCBH), (5) Maharishi Valmiki Hospital (MVH), (6) Lok Nayak Hospital (LNH), (7) G.T.B. Medical College and Hospital (GTBH), (8) Rajiv Gandhi Super Specialty Hospital (RGSSH), (9) G.B. Pant Hospital (GBPH), and (10) Dr. Baba Saheb Ambedkar Hospital (BSAH).

An exit conference was held on 30 September 2016 with the Joint Secretary (Health) on the audit findings. Thereafter, a draft report was issued to the Secretary (Health), on 18 October 2016. The response of Government (November 2016) has been suitably incorporated in the Audit Report.

Audit findings

2.3.2 Budget allocation and utilisation

Budget allocation and its utilisation by 10 selected hospitals is depicted in **Table 2.3.1** below:

Table 2.3.1: Budget Allocation and Utilisation

(₹ in crore)

Year	Budget	Expenditure	Saving	% of Saving
2010-11	92.80	65.27	27.53	29.67
2011-12	80.86	74.38	6.48	8.06
2012-13	136.50	114.58	21.92	16.06
2013-14	186.40	183.87	2.53	1.36
2014-15	201.90	184.76	17.14	8.49
2015-16	123.60	96.95	26.65	21.57
Total	822.06	719.81	102.25	12.44

Source: Demand for Grants and PWD (for expenditure figures).

Both the budget allocation and utilization have been on an increasing trend during 2010-11 to 2014-15. The sudden decrease in allocation and utilization by 38.78 per cent and 47.52 per cent respectively from 2014-15 to 2015-16 was due to less budget demand and progress of works. Throughout the period, the percentage of savings was limited in the range of 1.36 per cent to 29.67 per cent which was attributed to slow progress of work. Hospital wise budget allocations and expenditure are given in **Annexure 2.3.1**.

2.3.3 Planning for up-gradation of medical facilities

Planning is one of the most important aspects of any project management and is defined as preparing a sequence of action steps to achieve some specific goal. Audit noticed poor planning in acquiring land and establishing new hospitals as detailed in the following paragraphs:

2.3.3.1 Possession of land taken over but not utilised

Test check of records revealed that DHS took possession of 77,558.35 sqm of land for 30 planned projects of health facilities in NCT of Delhi during 2007-16 from land owning agencies. This included 26,966.71 sqm for 15 projects free of cost from the Panchayat Department (PD) at 14 different locations³³ and

³³(i) Ghevera, (ii) MadanpurDabas, (iii) Nizampur (two plots), (iv) Chandanpur, (v) Qutabgarh, (vi) Junati (vii) Mundka, (viii) Bakkarwala, (ix) ShafipurRanholla, (x) Bankner, (xi) Garhi Khusro, (xii) Quadipur, (xiii) Hiranki, and (xiv) SalahpurMajra.

50,591.64 sqm of land consisting of 15 plots³⁴ for 15 projects purchased from Delhi Development Authority (DDA), Delhi Urban Shelter Improvement Board (DUSIB) and PD at a cost of ₹ 14.26 crore (**Annexures 2.3.2 & 2.3.3**).

With regard to 30 planned projects where possession of land had been taken over in 2007-16, Audit observed the following:

- (i) DHS incurred ₹ 3.28 crore on erection of boundary walls, fencing, entry gates and security on 15 of these 30 plots during the period from January 2010 to September 2014. Preparatory work like site inspection and formation of medical functional programme was still going on in respect of all these plots and these were yet to be utilised.
- (ii) DHS took over 14,400 sqm of agriculture land at village Bamnoli at a cost of ₹ 3 crore for 200 bedded hospital (January 2010) and 6,951 sqm at village Jhatikara costing ₹ 47.57 lakh for 100 bedded Maternity-cum-Health Centre (September 2009). Subsequently, when DHS approached DDA for change of land use, DDA intimated (May 2011) that the land falls under Green Belt Area as per Master Plan of Delhi-2021(MPD) where no construction activity is permitted. No further action has been initiated by DHS to get refund or an alternate land.
- (iii) Similarly, DHS took over 3,632.24 sqm of agriculture land costing ₹ 27.10 lakh at village Molar Band for 60 bedded hospital in June 2007. Subsequently, when DHS requested for change of land use (August 2007, April, August, October 2011, and November 2012), DDA intimated (November 2012) that proposed land falls under Planning Zone ‘O’- Yamuna-River Front where building construction is not permitted. DHS requested PD (April 2015) to either refund the cost of land or allot an alternate piece of land but neither any action for refund of land cost has been initiated nor an alternate land been allotted (December 2016).
- (iv) Development of 15 plots that were received from the Panchayat Department could not progress due to revision of parking norms in Delhi, delay in construction, need for extra space, land disputes, land use change and NOC from DDA.

Thus, DHS was unable to utilise any of the 30 plots acquired at a cost of ₹14.26 crore for the intended purpose of establishing health facilities though 46 *per cent* had been in their possession for more than 2-3 years. This was attributable to failure to ascertain availability and suitability of the land for the intended purpose with reference to MPD 2021 at the stage of planning and release of funds to the land owning agency and poor coordination.

DHS stated (September 2016) that land was allotted to DHS prior to notification of MPD-2021 which introduced many changes in norms for land use resulting in

³⁴(i) Bamnoli, (ii) Jhatikara, (iii) Molar Band, (iv) Shastri Park, (v) Sector 23, Rohini, (vi) Gandhi Vihar, (vii) Sector 4, Rohini Extn.(viii) Tahir Pur, (ix) NarainaVihar, (x) Bindapur, (xi) JJ Colony, Nangloi, (xii) Dariyapur Kalan, (xiii) Neb Sarai (xiv) Kapashera, (xv) Baprolla.

the original plans not materializing. The reply is not tenable as MPD 2021 came into force on 07 February 2007 whereas these 30 plots were acquired between June 2007 and June 2015.

2.3.3.2 Lack of progress in execution of projects

In addition to the unutilized plots discussed in the preceding paragraph, DHS purchased land at a cost of ₹ 15.40 crore during the years 1986-2014 for establishing 11 new hospitals with proposed bed capacity of 2,575. The works were entrusted to executing agencies but no headway could be made due to various reasons as tabulated in Table 2.3.2 below:

Table 2.3.2: Status of 11 hospital projects as on 31 August 2016

Sl. No.	Project	Area of land (date of possession)	Status/Remarks
1.	200 Bedded Hospital at Hastsal, (Vikaspuri)	15,139.15 sqm (10/2006)	The Government first decided (March 2011) to take up the project on Public Private Partnership (PPP) mode, but dropped the decision in October 2011. Preliminary estimates (PE) submitted in March 2013 and March 2015 by Delhi State Industrial and Infrastructure Development Corporation Ltd. (DSIIDC) (entrusted with project in December 2011) were not accepted due to inclusion of departmental charges. The project was finally entrusted to PWD in July 2016, 10 years after possession. DHS had paid ₹ 2.14 crore as land cost.
2.	200 Bedded Hospital at Jwalapuri	20,234.30 sqm (07/2008)	Project was given to DSIIDC in May 2011. In September 2013, DDA changed land use only for 15,661.33 sqm, but DSIIDC submitted (January 2014) a layout plan for entire 20,234.30 sqm, which was turned down by North DMC in October 2014. The project was handed over to PWD in July 2016 after 8 years of possession on the ground of levy of departmental charges by DSIIDC. DHS paid ₹ 1.86 lakh as land cost.
3.	200 Bedded Hospital at Keshav Puram	7,689.03 sqm (11/2006)	Land for the hospital was acquired in November 2006. A private party filed litigation in December 2006, which was set aside only in October 2013. DHS had been requesting DDA (Oct/2014, Jan/2015 & May/2015) for allotment of an adjacent plot of 1,500 sqm for better connectivity of the allotted plot to a 45 meter wide metro road, but to no avail. DHS paid ₹ 135.08 lakh as land cost and ₹ 2.78 lakh as interest.
4.	200 Bedded Hospital of at Madipur	34,155.47 sqm (07/2010)	DDA changed land use of 25,292.85 sqm out of 34,155.47 sqm in October 2011. There was an encroached plot of 4,775.29 sqm of Delhi Urban Shelter Improvement Board (DUSIB), which agreed to hand it over to DHS for better entry to the site and enhanced Floor Area Ratio (FAR) to 375 from 200 to increase the bed capacity to 500 beds. There was no further progress as DHS was awaiting removal of encroachment from the additional plot. DHS paid ₹ 3.30 lakh as cost of the land.
5.	100 Bedded Hospital at KL Block, Sarita Vihar	6,319 sqm (08/2007)	GNCTD approved (July 2013) PE of ₹ 109.39 crore submitted by PWD but construction did not commence as environment clearance was received only in March 2015. In July 2015, consultant submitted revised proposal for 240 beds based on revised FAR. There was no further progress as of August 2016. DHS paid ₹ 1.08 crore as cost of land and ₹ 3.08 lakh on boundary wall.

Sl. No.	Project	Area of land (date of possession)	Status/Remarks
6.	100 Bedded MCH at Deendarpur	8,093.7 sqm (12/2014)	Land was allotted in December 2011. When inquired by DHS, DDA intimated (July 2013) that 100 bedded hospital was permitted on the plot. However, due to non-availability of funds in 2013-14, land cost of ₹ 1.67 crore was paid in September 2014 and possession was taken in December 2014. There was no further progress. DHS paid ₹ 1.67 crore as land cost and ₹ 7.88 lakh for its security.
7.	225 Bedded Hospital project at Chattarpur	37,231.08 sqm (08/2009)	The land was part of the ridge and adjacent to the land of Directorate of Training and Technical Education (TTE). On the request of DHS in April 2011, DDA intimated in February 2013 that land use change would be cleared by Ridge Management Board. In December 2014, on a suggestion that an alternative piece of land can be swapped with the existing 55,037.25 sqm land of DHS and TTE, LG approved (May 2016) swapping of the land, which was under process as of June 2016. DHS paid ₹ 2.73 crore as land cost.
8.	200 Bedded Hospital Project at Siraspur	80,937.10 sqm (01/1986)	The land was under encroachment at the time of taking possession. Thereafter, the encroacher went into litigation, as a result of which there was no further progress till September 2010. DHS forwarded concept drawings to PWD for scrutiny in August 2012. The Secretary (Health) decided (January 2016) to plan for a 1,500 bedded hospital, a Medical College and Trauma Centre on the proposed land. DHS paid ₹ 1.27 lakh as land cost (1986).
9.	200 Bedded Hospital at Burari	16,000 sqm (03/1999)	The project was under litigation from May 2001 to October 2009. Land use was changed from 'agriculture' to 'institutional' in 2005 and PWD appointed a consultant (March 2008) at a fee of ₹ 2.57 crore. Foundation stone laying ceremony for hospital was also held in October 2008. Due to increase in FAR, GNCTD instructed (March 2015) to redesign the plan of hospital to increase the bed strength from 200 to 800. Approvals for revised plan from statutory bodies were under process. DHS incurred an expenditure of ₹ 88.67 lakh (₹ 58.67 lakh as land cost, ₹ 18.32 lakh on boundary wall, ₹ 3.86 lakh on foundation stone laying ceremony and ₹ 7.82 lakh on Bhumi Poojan).
10.	200 bedded hospital at Ambedkar Nagar	10,000 sqm (02/2009)	GNCTD decided (April 2013) that the Delhi State Health Mission under NRHM should bear the cost of the project (₹ 149.23 crore) and National Building Construction Corporation (NBCC) was nominated as executing agency with stipulated date of completion as October 2015. Meanwhile, GNCTD decided (May 2015) to re-plan the project to increase bed capacity from 200 to 600 beds. DHS paid ₹ 2.54 crore (₹ 1.88 crore as land cost, ₹ 49 lakh on boundary wall, ₹ 6.83 lakh for security, ₹ 9.57 lakh for foundation stone laying ceremony).
11.	750 Bedded Hospital at Dwarka	65,605 sqm (03/1997)	Administrative Approval and Expenditure Sanction of ₹ 156.77 crore was issued in December 2004 but there was no progress till June 2007 when GNCTD decided to increase the bed capacity to 750 and include provision of a Medical College in the Project. Revised PE of ₹ 350.09 crore was approved in November 2007. Tenders, invited in January and May 2008 could not be finalised due to pending approval from local bodies. Finally, work was awarded in August 2014 at a cost of ₹ 545.11 crore to be completed in 36 months. The current status of work was not provided to Audit, though called for. DHS incurred an expenditure of ₹ 4.46 crore (₹ 3.90 crore as land cost, ₹ 45.92 lakh on boundary wall and ₹ 9.85 lakh on foundation stone ceremony). This issue was also pointed out in the Audit Report (Non-PSU) of the C&AG for the year ended March 2010.

As brought out in the above table, DHS got possession of lands in three cases³⁵ prior to the year 1999, between 2006 and 2011 in seven cases³⁶ and during 2014 in one case³⁷. The works were entrusted to executing agencies viz. PWD, DSIIDC and NBCC but no headway could be achieved due to lack of foresightedness in accepting encroached or disputed lands or plots without reference to land use norms, frequent change of scope of work and delayed decision-making. Thus, despite investing ₹ 17.06 crore in acquisition of land, construction of boundary walls, fencings and security, the proposed new medical facilities could not be created.

2.3.4 Expansion/upgradation of existing hospitals and utilisation

Apart from establishing new hospitals and dispensaries, DHS also takes up works of expansion and up-gradation of existing medical facilities like increasing the bed capacity and adding new blocks in existing buildings.

2.3.4.1 Expansion of Lal Bahadur Shastri Hospital

(a) Enhancing bed capacity: Lal Bahadur Shastri Hospital (LBSH) is functioning since 1991 with capacity of 100 beds. The Ward Block had a provision for addition of two more floors to the present structure for accommodating 100 more beds. In June 2005, LBSH took possession of an adjacent plot measuring 7,703 sqm from DDA at a cost of ₹ 1.08 crore. Since then, various proposals for expansion of hospital including construction on adjacent plot were mooted without any final result as depicted in **Table 2.3.3** below:

Table 2.3.3: Sequence of proposals of expansion of LBSH

Sl. No.	Proposal	Reasons for change in the proposal or its Non-approval
1.	July 2006: Increasing the bed strength from 100 to 200 through vertical expansion of the hospital by constructing two additional floors on Ward Block and one floor each on OPD, Administration and Casualty wards.	Proposal was dropped by Expenditure Finance Committee (EFC) in September 2007 on the plea that health facility commensurate with the patient load cannot be achieved with mere addition of 100 beds.
2.	September 2007: EFC decided to explore the option of constructing a 500-750 bedded hospital on the adjacent land (7,703 sqm).	The construction of multi-storeyed building was not possible on the plot, as a High Tension Transmission (HTT) line was passing overhead diagonally. So, PWD was asked (August 2007) to explore possibilities of shifting or placing the HTT line underground. As it was not possible to shift or place the overhead line underground due to paucity of space and densely populated area around the said compound, no action was taken on this proposal.

³⁵Siraspur, Burari and Dwarka

³⁶Vikaspuri, Jwalapuri, KeshavPuram, Madipur, SaritaVihar, Chattarpur and Ambedkar Nagar.

³⁷Deendarpur

Sl. No.	Proposal	Reasons for change in the proposal or its Non-approval
3.	December 2008: LBSH mooted a fresh proposal of relocating the residential complex situated in the campus to the adjacent plot in 'L' shaped manner, develop a green belt under the HTT line and utilize the area of present residential complex for expansion of the hospital.	There was nothing on record regarding any action or cancellation of this proposal.
4.	January 2010: A proposal for construction of Mother and Child Hospital (MCH) and Trauma Block on the adjacent plot was moved.	No action was taken on this proposal. Neither was anything on record regarding cancellation of this proposal.
5.	August 2010: It was proposed to construct 150 bedded hospital on the adjacent land. A consultant was also appointed by PWD in February 2012.	In February 2013, the appointment of consultant was kept in abeyance. However, no reason was found on record for the same.
6.	August 2013: GNCTD approved the original proposal of LBSH to increase the bed strength to 200 from 100 beds through vertical expansion of the existing structure subject to technical feasibility, structural and seismic safety without taking cognizance of development in preceding years.	In a meeting held in February 2014 of LBSH and PWD officers, it was observed that for structural suitability and seismic study report, a specialized structural consultant was required and architectural planning was also required to be done holistically, incorporating all services like sewerage, water, lifts, air conditioners and electric supply.
7.	June 2014: LBSH decided to add 50 beds by adding one floor of semi-permanent structure on existing Ward Block on priority basis.	This decision also did not materialize as the Minister of Health during his inspection of LBSH (March 2015) decided to construct a permanent structure on the land opposite to administrative block to accommodate 200-300 beds, instead of semi-permanent structure.
8.	November 2015: A consultant was appointed by PWD for construction of new blocks, remodelling and up-gradation of existing block.	In January 2016, PWD requested LBSH to issue AA&ES of ₹ 2.10 crore for the consultancy fee. But, nothing was found on record regarding this AA&ES.
9.	March 2016: DMRC shifted the HTT line at its own cost.	No further progress as of August 2016.

Thus, LBSH remained a 100 bedded hospital even after having a vacant land in its possession for more than 11 years due to multiple change of plans and proposals.

(b) Establishing Histopathology Department: The 12th Five Year Plan envisaged establishment of a Histopathology Department in LBSH subject to availability of manpower and infrastructure. However, LBSH initiated no steps for creation of required posts and infrastructure for establishing Histopathology Department. In the absence of Histopathology facilities, LBSH sent 4,749 samples of histopathology investigation to Maulana Azad Medical College during 2010-16 causing avoidable inconvenience to patients.

2.3.4.2 Up-gradation of Maharishi Valmiki Hospital

The Expenditure Finance Committee approved (March 2013) a proposal of ₹ 51.37 crore for up-gradation of Maharishi Valmiki Hospital (MVH) by constructing a 100 bedded Mother and Child Health (MCH) Block. The MS (MVH) accorded expenditure sanction in April 2013 to PWD with stipulated period of completion as 36 months. The PWD completed the construction and handed over MCH block to MVH in June 2016. An expenditure of ₹ 39.30 crore had been incurred as of December 2015.

Audit observed that MVH sent the demand of equipment for the proposed MCH Block to Central Procurement Agency (CPA) in June 2015 which could not materialize till August 2016. In October 2014, DHFW also initiated steps to have Medical Gas Pipeline (MGP) for operationalization of newly constructed operation theatres in the MCH. PWD submitted (February 2015) a preliminary estimate of ₹ 3 crore for installation of the MGP which was revised to ₹ 3.12 crore in April 2016. PWD submitted the revised estimate to MVH which was returned (June 2016) to PWD with observations regarding inclusion of liquid oxygen in the proposal, final map of building and shifting of gas manifold to ground floor. Besides, Fire Clearance Certificate was yet to be obtained from the Delhi Fire Services and creation of posts for required staff for the new facility was still under process. Thus, due to lack of synchronization of basic activities related to installation of MGP, procurement of equipment, obtaining of fire clearance certificate and staff recruitment which are essential for establishing and operationalizing a new medical unit, the newly constructed MCH Block could not be put to use even five months after its construction.

2.3.4.3 Upgradation of facilities in Guru Teg Bahadur Hospital:

(a) Under-utilisation of Maternal and Child Health (MCH) Block: The Hospital constructed a 500 bedded MCH Block at a cost of ₹ 53.32 crore. The work was completed in October 2011. Audit observed that mandatory Medical Gas Pipeline (MGP) and modular operation theatres were yet to be established in the MCH Block as of August 2016 due to frequent changes in modalities of execution and scope. The proposal was finally sent to the Standing Finance Committee in December 2015 and approval was awaited as of November 2016.

(b) Diabetes, Endocrine and Metabolic (DEM) Blocks: In 2007, Guru Teg Bahadur Hospital (GTBH) planned to establish a Centre for Diabetes, Endocrine and Metabolic (DEM). The construction work was completed by PWD in March 2014 at a cost of ₹ 18.75 crore. However, services like ICU, clinical epidemiology research lab and molecular endocrinology lab were yet to be made operational as of August 2016 because of *inter alia* non-installation of MGP.

Audit noticed that GTBH had decided in September 2015 to replace its existing MGP plant with a new one of higher capacity in the hospital (including DEM Block) and sent the proposal (December 2015) of ₹ 29.27 crore to the Standing Finance Committee, approval for which was awaited as of August 2016.

Audit further noticed that GTBH sent requisition for 39 diagnostic equipment for DEM Block to HLL Life Care Limited in September 2013. However, out of 39 equipment, only nine were supplied by HLL as of August 2016. Acceptance of Tender (A/T) for three equipment was awaiting CPA's approval, re-tendering was to be done for 10 equipment and price bids for 12 equipment had been approved but was awaiting sanction of MS. In four cases, Letter of Credit account was to be opened and purchase order had been placed for one equipment.

Thus, lack of coordination and poor planning and execution of the projects resulted in non-operationalisation of augmented facilities depriving the patients of the intended benefits.

2.3.4.4 Partially functional Rajiv Gandhi Super Specialty Hospital

GNCTD acquired 5.39 hectare of land from DDA at a cost of ₹ 6 crore in March 1999 for construction of a 650 bedded Rajiv Gandhi Super Specialty Hospital (RGSSH) at Tahirpur. The hospital was constructed during December 2000 to April 2013 at a cost of ₹ 153.68 crore. Scrutiny of records revealed that GNCTD had decided in April 2008 to run the hospital on Public Private Partnership (PPP) mode and wrote to DDA for permission. DDA, however, refused (September 2011) to allow GNCTD to sell, transfer, assign or otherwise part with possession of the site. Thereafter, GNCTD decided to operationalise the hospital under society mode from September 2013. As per Memorandum of Association between RGSSH and GNCTD (September 2013), RGSSH was to provide advance infrastructure for diagnosis of various ailments and their treatment including cardiology, rheumatology, nephrology, gastroenterology, urology, general critical care, hematology, bone marrow transplant, endocrinology along with support specialties like radiology, pathology and microbiology. However, even after three years of operationalisation of the hospital under society mode, RGSSH has not started delivering all the services as summarized in **Table 2.3.4** below:

Table 2.3.4: Status of various services in RGSSH

Sl.No	Areas	Status	Reasons for non-utilisation
1.	Vacant floors and non-functional emergency ward	RGSSH presently provides OPD facilities in Gastro, Urology and Cardiac departments only.	The Hospital attributed the underutilization of facilities to insufficient outsourced staff, shortage of specialists, regular medical and para medical staff.
2.	Non utilization of Operation Theatres (OTs):	12 OTs (10 Modular and 2 Semi-Modular) were constructed, for which hospital procured 12 OT tables (₹ 1.12 crore), OT Pendants and Hatch Box costing ₹ 6.78 crore in March 2015.	No surgery was conducted due to non-availability of specialists as of March 2016. However, the Hospital intimated (November 2016) that there are 20 faculties with 55 Resident Doctors for three specialties (Gastro, GI Surgery, Cardio) and that three OTs have become functional.
3.	Non-availability of equipment for pathological tests	Facility for 19 types of tests related to biochemistry, five pathological tests and two microbiology tests was not available in RGSSH, though funds were not the constraint as financial statement of RGSSH for the year 2014-15 revealed ₹ 109.67 crore as unspent balance.	The facility for tests was not available for want of essential equipment even though the approximate cost of these essential equipment were meagre (only ₹ 2.91 crore). The Hospital informed (November 2016) that tendering of equipment was kept on hold by GNCTD.

RGSSH attributed non-availability of doctors and staff as the main constraint for full operationalisation of the hospital facilities as only 54 posts were sanctioned at the time of constitution of the Society. Additional 882 posts, required for first phase commissioning for 250 inpatient beds were sanctioned in November 2015.

2.3.4.5 Under-utilisation of Super Speciality Hospital at Janakpuri

The construction of Janakpuri Super Speciality Hospital (JSSH) was completed in March 2007 at a cost of ₹ 71.95 crore. However, even after the inauguration of the hospital with a total built up area of 44,475 sqm, only an area of 16,236.46 sqm (36.9 per cent) was being utilized for services like OPD and laboratory and built up area of 28,238.19 sqm was lying vacant (August 2016). Status of underutilized services/shortcomings in the five storied hospital is discussed in **Table 2.3.5** below:

Table 2.3.5: Status of underutilized services/shortcomings

Sl.No	Shortcomings	Details of Shortcomings
1.	Non-functional services	JSSH started its Indoor Patient Department (IPD) services with 26 beds with effect from February 2015, but dietary services were not available for IPD patients. No emergency services were being provided by JSSH as of August 2016. Neither OT/ ICU services nor Central Sterile Services Department (CSSD) was started.
2.	Non-availability of MRI machine	JSSH has non-invasive Cardiology, Neurology, Nephrology, Gastroenterology and testing facilities, like Electro Cardio Graphy, EMG, Halter, TMT, MCV, other blood investigation facilities, and one Digital X-Ray ventures, but it does not have MRI facility. Request to purchase MRI machines and one additional Digital X-Ray ventures was made to HLL in January 2014, which finalized the tender document and submitted it for approval in March 2015 to GNCTD. However, machines were still awaited even after lapse of three years as of November 2016.
3.	Blood Bank not established	An area of 3000 sqft was earmarked in the basement (August 2013) for Blood Bank and approved by the State Blood Transfusion Council, GNCTD. PWD was sanctioned ₹ 1.15 crore (₹ 73.26 lakh for development of Blood Bank, ₹ 22 lakh for electrical work and ₹ 19.29 lakh for water cooled castle units) in November 2013, March and July 2014. However, Blood Bank was not functional as of August 2016.
4.	Non-functional Delhi State Cancer Institute, Janakpuri	A separate two storied building for Oncology Services was constructed in March 2007. In July 2008, GNCTD decided to explore the feasibility of taking over of this building by the Delhi State Cancer Institute (DSCI), but it took four more years to decide the matter and OPD and Radiotherapy Blocks were handed over to DSCI in June 2012. Another wing at first floor of the main building was also handed over to DSCI in August 2012 for setting up 50 bedded general ward for cancer patients. DSCI carried out essential modifications/ restorations to start the OPD services in March 2013. However, the building was lying unused for over six years. Tenders for procurement of medical equipment were finalized in 2014-15, but approval from Department of Health was awaited as of November 2016.

JSSH stated (November 2016) that services like IPD, emergency, casualty and surgical services could not be started due to non-availability of faculty and specialists. Non-availability of trained blood bank staff and medical officer caused the delay in functionalization of blood bank services.

Further, during 2013-15, DSCI incurred an expenditure of ₹ 2.13 crore on modification and up-gradation of 50 bedded ward and ₹ 2.55 crore on renovation/modification of oncology building. However, ward services could not be made functional due to non-availability of sanctioned posts. The administrative department recommended creation of 334 posts of various categories in March 2015 to the Department of Health. However, approval for the same was awaited as of August 2016.

2.3.4.6 Underutilisation of Modular OT in Govind Ballabh Pant Hospital

The Govind Ballabh Pant Hospital (GBPH) awarded a contract for construction of six neurosurgery OTs, clean rooms and support areas, ICU and staff accommodation to a firm in March 2007 at a tendered cost of ₹ 6.14 crore. The contractor was to complete the work within 180 days and provide comprehensive warranty for initial five years and free Annual Maintenance Contract (AMC) for next five years. The work was completed in March 2010 after a delay of 30 months. The CMC period started from April 2010 and AMC from April 2015.

Similarly, GBPH awarded another contract on the same terms for construction of four Modular OTs for Liver Operations to the above firm in September 2008 at a tendered cost of ₹ 2.95 crore, to be completed within 180 days. The site was handed over to contractor in March 2009 and work was completed in March 2012 after a delay of 30 months. In this case, the CMC period started from April 2012 and AMC from April 2017.

Both the agreements contained a provision that in case of defects, the contractor may be called upon to rectify the defects and in the event of his failure to do so, the Department may get the repair done from the open market and the cost of such repairs alongwith losses/compensation may be recovered from the contractor.

Audit noticed that the Hospital conducted (July 2012) a technical audit which pointed out defects such as water seepage in ICU and OT areas, high temperature in OT corridors and entrance lobby and significant vibration in floor which were covered under the comprehensive warranty. These defects were conveyed to the contractor who however failed to rectify them. Instead of invoking the clause of the contract stipulating recovery of the cost of repairs, losses, compensation and damages from the firm, GBPH, approached GNCTD (May 2016) with a request to hand over the maintenance of OTs to PWD in the interest of patient care and safety. But no action was taken as of August 2016. Hospital stated (December 2016) that lesser number of patients were operated as OT was non-functional in neurosurgery department for 2.5 years out of 3 years (March 2013 to November 2016). Thus,

Modular OTs under Neurology and Gastro Intestine Surgery remained under utilised, depriving patients of the facilities even after incurring an expenditure of ₹ 8.23 crore on the Neurosurgery and Liver OTs due to the failure of hospital authorities to either enforce the terms of the contract or rectify the deficiencies despite lapse of over 3 years.

2.3.4.7 Diversion of land meant for dispensary

In August 2010 DDA allotted land measuring 1,870 sqm to DHS for construction of dispensary building at Shakarpur at a cost of ₹ 35.25 lakh. The allotment letter expressly stated that the allotted land shall be used only for the construction of dispensary building and no other purpose whatsoever.

The construction of dispensary building was completed in July 2015 at the cost of ₹ 7.98 crore. However, no dispensary was opened in the building. Instead, Central Procurement Agency utilized two floors of the building while the remaining space was occupied by the Dengue Cell of DHS and Centralised Accident and Trauma Services. Hence, the building constructed at a total cost of ₹ 8.33 crore (cost of land and construction of building) was not used for the intended purpose in violation of express condition for allotment of land.

2.3.5 Human Resource Management

2.3.5.1 Shortage of doctors, nurse and paramedical staff

Audit scrutiny revealed acute shortage of staff in selected hospitals as far as Senior Residents, Junior Residents, paramedical staff, staff nurses and technical staff are concerned. The shortage ranged from 15 to 91 *per cent* in JSSH, DCBH, RGSSH, GTBH (DEM and MCH Blocks), impacting the functioning of the hospitals (**Annexure 2.3.4**). In JSSH, though approval for creation of 361 posts of doctors, nurses and paramedical staff was given (August 2014), no post was filled as of March 2016. Posts of one eye specialist, two medicine specialists and 13 nursing sisters were vacant as on 31 March 2016 in DCBH.

2.3.5.2 One Stop Centre (OSC) established for rape victims

GNCTD decided to set up 'One Stop Centre (OSC)' in 11 hospitals in Delhi during the financial year 2014-15 to provide multiple facilities and services under one roof to the rape victims. The proposed centers were required to function with separate infrastructure and staff in addition to the available facilities in the hospitals. A meeting of DHFW in December 2015 on Standard Operating Procedure (SOP) for OSCs decided that each OSC should have five counselors, five Senior Resident Doctors, five staff nurses and five nursing orderlies.

Audit observed that these centers, in addition to handling rape cases, were also handling cases like physical assault, medical examination and Medico Legal Cases

(MLC). However, only nine posts for LBSH and none for the other hospitals were sanctioned. Details of reported cases in four hospitals (part of audit sample) are shown in **Table 2.3.6** below:

Table 2.3.6: Reported cases in 4 OSCs out of 10 selected hospitals

Sl.No.	Hospital	OSC started	Reported cases	Sexual assaults cases (%)
1	BSAH	July 2015	737	353(48)
2	LBSH	May 2015	800	348(44)
3	GTBH	Sep 2014	2,151	384(18)
4	LNH	Feb 2015	924	134(15)
Total			3,822	1,219(32)

Audit observed that even though 3,822 cases were reported in these centers which included 1,219 cases of sexual assault (32 *per cent*) till August 2016, yet no counselor was posted in any of the OSCs in whose absence the basic objective of creation of OSCs for providing psychological assistance to rape victims remained largely unattended. Audit scrutiny revealed that despite clear directions on recruitment of staff for proper functioning of OSC, hospitals did not initiate steps for recruitment of required staff.

BSAH and GTBH stated (September 2016) that staff of Obstetrics & Gynecology (OBG) Department was managing the OSC and counselors were called through NGOs while LBSH stated that a proposal was submitted in January 2016 for 11 additional posts which was not sanctioned as of August 2016. LNH stated (September 2016) that counselors were called from Rape Crisis Cell working under the Delhi Commission for Women.

2.3.5.3 Overloaded pharmacy counters

As per Committee Report on Norms for Manpower in Hospitals of GNCTD (2003), a pharmacist can entertain 180 patients. As per records made available to Audit, counter-patients ratio in BSAH, LBSH, MVH, GTBH and LNH ranged from 1:198 to 1:586 during 2010-16 reflecting a phenomenally higher ratio than prescribed as shown in **Annexure 2.3.5**. Audit observed that despite increase in patient load, hospitals failed to address the issue of overcrowding at pharmacy counters for distribution of medicines.

2.3.5.4 Shortage of Dieticians

A Dietician along with medicine and therapeutics is important for taking care of admitted patients. In guidelines for standardized hospital diets issued by DHS, staff requirement³⁸ for supervising the dietary needs of patient is mentioned.

³⁸For 500 Beds (BSA Hospital): 01 Senior Dietician, 01 Dietician, 04 Assistant Dieticians and 02 Supervisors and, For 750 Beds (GBPH and GTBH): 01 Chief Dietician, 01 Senior Dietician, 01 Dietician, 06 Assistant Dieticians and 02 Supervisors

Audit observed that in GBPH, BSA and GTBH, no post of Chief Dietician, Senior Dietician, Assistant Dietician and Supervisor was sanctioned. There was only one Dietician in each of these hospitals against the requirement, reflecting inappropriate dietary services to the patients. In DCBH (200 bedded) the sanctioned post of only one Assistant Dietician was lying vacant as of August 2016.

2.3.5.5 Shortage of Radiologists

An ultrasound machine was installed in October 2008 in Tibbia Hospital but no ultrasound was done after December 2012 due to non-availability of radiologist, leading to patients being referred to other hospitals.

2.3.5.6 Inadequate staff in forensic medicines/ mortuaries

Audit observed that the mortuary unit in GTBH did not have the required 45 posts though 12,106 autopsies were conducted during the last seven years while 28 posts were required to be filled up in BSAH. LBSH submitted (January 2015) requirement of 19 posts for the mortuary to the Department of Administrative Reforms (AR) but no post was created as of August 2016.

A meeting of HODs of the Forensic Medicines of hospitals held (January 2015) to discuss hospital wise need assessment/gap analysis for medical equipment and human resource in mortuaries recommended posting of staff according to number of autopsies conducted by the hospitals. The Meeting also recommended expediting the process of creation of required posts and recruitment of staff against the existing vacant posts. However, no action was taken by GNCTD on the request by the selected hospitals.

2.3.6 Internal control mechanism

Internal control is a management tool used to provide assurance that the objectives of the organization are being achieved as planned. It was, however, noticed that internal control in DHS and the hospitals was weak as evident from deficiencies and shortcomings highlighted in the preceding paragraphs.

Audit also observed that after entrustment of works to executing agencies (PWD, NBCC, and DSIIDC) there was lack of coordination between the executing agencies and DHS for monitoring of these projects. As per the conditions of the Administrative Approvals and Expenditure Sanctions issued by the DHS/Hospitals, the executing agencies should regularly inform the client departments about the progress of work and expenditure on projects. It was noticed that five selected hospitals issued sanctions aggregating to ₹ 112.22 crore during 2010-16 to PWD for up-gradation and maintenance of medical facilities. However, DHS/Hospitals did not pursue the physical and financial status of ongoing works reflecting poor internal control and monitoring mechanism.

2.3.7 Conclusion

Thus, plans and projects for upgradation of health facilities in NCT of Delhi were marked with poor planning and execution resulting in delay in fructification of projects and denial of the intended benefits to needy patients. During 2007-16, Directorate of Health Services (DHS) took possession of 77,558.65 sqm of land at a cost of ₹ 14.26 crore for 30 planned projects and further spent ₹ 3.28 crore on boundary walls and fencing; but none of these projects could be started. Not much head way could be made in other 11 projects of new medical facilities and hospitals though DHS had incurred an expenditure of ₹ 17.06 crore on them towards land cost and boundary walls. Expansion and upgradation projects in existing hospitals could not be fully utilized due to lack of coordination and proper sequencing of various inter-linked activities including failure to provide for the requisite medical staff.

2.3.8 Recommendations

In light of the audit findings, Government may:

- *Strengthen project planning and execution by ensuring due diligence at the time of land procurement so as to ensure that the plot being acquired was actually available and suitable for the intended medical facility;*
- *Create a separate dedicated wing in the Department of Health and Family Welfare for coordination with various agencies and synchronization of planned activities for creation of medical facilities; and*
- *Ensure optimum utilization of upgraded/new medical facilities by filling of sanctioned posts of doctors/ paramedical staff/ support staff including technical staff.*

Department of Labour
2.4 Implementation of Labour and Safety Laws in Industries by the Labour Department

With a view to assessing the performance of the Department in enforcing the labour laws and safety measures in industries, a performance audit covering the period 2011-16 was conducted from May 2016 to September 2016. The audit exercise brought out that lack of diligent adherence to and enforcement of the provisions of the Acts provided no assurance as to the achievement of the fundamental objective of ensuring expeditious and fair resolution of industrial disputes and protection of the legitimate interests of the workers in terms of safety and health standards and protection from exploitation. Some of the significant findings are summarised below:

Highlights

- *The conciliation and dispute redressal machinery for Industrial Disputes was neither fully constituted nor activated. Works Committees had not been set up.*
(Paragraph 2.4.3.1)
- *There was delay ranging from 1 to 121 days in commencement of the conciliation proceedings by the Conciliation Officers and also in completion of conciliation proceedings beyond the prescribed period of 14 days in 891 cases.*
(Paragraph 2.4.3.2(a))
- *There were delays in publication and implementation of awards. 45 per cent of the awards were published with a delay ranging from three months to more than six months.*
(Paragraph 2.4.3.3(d))
- *The enforcement of awards and recovery of dues from the employers of workmen was inadequate. Out of 1,245 recovery certificates aggregating ₹ 36.32 crore issued during 2011 to 2016 (April), recoveries in 379 cases amounting to ₹ 4.46 crore were pending.*
(Paragraph 2.4.3.3 (e))
- *The department did not carry out periodical verification of establishments/contractors to ensure that they were registered and had the requisite licenses under the Contract Labour Act. Inspections were not conducted in a planned manner and follow-up action on inspection reports was not adequate to ensure prevention of exploitation of contract labour.*
(Paragraph 2.4.4.1)

- **Factory licences were granted without ensuring whether factories had prepared the Health and Safety Policy in 54 out of 55 cases.**

(Paragraph 2.4.7.4)

- **The assessment of cess cases was done without considering all cost factors in construction of buildings. There was short levy and collection of cess and interest thereon, amounting to ₹ 1.53 crore.**

(Paragraph 2.4.8(b))

2.4.1 Introduction

The Department of Labour, Government of National Capital Territory of Delhi (the Department), plays a crucial role in maintaining industrial peace and harmony between the employers and workers which goes a long way in furtherance of economic prosperity and employment generation. The Department aims to promote growth of industrial and commercial activities by ensuring harmonious relationship between the employer and workmen through preventive steps, conciliatory effort, adjudicatory and punitive action and promoting welfare activities for workmen in the National Capital Territory of Delhi. This is done through provisions of 21 Central Acts enforced both by the Centre and States including the Government of National Capital Territory of Delhi (GNCTD) and 17 Central and local Acts enforced by GNCTD (**Annexure 2.4.1**). Disputes between workers and management are settled through the process of conciliation and by the Labour Courts and Industrial Tribunals.

2.4.1.1 Organisational set up

For administrative purposes, the Department is organised on territorial basis into nine districts each headed by a Joint/Deputy Labour Commissioner who is assisted by Assistant Labour Commissioners and Labour Officers. The laws relating to safety in industries are enforced by the Directorate of Industrial Safety and Health (DISH) with the help of Inspectorate of Factories, Inspectorate of Boilers and Electrical Inspectorate. These Inspectorates issue and renew licenses under various Acts (the Factories Act, 1948, the Indian Boilers Act, 1923, the Bombay Lifts Act 1939, the Cinematography Act, 1952 and the Electricity Act 2003).

2.4.1.2 Audit scope and methodology

A performance audit on implementation of two Acts (the Industrial Disputes Act, 1947 and the Contract Labour (R&A) Act, 1970) appeared in the Audit Report of the Comptroller and Auditor General for the year ending March 2007 relating to GNCTD. Neither the Government submitted a comprehensive Action Taken Note (ATN) nor did the Public Accounts Committee (PAC) discuss the performance audit report as of October 2016. Hence, many of the issues highlighted in the

Audit Report remained unaddressed viz. establishment and functioning of Works Committees, Boards of Conciliation and Courts of Inquiry and conduct of conciliation proceedings under the Industrial Disputes Act 1947 and mechanisms to ascertain unregistered establishments and unlicensed contractors under the Contract Labour (Regulation & Abolition) Act, 1970.

With a view to assessing in a more holistic manner the performance of the Department in enforcing the labour laws and safety measures in industries and work places, a performance audit covering the period 2011-16 relating to the implementation of four Acts viz. the Industrial Disputes Act, 1947, the Minimum Wages Act, 1948, the Building and Other Construction Workers Cess Act, 1996, and the Contract Labour (R&A) Act, 1970 was conducted from May 2016 to September 2016. Records were examined in the office of the Secretary-cum-Commissioner (Labour) and three District Offices selected on the basis of highest number of cases and complaints received during the period covered under the audit. Besides, safety measures and the process of issuance and renewal of licences under two Central Acts enforced by the GNCTD (the Factories Act, 1948, and the Employees Compensation Act, 1923) were also examined in the office of the Labour Commissioner and Directorate of Industrial Safety and Health (DISH).

An entry conference was held with the Secretary-cum-Labour Commissioner on 26 May 2016 to discuss the audit objectives, scope and methodology. An exit conference was held on 29 September 2016 to deliberate on the audit findings. Replies received from the Government have been suitably incorporated in the report.

2.4.1.3 Audit objectives

The primary objectives of this audit were to assess whether:

- the Department was able to provide safeguards to workmen through preventive, conciliatory, adjudicatory and punitive action as provided under various provisions of labour laws, and
- the Department was able to enforce statutory laws relating to safety measures in industries.

2.4.1.4 Audit criteria

The following criteria were applied to assess the performance of the Department:

- Provisions of selected six Acts³⁹ and Rules framed there under;
- Directives issued by Courts; and
- Notifications, orders and circulars issued by the Department.

³⁹(i) The Industrial Disputes Act, 1947, (ii) The Contract Labour (R & A) Act, 1970, (iii) The Minimum Wages Act, 1948, (iv) The Employee's Compensation Act, 1923, (v) The Factories Act, 1948, and (vi) The Building and Other Construction Workers' Welfare Cess Act, 1996.

Audit findings

2.4.2 Absence of appropriate data

With a view to ensuring that the legitimate interests and entitlement of workers as guaranteed under various labour laws⁴⁰ are safeguarded, Department must have a comprehensive database of number of establishments, shops and factories in both the organised and unorganised sectors including the number of workers employed by them covered under the Contract Labour (R & A) Act, 1970, the Minimum Wages Act, 1948, and the Factories Act, 1948. However, the Department did not institutionalise any mechanism to collect such data including data of establishments, factories and shops which are required to be registered with it under various Acts. In the absence of such data, the Department neither prepared a comprehensive action plan nor set annual targets for conducting periodic inspections which would facilitate its efforts towards ensuring the legitimate interests, welfare and safety of the workers envisaged under the various acts.

The Government stated (November 2016) that 12,370 factories and 3,59,100 shops/establishments are registered under the Factory Act, 1948, and Delhi Shops and Establishment Act, 1954, respectively and there is no provision for conducting survey under any Act. The fact remains that the Department had no mechanism to ascertain whether all shops, industries and establishments in Delhi have been registered as required under various Acts and to ensure that the rights of workers are safeguarded under the labour laws.

2.4.3 The Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947, was enacted by Parliament to provide a machinery and forum for investigation and settlement of industrial⁴¹ disputes. The Act came into force with effect from 01 April 1947. The primary objective of the Act is early settlement of industrial disputes through collective bargaining, mediation and conciliation, arbitration and adjudication in an amicable and peaceful manner so as to maintain industrial peace and harmony. To achieve its objectives, the Act envisages setting up of Works Committees, Conciliation Officers and Boards of Conciliation. Audit appraisal revealed that there were chronic delays in disposal as well as referral of cases to the Labour Courts/ the Industrial Tribunals, delay in publication of awards and ineffective mechanism for watching implementation of awards as discussed in the succeeding paragraphs.

⁴⁰As mentioned in section 4 of Industrial Dispute Act,1947; section 16 to 19 of Contract Labour (R&A) Act,1970; section 3 of Minimum Wages Act, 1948; section 3 of Employee's Compensation Act, 1923 and Chapter III, IV & V of Factories Act, 1948.

⁴¹Industrial dispute means any dispute or difference between employers and employees or between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour, of any persons.

2.4.3.1 Absence of mechanism to check constitution of Works Committee

As per Section 3 of the Industrial Disputes Act, in an industrial establishment in which 100 or more workmen are employed or have been employed on any day in the preceding 12 months, the Government may require, by general or special order, the employer to constitute Works Committee to promote measures for securing and preserving amity and good industrial relations in the establishment.

However, the Government has not evolved any mechanism to check whether all industries having 100 or more employees had constituted the Works Committees. Therefore, Audit could not authenticate whether the provisions of this particular section of the Act have been implemented to cover all workers. Further, in the absence of any data about the number of industries/establishments alongwith the number of workers employed, Audit was also unable to assess the number of workers whose interests have been placed at risk on account of non-formation of the Works Committees.

The Government stated (November 2016) that with the limited number of inspectors, it was not possible to check each and every establishment adding that trade unions play an important role in espousing the interests of workers and Works Committees do not have much significance. Fact remains that the purpose for which these committees were to be formed was not fulfilled.

2.4.3.2 Conciliation proceedings

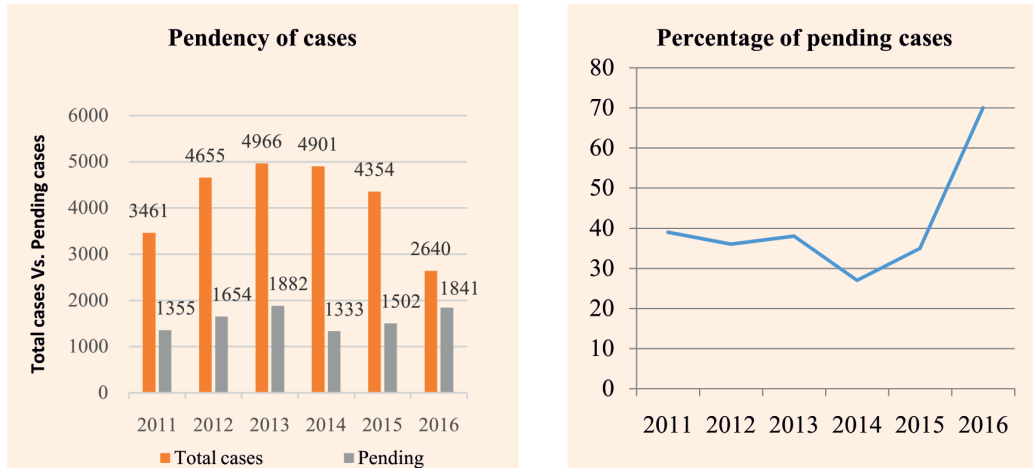
Section 4 of the Act authorizes the Government to appoint Conciliation Officers who are charged with the duty of mediation and promoting the settlement of industrial disputes between the workmen and management.

(a) Delay in conciliation proceedings: Section 12 of the Act stipulates that where any industrial dispute exists or is apprehended, the Conciliation Officer shall hold conciliation proceedings for the purpose of bringing about a settlement without delay. If no settlement is arrived at, a report under this section is to be submitted within 14 days of the commencement of the conciliation proceedings or within such shorter period as may be fixed by the Government. However, following shortcomings were noticed in this regard:

(i) Commencement of proceedings: The Act does not prescribe any time limit for commencement of conciliation proceedings and the Department also did not fix any time limit for this purpose. Test check of cases revealed that Conciliation Officers took one to 121 days to commence the conciliation proceedings from the date of receipt of dispute cases during 2011-16.

(ii) Completion of proceedings: Out of 948 cases test checked, there was delay beyond the prescribed period of 14 days in completing conciliation proceedings in 891 cases (94 per cent). Out of these, there was delay upto 45 days in 158

cases, 46 to 90 days in 214 cases and more than 90 days in 519 cases. The delay in commencement and completion of conciliation proceedings resulted in pendency of cases ranging from 27 to 70 per cent from January 2011 to April 2016. Details of dispute cases received and pending during January 2011 to April 2016 are shown in the graph/chart:



The Government stated (November 2016) that efforts were made by District Conciliation Officers to bring about mutual settlement between contesting parties; but in most cases, management was not willing to settle the disputes at conciliation level with the intention to prolong the litigations. However, in order to reduce the pendency, special campaign including 'Industrial Adalat' in association with Delhi Legal Services Authority is being envisaged.

(b) Low success rate of conciliation proceedings: Scrutiny of records in three selected districts revealed that most of the cases could not be resolved by Conciliation Officers and were referred to the next level of dispute resolution i.e. Labour Courts and Tribunals. The failure rate was 54 per cent in West District, 52 per cent in South District and 62 per cent in North-West District during 2011-16. The overall percentage of cases settled by Conciliation Officers of these districts ranged from 11 to 16 per cent only. Low rate of settlement and high rate of failure undermined the purpose of the conciliation machinery.

For test check, Audit requisitioned 1,564 case files (10 per cent of total 15,643 cases which were registered during 2011-16 in three selected districts). However, only 948 files were made available to Audit and remaining files were not traceable. Out of the test checked cases, only 20 per cent were settled during the conciliation proceedings and 65 per cent cases were declared as failure and referred to the next adjudication level (**Annexure 2.4.2**).

Section 11(4) of the Act empowers the Conciliation Officer to enforce the attendance of any person relevant to the industrial dispute. For the aforesaid purpose, Conciliation Officer shall have the same powers as are vested in the civil court under the Code of Civil Procedure. However, in 293 cases (31 per cent),

department failed to enforce the attendance of the employer despite the above enabling provision.

The Government stated (November 2016) that they are not adopting the Code of Civil Procedure for enforcing attendance of disputants as this practice consumes more time and may not necessarily result in conciliation settlement. Audit observed that given the failure rate of conciliation of 52 to 62 *per cent* in the three selected districts, adhering to provisions of the Act may compel parties to attend hearings and facilitate resolution of disputes at the conciliation stage itself.

(c) Boards of conciliation, investigation and arbitration: Sections 5 and 6 of the Act authorize the Government to constitute Boards of Conciliation and Courts of Inquiry for promoting settlement of industrial disputes and inquiring into any matter appearing to be connected with or relevant to an industrial dispute respectively. However, the GNCTD had not constituted the Boards of Conciliation nor Courts of Inquiry upto March 2016. Further, Section 10A envisages referring of an industrial dispute to arbitration for settlement; however, no such Board was constituted upto March 2016 despite the pendency of cases ranging from 27 to 70 *per cent* from January 2011 to April 2016.

The Government stated (November 2016) that such Boards and Courts of Inquiry are set up by the Government only on the request of parties and during 2011-16, no such request was received. The reply is not tenable as nowhere in the act is it mentioned that the Board of Conciliation and Court of Inquiry will be constituted on the request of the parties. The Government itself had to assess the need for constitution of the Boards of Conciliation and Courts of Inquiry.

2.4.3.3 Adjudication mechanism

Adjudication refers to mandatory settlement of industrial disputes by quasi-judicial bodies (eight Labour Courts and one Industrial Tribunal in Delhi) constituted under the Act and functioning under the administrative control of the High Courts of Delhi. Audit observed certain shortcomings as summarized in **Table 2.4.1** below:

Table 2.4.1: Shortcomings in adjudication mechanism

Sl. No.	Nature of shortcomings	Details of shortcomings
(a)	Non-maintenance of status of cases referred for adjudication	Three selected districts did not maintain the status of 8,577 cases during the period January 2011 to April 2016 after these were referred to the Labour Courts/Tribunal for adjudication. In the absence of such details, Audit could not ascertain the pendency of cases in the Labour Courts/Tribunal.
(b)	Delay in forwarding dispute cases for adjudication	Out of the 948 test checked cases, there was failure in 615 cases out of which details of reference orders were not available in 42 cases. Out of the remaining 573 cases, there was delay of upto 3 months in 459 cases and delay of more than three months to a year in 28 cases in forwarding them to the Labour Courts/Industrial Tribunals (Annexure 2.4.3).

Sl. No.	Nature of shortcomings	Details of shortcomings
(c)	Time frame not prescribed for Award in Reference Order with reference to Section 10(2A) of the Act.	Section 10(2A) of the Act stipulates that an order referring an industrial dispute to a labour court, tribunal or national tribunal under this section shall specify the period within which such labour court, tribunal or national tribunal shall submit its award on such dispute to the appropriate government. Provided that where such industrial dispute is connected with an individual workman, no such period shall exceed three months. No such time frame was mentioned in the reference order by the Department while referring cases to the Labour Courts/Tribunal. In the North West District out of 304 cases test checked by audit, 186 were referred to the Labour Court. The Labour Court adjudicated 59 cases (32 per cent) wherein the Labour Court took 3 to 188 days to finalize the award. Out of these 59 cases, nine cases were finalized beyond 3 months. In rest of the 127 cases (68 per cent) North West District has not received any information from the Labour Court as of August 2016. Though called for, information regarding cases referred by West and South districts was not furnished by these two Districts. Non-adherence to the statutory provisions defeats the intent of the Act of expeditious resolution of industrial disputes.
(d)	Delay in receipt of awards from the Labour Court in district office and publication of awards in the gazette with reference to Section 17 of the Act.	Scrutiny of records revealed that awards of the Labour Courts were received in district offices after 1 to 354 days from the date of awards. The Act stipulates that the Government shall publish an award in the official gazette within a period of 30 days from the date of receipt of the award. In 424 out of 948 test checked cases, there was a delay ranging from 3 months to more than six months in publication of awards in the official gazette resulting in delay in implementation of the award.
(e)	Delay in recovering dues from the employers as per Section 33(C) the Act	Section 33(c) of the Act stipulates that where any money is due to a workman from an employer under a settlement or an award, the workman himself or any other person authorized by him in writing in this behalf, may make an application to the Government for the recovery of the money due to him, and if the Government is satisfied that any money is so due, it shall issue a Recovery Certificate (RC) for that amount to the Collector who shall proceed to recover the amount in the same manner as an arrear of land revenue. Audit noted that 1,245 RCs aggregating to ₹ 36.32 crore were issued during 2011 to 2016 in three selected districts of the Department. Against this, recovery amounting to ₹ 4.46 crore in 379 cases was outstanding in two districts as of April 2016. North West District stated that periodic reminders are issued to District Collector or on the representation of workmen. However, sometimes delay is caused due to shortage of officers/staff and lack of infrastructure. South District intimated that proper registers have now been maintained for keeping records of RCs.
(f)	Improper/non-maintenance of industrial dispute records	The maintenance of records at District and Headquarters level was incomplete and ad-hoc which hindered effective cross-linking at each step of the process involved in disposal of disputes. Vital information like nature of dispute, date of commencement of dispute, nature of disposal and date of disposal were not entered in the Conciliation Registers. As a result, out of 1,564 cases selected for scrutiny by Audit, the Department was not able to produce records of 616 cases.

As the time frame envisaged in the Act for disposal of cases by the departmental officials and the Labour Courts/Tribunal was not being adhered to, there was undue delay in disposal of dispute cases defeating the objective of expeditious resolution of disputes for maintenance of industrial harmony.

The Government stated (November 2016) that the prescribed time limit of three months is well known to the Labour Court being a statutory provision and the reference order does not warrant mentioning it. In case of delay in recovery

of dues from employers, Government stated (November 2016) that the delay is attributed to frequent change of address of the management. The concerned District officers have been advised to take up the issue of pendency of RC with Deputy Commissioner (Revenue). With regard to other audit observations mentioned in the table above, the Government assured that necessary advisory/ instructions have been/ would be issued to concerned officers.

2.4.4 The Contract Labour (Regulation and Abolition) Act, 1970

With a view to eliminating exploitation of workers employed under the contract labour system, the Contract Labour (Regulation and Abolition) Act, 1970 and the Contract Labour (Regulation and Abolition) Central Rules, 1971 came into effect from 10 February 1971. This Act regulates the employment of contract labour in certain establishments and provides for its abolition in certain circumstances. The Act applies to every establishment and contractor employing 20 or more workmen and provides for registration of establishments employing contract labour and licensing of contractors who arrange contract labourers.

2.4.4.1 Absence of a mechanism to ascertain unregistered establishments and unlicensed contractors

Every principal employer of an establishment to which this Act applies is required to register with the Registering Officer of the Department under the Act. No contractor can undertake or execute any work through contract labour except under and in accordance with a licence issued by the Licensing Officer under the provisions of the Act.

Audit observed that the Department issued 282 registration certificates (RCs) to principal employers and 865 licenses to contractors employing contract labours out of 317 and 912 applications respectively during January 2011 to April 2016 and pendency in this respect ranged from 35 to 67 *per cent* and 12 to 56 *per cent* respectively (**Annexure 2.4.4**). Further, the Department did not undertake any survey to ensure that all eligible establishments got registered and contractors employing contract labour had proper licenses. In the absence of any such exercise, the Department was not in a position to ascertain whether all establishments who should register with it had actually registered and whether all contractors employing contract labour had valid licenses.

2.4.4.2 Deficiencies in system of issue of licences

As per the Act, no contractor shall undertake or execute any work through contract labour except in accordance with its provisions. Section 12(1) of the Act provides that no contractor to whom this Act applies shall undertake or execute any work through contract labour except under and in accordance with the licence issued in that behalf by the Licensing Officer. Section 23 of the Act provides for imposition

of penalty by way of imprisonment and/or fine in cases of contravention of the provisions of the Act. Audit observed the following:

(i) In 54 cases, contractors applied for licenses after four to 353 days from the date of commencement of work. Thus, they worked without the mandatory license during this extended period. Government stated (November 2016) that delay was on the part of contractor and prosecution of contractor would affect workers.

(ii) No time frame has been fixed for disposal of applications for licenses. Section 13(2) of the Act provides that the Licensing Officer may make such investigation in respect of applications received. No investigation was carried out in 71 test checked cases to ascertain the validity of the claims and documents/claims submitted with the application and for compliance with the health and welfare facilities that are to be provided by contractor under the Act. Even then, the Department took two to 251 days to issue the licences to 45 contractors after considering 15 days as reasonable time to process the application. In the interim, the contractors operated without the mandatory licenses.

(iii) As per Rule 25(2), every licence is subject to the condition that the licensee shall, within 15 days of commencement and completion of each contract work, submit a return to the Inspector intimating the actual date of commencement or, as the case may be, completion of such contract work. In 52 cases, the contractors did not submit the required information.

(iv) As per Rules 21(1) and (2), every application for grant of a license shall be accompanied by a certificate from the principal employer to the effect that the applicant has been employed by him as a contractor and that he undertakes to be bound by all the provisions of the Act and the rules made thereunder in so far as the provisions are applicable to him as principal employer. However, the contractors did not furnish details of principal employers and their registration numbers in 34 out of the 71 test checked cases.

Thus, prolonged delay in both applying for licenses by contractors as well as subsequent delay on part of department in granting licenses resulted in contractors operating without there being any assurance as to their compliance with the provisions of the Act.

2.4.4.3 Deficiencies in registration of Principal Employer

As per section 20 of the Act, if any amenities required to be provided under the Act for the benefit of the contract labour is not provided by the contractor, such amenities shall be provided by the principal employer. Audit test checked 34 cases relating to the registration of principal employers and noticed the following:

(i) As per Section 9(a), no principal employer of an establishment employing 20 or more contract labour on any day of the preceding 12 months shall employ contract labour without registration under the provisions of the Act. Scrutiny of records revealed that in 29 out of 34 test checked cases, applications were filed with delay ranging from one day to more than five years after the commencement of the work. This delay was compounded by further delay ranging from one to 287 days in issue of registration certificates in 32 cases. Thus, these principal employers continued to employ contract labour without having valid registration certificates in contravention of the Act during this period of delay.

(ii) As per Rule 81(3), every principal employer shall, within 15 days of the commencement or completion of each contract work under each contractor, submit a return to the Inspector intimating the actual date of commencement or completion of such contract work. Scrutiny revealed that in 20 cases, the principal employers did not submit the required information.

(iii) As per Rule 82(2), every principal employer of a registered establishment shall send an annual return so as to reach the registering officer not later than the 15th February following the end of the year to which it relates. Audit scrutiny revealed that in 27 out of 34 cases, yearly returns were not submitted by the principal employers during the period 2011-16.

In view of the above, it is not clear how the Department had ensured that the principal employer fulfilled its liability towards welfare and health of contract workers as envisaged in the Act.

2.4.5 The Minimum Wages Act, 1948

The Minimum Wages Act, 1948, provides for fixation by the Government of minimum wages for employments covered by the Schedule to the Act. The primary objective of the Act is to ensure that no industry pays its workmen less than minimum wages fixed by the concerned government through notification. For this purpose, the Act envisages setting up of Advisory Committee and Sub-Committees as well as an Advisory Board for advising the government in the matter of fixing minimum rate of wages. Audit observed the following shortcomings:

- **Pendency of cases:** In selected three districts, there were 299 cases pending at the beginning of the year 2011. Subsequently, 5,101 new cases were received upto April 2016 and 3,819 were disposed of during this period leaving 1,581 cases pending as on 30 April 2016 (**Annexure 2.4.5**). The pendency of cases ranged from 58 to 69 *per cent* during the year 2011 to 2015. The rate of disposal of cases was slower than the rate at which new cases were being filed with the Department leading to huge pendency of cases.

The Government stated (November 2016) that due to heavy load of multifarious activities under various Acts to be handled by district Joint

Labour Commissioner/Deputy Labour Commissioner, pendency does occur occasionally. It added that the issue would be taken on campaign basis to liquidate pendency.

- **Time taken in finalisation of cases:** Out of 512 selected cases (10 *per cent* of 5,101 cases received during period 2011-16), the Department provided only 157 files to Audit. Audit scrutiny revealed that time taken in finalising the cases (from the date of receipt of application till the date of disbursement of award money) ranged from 21 days to 1,654 days (**Annexure 2.4.6**).

The Government stated (November 2016) that efforts are made by the department to bring about settlement between the parties, but in many cases due to contradictory stands of the parties, settlement is not possible.

- **Inadequacy of inspections:** The Inspecting Officer performs the role of an Inspector under Minimum Wages Act, 1948 and attends complaints relating to non-payment of wages and non-maintenance of records under the said Act. Inspecting Officer also files prosecution against the accused under the said Act. However, audit observed that regular inspections of establishments and contractors were not carried out by the Department during 2011 to 2015. Further, against 16,373 complaints disposed of in selected districts, only 4,432 cases i.e. 27 *per cent* were inspected by the Department (**Annexure 2.4.7**).

The Government stated (November 2016) that suo-motu inspections are not carried out to discourage unethical practices in the field. Regarding non-furnishing of data by the District offices to Audit, it was stated that necessary advisory is being issued.

Department failed to fulfil the objective of effective enforcement of the Minimum Wages Act, as employees were made to suffer unduly from the date of receipt of application till the date of disbursement of award money. In 73 *per cent* cases, inspections were not carried out, therefore, Audit could not derive reasonable assurance that the Department was able to prevent exploitation of the labour by employers.

2.4.6 The Employee's Compensation Act, 1923

The basic intent of the Employee's Compensation Act is to make the employer an insurer of the workmen, responsible against the loss caused by injuries or death while the workmen are engaged in work.

As per section 25A of the Act, the Commissioner shall dispose of matter relating to compensation under this Act within a period of three months from the date of reference and intimate the decision in respect thereof within the said period to the employee.

Scrutiny of 69 compensation case files revealed that an amount of ₹ 1.90 crore was disbursed during January 2011 to April 2016 in 30 cases with delays ranging from 38 days to 4 years beyond the stipulated period of three months. Delay in disposal of cases as envisaged in the Act resulted in postponement of timely relief to the injured or to the family of deceased.

The Government stated (November 2016) that due to multiple responsibilities at Deputy Labour Commissioners level, cases remain pending; however, extra officers have been deployed to deal with the pending compensation cases.

2.4.7 The Factories Act, 1948

The Factories Act, 1948, was enacted with the prime objective of protecting workmen employed in factories against industrial and occupational hazards. The Act imposes upon the owners and occupiers certain obligations to protect the workers unwary as well as negligent and to secure for them employment conducive and safe. The Act is enforced by the Directorate of Industrial Safety and Health (the Directorate) of the Government of NCT of Delhi.

2.4.7.1 Renewal of Licences of Factories

As per Rule 7 of the Delhi Factories Rules, 1950, every application for renewal of a licence of factory shall be submitted within 30 days before the date on which the licence expires. Further, as per Rule 106, the occupier or manager of every factory shall report in writing to the Inspector any intended closure of the factory or any section or department thereof, immediately when it is decided to do so, intimating the reasons for the closure, the number of workers on the register, the number of workers likely to be affected by the closure and the probable period of the closure.

Audit requisitioned 112 files (10 *per cent* of total files relating to factories registered during the last five years). The Directorate could make available 95 files for examination in audit. In 18 out of 95 test checked cases, occupiers neither applied for renewal of their licenses after expiry nor submitted the closure report with regard to their factories. The Directorate did not conduct any inspection to confirm the status of these factories resulting in either factories running without licence or closing down without ensuring the safety and rights of the workers.

The Government stated (November 2016) that after the intimation regarding closure of factories is received, no inspection is warranted. Reply is not tenable as Audit could neither find in files any intimation from factory owners regarding closure of their factories nor any renewal application from the occupiers. Thus, Directorate failed to ensure strict adherence of provisions of the Act and Rules by the occupiers of these factories.

2.4.7.2 Absence of action plan for inspection of Factories

The Directorate issues licences to factories under the Factories Act and is vested

with the responsibility of enforcing the provisions of the Act and the Delhi Factories Rules, 1950, in Delhi. However, the Directorate had neither prepared an action plan nor had fixed any annual targets for inspection of factories to ensure observance of the provisions of Act and Rules by the factory management.

The Factory Act empowers the Government to appoint Inspectors for making examination of the premises, plant, machinery, articles or substance and for requiring the production of any prescribed register or any other document relating to the factory so as to ensure the safety and welfare of the workers. Audit observed that the Directorate inspected only 1,036 to 2,167 factories out of 8,625 to 9,397 registered factories (11 to 25 *per cent*) during the period January 2011 to December 2015. Out of 326 to 386 hazardous factories, only 145 to 183 factories (38 to 50 *per cent*) were inspected during the last five years (**Annexure 2.4.8**). The Directorate did not plan to have at least one annual inspection in factories engaged in hazardous processes or dangerous operations.

The Directorate informed that inspections are carried out only at the time of issue of license and on the basis of references or complaints. However, it was observed that against total 3,442 complaints and new registrations during the years 2011 to 2015, the Directorate carried out 7,913 inspections (**Annexure 2.4.9**). Thus, out of 7,913 inspections, 4,471 of the inspections were not against the complaints or applications for issue of license. In the absence of any prescribed criteria and frequency of inspection, the system is fraught with the risk of sub-optimal utilisation of available resources and some factories being ignored for inspection, apart from redressal of specific complaints and ensuring rights of labour.

The Government stated (November 2016) that inspections are carried out on the basis of complaints but added that it was devising a mechanism for inspection based on risk profile.

2.4.7.3 Grant of licence to factories

As per Section 7 of the Factories Act, 1948, the occupier shall at least 15 days before he begins to occupy or use any premises as a factory, send to the Chief Inspector a written notice enclosing therewith details such as name and address of the occupier, owner and factory, the nature of manufacturing process, total rated horse power to be used, the number of workers and such other particulars as prescribed by the Directorate. Further, Rule 11A stipulates that license if not granted or not refused within 60 days of receipt of the application, shall be deemed to have been granted. Every licence as granted or renewed shall remain in force upto 31st December of the year or for period, upto which it is renewed.

Out of 112 files requisitioned, scrutiny of 95 files provided to Audit revealed that in 29 cases, the Directorate took more than 60 days in disposing of applications for licences for factories as detailed in **Annexure 2.4.10**. Besides, the following shortcomings were also noticed:

a) The Directorate was not insisting on submission of mandatory annual returns regarding details of workers and facilities provided to them by the factories as prescribed under Rule 100 of Delhi Factories Rules, 1950. In 52 cases, factories did not submit prescribed returns at the time of renewal of licences. In the absence of returns submitted by the occupiers, it is not clear, how the Department ensured that the facilities as per provisions of the Act and Rules were provided to the workers.

(b) As per section 92 of the Factory Act, 1948, if the manager/ occupier contravenes any Rule/Act, he is guilty of an offence and is punishable with imprisonment for a term which may extend to two years or with fine which may extend to ₹ 1 lakh or with both. In seven cases, the factories continued operations for periods ranging from six months to six years even though licences were not granted to them for reasons such as non-submission of complete documents by occupier and short comings noticed during inspection before issue of licence. However, the Directorate did not take any action to penalise occupiers or to stop unlawful operations. In one particular case, the firm engaged in food products having 100 workers applied for license in 2004 but the Directorate issued deficiency letter to the firm to comply with the required documents. However, the firm did not comply with the instructions of the Directorate. Though, it was found operating without licence during an inspection conducted by the Directorate in 2009, no penalty was imposed for the violation of Act and Rules and subsequently the firm was granted license in the year 2012. In a similar case, a firm engaged in manufacturing of furniture having 50 workers applied for licence in the year 2006 and the Directorate issued deficiency letter to comply with the mandatory documents to which the firm did not heed. Subsequently, the firm applied in 2013 with complete documents and the Directorate granted the license. However, there was no record of any inspection of the firm carried out by the Directorate during the period 2006 to 2013.

The Government stated (November 2016) that shortage of manpower and non-submission of documents were the reasons for delay. The fact remains that there were delays in issuing licenses, non-inspection of factories and non-prosecution of defaulters.

2.4.7.4 Health and Safety Policy

As per Rule 61G, the occupier of every factory shall prepare written statement of his policy in respect of health and safety of workers. Factories with less than 50 workers which carry on the manufacturing process with the aid of power and factories with less than 100 workers which carry on the manufacturing process without the aid of power, provided they are not covered under the category of factories involved in hazardous process or dangerous operation, are exempted from these provisions. The Health and Safety Policy should contain or deal

with organisational set up to carry out the declared policy clearly assigning the responsibility at different levels, arrangements for marking the policy effective, etc. A copy of the policy shall be made available to the Inspector/Chief Inspector.

Scrutiny of 95 files by Audit revealed that in 55 cases, declaration of Health and Safety Policy by occupiers was mandatory under the above mentioned provisions. However in 54 cases involving 5,201 workers, neither the occupiers submitted the copy of the Policy nor did the Directorate check this aspect during inspections prior to grant of licences. As these factories were not inspected regularly by the Directorate, the possibility of their operating without having mandatory Health and Safety Policy could not be ruled out.

The Government stated (November 2016) that when violation is reported, the same is duly examined by the Directorate and necessary challan is filed. The reply is not specific to the audit observation on non-submission of the copy of the Health and Safety Policy by the occupiers of factories.

2.4.8 The Building and Other Construction Workers' Welfare Cess Act

The main objective of the Building and Other Construction Workers' Welfare Cess Act (BOCWWC Act) is to provide for the levy and collection of a cess on the cost of construction incurred by employers with a view to augment the resources of the Building and Other Construction Workers' Welfare Boards constituted under the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) (BOCW(R&E)) Act, 1996.

Section 3 (1) of the BOCWWC Act states that there shall be levied and collected a cess at such rate not exceeding two *per cent* but not less than one *per cent* of the cost of construction incurred by an employer. Every employer who is carrying on the building or other construction work is required to furnish a return to an officer or the authority prescribed by the Government. On the basis of the return, the authority shall make inquiry and after satisfying himself, by order, assess the amount of cess payable by the employer. In Delhi, every employer carrying out construction work has to deposit 1 *per cent* of the cost of construction.

Audit selected 15 files (10 *per cent* of the total assessments done in the three selected districts of the Department during the period 2011-15) on the basis of highest value of assessment. The Department could provide only 11 files as South District did not furnish four files. Scrutiny of these 11 files revealed discrepancies in the assessment of cess as shown in **Table 2.4.2:**

Table 2.4.2: Discrepancies in assessment of cess

Sl.No.	Provisions of the Act	Audit observation
(a)	<p>Rule 3 of the Building and Other Construction Workers' Welfare Cess (BOCWWC) Rules, 1998</p> <p>For the purpose of levy of cess, cost of construction shall include all expenditure incurred by an employer in connection with the building or other construction work except cost of land and any compensation paid under the Workmen's Compensation Act, 1923.</p>	<p>Non-inclusion of complete details of cost of construction</p> <p>In all the 11 test checked cases, assessee did not submit complete details of the cost of construction of buildings i.e. borrowing cost, land development charges, costs of design and technical assistance and complete details of work in progress. Further, complete balance sheets alongwith schedules were also not available in the files. In the absence of basic details, finalization of assessment of cess by assessing officers was questionable and probability of under assessment cannot be ruled out.</p>
(b)	<p>Section 8 of the BOCWWC Act</p> <p>If any employer fails to pay any amount of cess payable under Section 3, within the time specified in the order of assessment, such employer shall be liable to pay interest on the amount to be paid, at the rate of two <i>per cent</i> for every month or part of a month comprised in the period from the date on which such payment is due till such amount is actually paid.</p> <p>Rule 4(1) of the BOCWWC Rules, 1998:</p> <p>Cess levied shall be paid by the employer within 30 days of completion of the construction project or within 30 days of the date on which assessment of cess payable is finalized, whichever is earlier.</p> <p>Rule 4(2) of the BOCWWC Rules, 1998</p> <p>Where duration of project exceeds one year, cess shall be paid within 30 days of completion of one year from the date of commencement of work and every year thereafter on the cost of construction incurred during the relevant period.</p>	<p>Under assessment of cost of construction resulting in short collection of cess and interest</p> <p>Audit scrutinised 2 cases (Construction of Hospital and Multilevel car parking) out of 11 cases, where partial details of cost, like pre-operative expenses, development charges, taxes, etc. were available and found that even these components of cost were not considered for calculating the cost of buildings and assessing the amount of cess payable by the assesseees. This resulted in short levy of cess and interest aggregating to ₹ 51.97 lakh. In eight cases, the Department did not levy interest in terms of Section 8 and Rule 4, resulting in short collection of ₹ 1.01 crore (Annexure 2.4.11).</p>
(c)	<p>Section 4 of the BOCWWC Act</p> <p>Every employer shall furnish such return to such officer or authority in such manner and at such time as may be prescribed. If any person carrying on the building or other construction work, liable to pay the cess under section 3, fails to furnish any return, the officer or the authority shall give a notice requiring such person to furnish such return. Further, Rules 6 and 7 of BOCWWC</p>	<p>No action for violation of the Act and Rules: Scrutiny of records revealed that there was delay of 782 days to 2,711 days in furnishing Form-I by the assesseees in 11 cases. However, no notice was served on assesseees by the assessing officer as per Section 4. If Form-I was submitted on time, the department could have made the order of assessment within six months of receipt of information in Form-I as per Rule 7. Further, information regarding registration number and name</p>

Sl.No.	Provisions of the Act	Audit observation
	Rules lays down that every employer shall, within 30 days of commencement of his work or payment of cess, as the case may be, furnish to the assessing officer, information in Form I and assessing officer, on receipt of information in Form-I shall make an order of assessment within a period not exceeding six months from the date of receipt of such information.	of the registering authority, were not given in Form-I by nine assesseees ⁴² . Thus, it is not clear, how the assessing officer ensured that the company is registered under the BOCWWC Act, 1996, or not.

The above cases are indicative of the fact that department has no mechanism to ascertain the exact cost of construction and thus, short levy of cess and interest cannot be ruled out. This has resulted in lesser amount being credited to Building and Other Construction Workers' Welfare Board.

The Government stated (November 2016) that the concerned district offices have been directed to re-examine the issue. It was also stated that issue of discrepancies related to Form I was being examined by the Board and the Department, and would be sorted out after developing online deposit of cess.

2.4.9 Conclusion

The primary purpose of the above legislations was to ensure industrial peace and harmony while protecting the legitimate interests of the workers in terms of safety and health standards and protection from exploitation. Lack of diligent adherence to and enforcement of the provisions of the Acts provided no assurance as to the achievement of this fundamental objective. Institutional mechanisms like Boards of Conciliation and Courts of Inquiry were not constituted under the Industrial Disputes Act for promoting early settlement of industrial disputes. The Department also did not ensure the constitution of Works Committees in factories and establishments. The Conciliation Officers did not adhere to the stipulated time frame for disposal of cases and even the awards of the Courts were implemented with delay in most cases.

Further, there was no system in place to ensure that eligible establishments are registered and contractors obtain licenses under the Contract Labour Act. Adequate and planned inspections were not carried out to check exploitation of contract labour. The Department even failed to initiate action against Principal Employers and Contractors for violation of provisions of the Act and overlooked several discrepancies during issue of registration certificates and licences. Adjudication mechanism for dispute resolution under the Minimum Wages Act, was not effective as there were unreasonable delay in disposal of cases. The

⁴²North West District - M/s Negolice India Ltd (M2K), M/s Brilliant Builtech (P) Ltd., M/s PGF Ltd., M/s Max Healthcare Institute Ltd M/s Seven Seas Hospitality (P) Ltd. and M/s Jaksons Developers (P) Ltd.; West District- M/s Gold Cause construction(P) Ltd and M/s Reliance Prolific Commercial (P) Ltd; South District- M/s DLF Universal Ltd.

Department failed to enforce attendance of the employers for hearing in disputed cases. Regular inspections were not carried out to ensure minimum wages for the workers.

2.4.10 Recommendations

In light of the audit findings, it is recommended that the Government may:

- *Review the functioning of the Conciliation Officers to ascertain the reasons for high rate of failure in conciliation of disputes and delays at different stages of conciliation and take steps to constitute and activate mechanism like Works Committees, Boards of Conciliation and Courts of Inquiry to facilitate speedy resolution of industrial disputes;*
- *Institutionalize an effective oversight mechanism for timely implementation of awards and expedite enforcement of Recovery Certificates under various Acts;*
- *Setup a mechanism for periodical identification of establishments/contractors employing contract labour and prosecute employers and contractors violating provisions of the Contract Labour Act; and*
- *Strengthen the monitoring mechanism including inspections for ensuring legitimate rights of labour and prevention of exploitation of labour.*

Chapter-III

Compliance Audit

Chapter-III Compliance Audit

Department of Education

3.1 Avoidable expenditure of ₹ 1.09 crore

The Directorate of Education failed to take cognizance of Notification exempting payment of service tax by educational institutions for auxiliary services resulting in avoidable expenditure of ₹ 1.09 crore to a firm.

In exercise of powers under Section 93 (1) of the Finance Act, 1994, the Ministry of Finance (Department of Revenue), Government of India, vide its Notification dated 20 June 2012, exempted services provided to or by an educational institution in respect of education by way of (a) auxiliary educational services or (b) renting of immovable property from service tax leviable under Section 66B of the Finance Act, 1994.

The Directorate of Education (the Directorate) entered into an agreement with a firm for Information Technology (IT) related office work/data entry of school records by IT Assistants in 500 government schools for a period of one year from 01 July 2012 to 30 June 2013. Subsequently, the Agreement was extended up to 31 July 2014. According to the terms and conditions of the Agreement, the firm was to provide one IT Assistant in each identified school for the contracted period and the Department was required to pay to the firm a gross monthly amount of ₹ 11,277.09 for each IT Assistant. The annual contract value in respect of 500 IT Assistants was ₹ 6.77 crore which included a component of service tax.

Audit scrutiny of records revealed that the Directorate paid ₹ 9.88 crore to the firm during the period July 2012 to November 2013 for services provided by it under the Agreement which included an amount of ₹ 1.09 crore on account of service tax. Subsequently, the Department stopped paying service tax to the firm from December 2013 after it observed that payment of service tax was not applicable on educational services.

Inclusion of service tax component in the contractual amount to be paid for IT Assistants resulted in avoidable payment of ₹ 1.09 crore on outsourced services which were exempt from the service tax under the Notification of June 2012.

On its being pointed out, the Directorate stated (January 2016) that the Agreement was signed with the prior approval of the competent authority i.e. Finance Department of GNCTD and payment was made to the firm according to terms and conditions of the Agreement. When it was observed that payment of service tax was subsequently not applicable, the Directorate immediately stopped paying service tax with effect from December 2013. In response to an audit query, the

Directorate added that they had not initiated any correspondence with the firm for refund of the service tax paid since the firm had deposited the service tax with the Central Board of Excise and Custom.

The reply is not tenable as the Agreement was signed on 19 June 2012 whereas the Notification was issued on 20 June 2012 and the Directorate should have taken care to exclude service tax component from the amounts paid to the firm. Further, deposit of service tax by the firm with the Government of India does not absolve the Directorate from seeking refund of the amount.

The matter was referred to the Government in June 2016; their reply was awaited (December 2016).

Department of Home

3.2 Wasteful expenditure and blocking of funds

Procurement of Satellite Phones without ensuring availability of hub for their connectivity and purchase of an ambulance without ensuring services of a Medical Officer resulted in wasteful expenditure and blocking of ₹ 59.08 lakh.

Rule 21 of the General Financial Rules 2005 envisages that every officer incurring or authorizing expenditure from public funds should be guided by the highest standards of financial propriety and is expected to exercise the same vigilance in respect of expenditure incurred from public funds as a person of ordinary prudence would exercise in respect of expenditure from his own money.

Audit of the office of Directorate General of Home Guards (DGHG), Delhi, for the period 2012-15 revealed two cases of wasteful expenditure and blocking of funds amounting to ₹ 59.08 lakh as detailed below:

(A) The DGHG and Civil Defence (CD) procured 15 Satellite Phones (MSS Type D Terminals) in March 2009 at a cost of ₹ 46.60 lakh for uninterrupted communication during disaster and requested (June 2009) the Home (General) Department to take up the matter with MHA for registration of these satellite phones with their hub in Delhi.

On 01 January 2011, the Civil Defence Wing was separated from the DGHG&CD and brought under the Divisional Commissioner (Revenue Department), GNCTD. The new Directorate General of Home Guards (DGHG) requested the Union Ministry of Home Affairs (MHA) on 19 January 2011 and 20 April 2011 for providing linkage to communication network through their hub. In response, MHA informed (21 July 2011) that they did not have the required hub to support satellite phones and advised DGHG to approach the Space Applications Centre, ISRO, in this respect. DGHG again requested MHA (Disaster Management Division) on 17 October 2011 to take up the matter with the Space Applications

Centre for allotment in the hub. Finally, Satellite Communication and Navigation Programme (SATCOM), Bangalore, approved (29 June 2012) the support for the satellite phones through the Disaster Management Support Hub and the terminals were registered (July 2012) with the Space Application Centre, Delhi Earth Station.

As these satellite phones were procured for use by Civil Defence in the event of disaster and emergency, DGHG requested (July 2012) the Divisional Commissioner (Revenue Department) to take over the phones for the Directorate of Civil Defence at the earliest. However, the Directorate of Civil Defence refused (12 March 2013) to accept the satellite phones citing connectivity and other problems which occurred during the demonstration of these phones for checking their existing conditions. Thereafter, DGHG sent a proposal (May 2014) to Home (General) Department, GNCTD, that satellite phones may be transferred to any other organisation such as the National Disaster Response Force or the Directorate of Coordination, Police Wireless to enable their utilisation. No further progress was made and the satellite phones were lying idle as of June 2016.

Audit observed that DGHG purchased 15 satellite phones at a cost of ₹ 46.60 lakh without ensuring the availability of hub which was an absolute necessity for their connectivity to the network. Even after their registration with Space Application Centre, the satellite phones were not put to use for seven years after their procurement raising a question on their performance. Moreover, SATCOM had warned that the life of INSAT-3C through which these phones were supported, was expected to end in 2015-16 and the future support for these phones (MSS type-D) was not assured.

DGHG stated (June 2016) that satellite phones were purchased for Civil Defence when the Directorate was combined and thereafter the Directorate of Civil Defence had refused to take over these phones. They had also approached Home Department and other agencies which could have utilized these phones but none responded positively. The reply is not acceptable as ensuring availability of the space in a hub for such phones was a pre-requisite. Thus, poor planning and conceptualization resulted in wasteful expenditure of ₹ 46.60 lakh.

(B) Under the extant rules, a 'No Objection' Certificate (NOC) from the Committee for Registration of Ambulance (CRA) under the Department of Health and Family Welfare (DHFV) is a pre-requisite for registering an ambulance with the Transport Department. Audit observed that DGHG procured (July 2014) an ambulance at a cost of ₹ 12.48 lakh and requested (30 July 2014) DHFV for issuance of NOC for its registration with the Transport Department. CRA informed (January 2015) that a qualified Doctor as Medical Control Physician was an essential requirement for issuance of NOC and advised DGHG to appoint a qualified doctor as Medical Control Physician failing which, the application for registration of ambulance might be rejected.

Thus, purchase of a vehicle for use as ambulance without ensuring the mandatory requirement of Medical Officer resulted in blocking of ₹ 12.48 lakh for almost two years.

DGHG stated (June 2016) that it had been making persistent efforts for getting Medical Officer posted for issuance of NOC from CRA.

The matter was referred to the Government in June 2016; their reply was awaited (December 2016).

Department of Information Technology

3.3 Implementation of Right to Public Services Legislation

Implementation of the Right to Public Services Legislation was tardy as all the notified services were not uploaded on the electronic-Service Level Agreement (e-SLA) portal and where uploaded, was partial and incorrect. The Competent Officers were not vested with powers of DDO for making payment of cost or compensation to applicants for delayed delivery of service. Timelines were not fixed for each stage for time bound delivery of services. Though services were delivered with delay, neither the applicants were paid any compensatory costs nor the defaulting government servants penalized. No action was initiated either for identifying the erring official for fixing responsibility or for encouraging the efficient employees through cash incentive.

The Government of National Capital Territory of Delhi notified (April 2011) 'The Delhi (Right of Citizen to Time Bound Delivery of Services) Act, 2011' (the Act) for time bound delivery of services or payment of cost or compensation for delay in delivery of notified services to the citizens in the National Capital Territory of Delhi. The Act mandates every department of GNCTD to maintain online status of all applications governing citizen related services and entitles the citizens to obtain and monitor the status of their applications. GNCTD notified (September 2011) 'The Delhi (Right of Citizen to Time Bound Delivery of Services) Rules, 2011 and introduced a dedicated portal, 'e-SLA (electronic-Service Level Agreement) Monitoring System' for the purpose of checking, tracking and monitoring of the status of applications. As of July 2016, GNCTD had notified 361 services of 36 departments under the Act.

Audit findings based on the examination of a sample of 25 services of nine departments in the Social and Revenue sectors were included in the Audit Report No.2 of 2016 of C&AG relating to the Government of NCT of Delhi. In the present audit, services pertaining to General Sector and Economic Sector, based on a sample of 25 services of six departments¹, was selected for examination (**Annexure 3.3.1**).

¹1. Industries, 2. Tourism, 3. Registrar (Cooperative Societies), 4. Weights & Measures, 5. Food Supplies & Consumer Affairs, and 6. Revenue

3.3.1 Non-implementation of provisions of the Act and Rules

Section 6 of the Act envisages that the Government shall endeavor and encourage all its departments, local bodies and authorities to deliver citizens related services in a stipulated time period as part of e-governance. The Department of Information Technology (DIT) is responsible for overall coordination and monitoring the implementation of provisions of the Act.

3.3.1.1 Non-uploading of services on e-SLA portal

Out of 118 notified services of 14 departments, data of 65 services was not available on the e-SLA monitoring system. The failure of the departments to upload all the notified services deprived the citizens of online facilities for applying and receiving time bound delivery of services through the 'e-SLA monitoring and tracking system' as envisaged under the Act.

3.3.1.2 Uploading and online processing of applications

Rule 3 (2) and (3) of the Delhi (Right of Citizen to Time Bound Delivery of Services) Rules, 2011, stipulate that on receipt of the complete application, the concerned official of the department shall immediately scrutinize the application and if found in order, shall upload the entire information of the application in the database, generate the computerized application ID and convey the same to the applicant for tracking the status of his application on "e-SLA Monitoring and Tracking System". Rule 3 (4) further stipulates that all such applications received by the department in the aforesaid manner and uploaded on the server of the department shall be further uploaded on the 'e-SLA Monitoring and Tracking System' on the same day. Test check of records revealed the following:

(i) Partial Uploading of applications

Audit observed that the six selected departments received 3,59,871 applications during 2013-16. Out of these, 3,26,106 applications were uploaded on e-SLA portal and 33,765 were not uploaded as detailed in **Annexure 3.3.2**.

Further, the Department of Food Supplies and Consumer Affairs implemented the National Food Security (NFS) Act, 2013, with effect from September 2013. However, after November 2013, it did not upload any data/application relating to implementation of the Act on e-SLA. As per information available on the NFSA portal, the Department received 24,67,508 applications till March 2016 which were not uploaded on e-SLA portal. Partial uploading of data on e-SLA monitoring and tracking system undermined the objectives of the Act.

The Registrar (Cooperative Societies) and Weights & Measures Department attributed (August/October 2016) the partial uploading of data to shortage of staff while the Weights & Measures Department stated that necessary directions had been issued for uploading the upto date data of e-SLA on the portal. The Revenue

Department stated (October 2016) that data uploading in the e-SLA portal was being done by NIC.

(ii) Non updating of data

- Status of 2,624 applications out of 13,020 received by four departments² for nine services during the period of audit, were shown as ‘awaiting disposal’ as of 18 April 2016. Further scrutiny revealed that out of these 2,624 applications, 2,249 had actually been disposed of by the respective departments before March 2016 but their status was not updated on e-SLA portal.
- In Tourism Department, there was delay of upto 235 days in uploading the status on e-SLA in 21 out of 82 cases where services had been delivered. In 48 cases, date of disposal on e-SLA was shown prior to actual date of delivery of service indicating lack of input control.
- As on 29 April 2016, the data on the e-SLA portal was not updated by five departments³. Non-updating of data indicated lack of monitoring by the concerned departments.

The Revenue Department stated (October 2016) that the matter had been taken up with NIC and henceforth the data would be uploaded simultaneously. The Weights & Measures Department stated (October 2016) that data has now been uploaded on e-SLA.

3.3.1.3 Fixation of stage wise timelines for time bound delivery of services

As per Section 9 (1) of the Act, the Competent Officer, notified under the provisions of the Act, is empowered to impose cost on the government servant defaulting or delaying the delivery of services. Further, in terms of Rule 5, the Head of the Department should devise a work flow with timelines for the respective government servants at defined stages for the time bound delivery of services. Audit, however, observed that only two departments *viz.* Tourism, and Weights and Measures out of the six selected departments had devised stage wise timelines for processing of applications. In the absence of any fixed timelines for government servants for defined stages of delivery of a service, identifying the defaulting and delaying employee and recovery of the compensatory cost was not possible.

The Revenue Department stated (October 2016) that various work flow charts were prepared from time to time. The reply is not acceptable as these flow charts were neither furnished during the course of audit nor were enclosed with the reply.

²Departments of Industries, Tourism, Revenue and Registrar (Cooperative Societies)

³Food Supplies and Consumer Affairs (after 12 November 2013), Industries- (after 19 December 2014, Registrar (Cooperative Societies) (after 04 June 2015), Revenue (after 28 January 2016), W & M (after 29 April 2015).

Test check of records further revealed the following:

- **Tourism Department:** In 72 out of 117 cases under two services viz. 'Approval of Restaurants' and 'Registration of Bed and Breakfast Establishments', the department conducted inspection of premises with delay up to 79 days beyond prescribed timelines of 15 days and 60 days respectively. Under the service of 'Approval of Restaurants', certificates were issued to 36 out of 74 applicants with a delay up to 47 days beyond prescribed timeline of four days after approval of the competent authority. For two services⁴ relating to Guest Houses, though only two applications were received (one under each service on 27 May 2015 and 22 June 2015), inspection of premises was delayed by 354 days and 329 days beyond the prescribed timeline of 15 days.
- **Registrar (Cooperative Societies):** In case of two applications for registration of new societies, the department initiated the process of registration 35 days and 95 days after the receipt of applications, though time allowed for registration in such cases was 90 days only. The registration process was completed after a delay of 135 and 257 days respectively.

3.3.1.4 Non-conferring of powers of Drawing and Disbursing Officer (DDO) on competent officers

Section 9(1) of the Act provides for appointment of competent officers and Section 9(2) envisages that the Government shall, for the purpose of payment of compensatory cost, confer on the competent officer the powers of DDO in accordance with the law. For this, Rule 4(2) stipulates drawing a sum not exceeding ₹ 20,000 by DDO.

The Department of Information Technology notified (between 14 September 2011 and 14 August 2014) the appointment of competent officers and appellate authorities for the services provided by six selected departments. Audit observed that the powers of DDO for making payment of compensatory cost to the citizens were not conferred on them except by the Department of Food Supplies and Consumer Affairs.

The Revenue Department stated (October 2016) that relevant orders were issued for appointment of competent officers and appellate authority. However, the reply was silent on conferring of powers of DDO. The Weights & Measures Department stated (October 2016) that the DDO of the Department has been asked to comply with the provision of Rule 4(2) for drawing the sum not exceeding ₹ 20,000.

3.3.1.5 Non-execution of instructions issued by the IT Department

As per instructions issued (May 2014) by the IT Department, GNCTD, Head of Departments were required to issue internal orders regarding internal workflow mapping with timelines for time bound delivery of notified services. These internal

⁴(i) Approval of Guest House, and (ii) Grading of Guest Houses

orders were to cover preparation of notice board for displaying information regarding services, along with name of the competent officer, number of days for disposal as per e-SLA and setting up of Help Desk to guide citizens and making available imprest money with competent officer for payment to citizens as compensatory cost in case of default or delay in delivery of services. In this regard, Audit observed that:

- **Help Desk:** No separate help desk to guide citizens was set up by any of the selected six departments.
- **Notice Board:** Only the Weights & Measures Department complied with the instructions for displaying notice board. Though the Departments of Revenue and Registrar (Cooperative Societies) prepared Notice Boards displaying information regarding services along with number of days required for issue of certificate, information like name of Competent Officer/Appellate Authority, provision of payment of compensatory cost for delay in delivery of services were not displayed on notice boards.
- **Imprest money:** The Food Supplies Department and Registrar (Cooperative Societies) intimated that imprest money was provided to the competent authority for implementation of the provisions of the Act.

The Revenue Department stated (October 2016) that necessary orders were issued regarding help desk, notice board and imprest money. Audit however noted that though common counters/desks existed in sub-division offices for regular works, there were no separate help desks for guiding citizens. Further, the notice boards did not have complete information and though orders for release of imprest money were issued, these were not being followed. The Weights & Measures Department stated (October 2016) that it was complying with the instructions. Reply is not acceptable as no separate help desk was set up and no orders for release of imprest money were issued. The Registrar (Cooperative Societies) stated (August 2016) that directions have been issued to erect new notice boards.

3.3.2 Notification of services

Under Section 3 of the Act, the Department of IT had been amending from time to time the schedule of services appended to the Act for bringing various services under the purview of the Act. Audit observed the following:

3.3.2.1 Non-identification of new services for e-SLA

As per instructions of the Department of IT (July 2013), Government departments were to identify more citizen related services for bringing them under the ambit of e-SLA. Audit, however, observed that the selected departments did not identify any new service to be brought under the ambit of e-SLA since 14 August 2014, though they were providing several other services⁵ to citizens, which were not available on e-SLA portal.

⁵**Tourism:** Registration of tour operators/travel agents, **FS:** Change of FPS in the same circle, **Revenue:** Issuance of permanent ID card for disabled, **Industries:** Grant of licences to carry on business of a process of lubricating oils and grease, **RCS:** Approval of expulsion of members **W&M:** Issue of verification certificate of weighing and measuring instruments.

While Revenue Department stated (October 2016) that identification of new services for e-SLA was under process, the Weights & Measures Department stated (October 2016) that there was no need for identification of new services which would be done when required.

3.3.2.2 Notification of service not under the control of a Department

In August 2014, the Department of IT notified two services⁶ for the Department of Industries under the Act though these services had been shifted to the Revenue Department in April 2010. Despite these services not being within its ambit, the Industries Department also appointed competent officer and appellate authority for these two services in August 2014 and did not take up the matter with the Department of IT for shifting these services to Revenue Department. As a result, e-SLA portal was still showing these two services under the Department of Industries. This was indicative of lack of diligence in implementing the provisions of the Act/Rules.

The Department of Industries replied (August 2016) that a proposal was sent (August 2016) to IT Department for de-notification/transferring these two e-SLA services to the Revenue Department.

3.3.3 Delivery of notified services

Section 3 of the Act provides that every citizen shall have the right to obtain citizen related services in Delhi within the time specified in the Act. Section 7 further stipulates that every government servant who fails to deliver the citizen related services within the stipulated time, shall pay to the citizen the cost at the rate of ₹ 10 per day for the period of delay subject to maximum of ₹ 200 per application. Further, as per Rule 4(1), the competent officer shall ensure to pay the compensatory cost calculated automatically through e-SLA system, to the citizen in case of delay in the delivery of service beyond the prescribed time period.

Section 12(3) of the Act seeks to encourage and enhance the efficiency of government servants by recommending cash incentives under the section to a government servant against whom no default has been reported in one year.

Out of total 13,96,467 cases processed on e-SLA during period of audit, there was delay in delivery of services in 3,81,472 cases (27 per cent) with a maximum delay ranging up to more than two years (as on 18 April 2016) in the six selected departments. In terms of the provisions of the Act, an amount of ₹ 3.79 crore should have been paid as compensatory cost to the citizens and the same recovered from the defaulting government employees, as worked out by Audit (**Annexure 3.3.3**). However, the concerned departments neither paid any amount

⁶ (i) Renewal of registration of Welfare/ Charitable Societies under Societies Registration Act, 1860 for the societies registered before year 2010, and (ii) Certified copy of the rules and regulations and governing body of the society

as cost to the citizens nor recovered it from the defaulting employees responsible for the delay in delivery of services.

The Department of Weights & Measures attributed (October 2016) the delay to shortage of staff while the Registrar (Cooperative Societies) stated (August 2016) that the process sometimes takes more than the stipulated time and also there was acute shortage of staff. The Revenue Department stated (October 2016) that it did not receive any complaint from any citizen on delay in delivery of services.

It was also noticed that the departments of Tourism, Weights & Measures, Revenue and Registrar (Cooperative societies) paid no incentive to any government servant as provided under the aforesaid provision of the Act.

Audit observed that the departments had neither enforced the provisions of the Act relating to compensatory cost and recovery from defaulting government servants nor provided any incentives to improve efficiency. This defeated their very purpose as well as accountability and undermined the ability of the departments to ensure delivery of timely services to the citizens.

3.3.3.1 Review of prescribed period for delivery of services

Audit observed that only two departments *viz.* Food Supplies and Consumer Affairs and Industries reviewed the number of days required for rendering the notified services in December 2014 and February 2015 respectively. The Revenue Department, with the implementation of e-District programme since June 2015, reduced the number of prescribed days for five services⁷ to 14 days (from 21 to 60 days), and increased the prescribed time for 'Issue of Marriage Certificate' from 7 to 21 days. However, the notification for these amendments with regard to implementation on e-SLA was yet to be issued as of July 2016. The departments of Tourism, and Weights and Measures did not review the number of days required for delivery of services, while the Registrar (Cooperative Societies) did not furnish any information in this regard.

The Revenue Department stated (October 2016) that fresh notification for revised period of delivery of services was under process and Weights & Measures Department stated (October 2016) that a committee would be formed shortly for reviewing the prescribed period.

3.3.4 Conclusion

Audit review of the implementation of the Right to Public Services Legislation indicated lack of diligent implementation leading to delay and gaps in uploading of notified services on the e-SLA Monitoring and Tracking System that undermined the fundamental objective of providing information on-line to citizenry. The Competent Officers were not vested with powers of DDO for making payment of

⁷*Issuance of OBC, SC/ST, Delayed Birth Order, Income and Domicile certificates.*

cost or compensation to applicants for delayed delivery of service and no timelines were fixed for delivery of services. Though services were delivered with delay, neither applicants were paid any compensatory costs nor was any action initiated either for identifying the erring officials for fixing responsibility or to encourage the efficient employee by granting cash incentive.

The matter was referred to the Government in July 2016; their reply was awaited (December 2016).

**Department of Labour
(Delhi Building and Other Construction Workers' Welfare Board)**

3.4 Non-claiming of refund of TDS

Failure of the Board to file income tax returns and claim refund of tax deducted at source (TDS) by banks, resulted in blocking of funds of ₹ 15.95 crore and consequential loss of interest of ₹ 2.73 crore, which could have been earned had the refund of TDS been claimed timely and invested in Fixed Deposits in banks.

The Delhi Building and Other Construction Workers' Welfare Board (the Board) was constituted on 02 September 2002 under the Delhi Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 with a view to providing and monitoring social security schemes and welfare measures for the benefit of building and other construction workers.

Audit scrutiny of records during August/September 2016 covering the period 2013-16, revealed that the Board applied to the Income Tax Department for registration under Section 12A of the Income Tax (IT) Act, 1961 (exemption from taxation) on 29 September 2008. The registration under Section 12A read with Section 12AA was granted to the Board from the assessment year 2009-10 onwards for exemption from taxation. However, the exemption from taxation was subject to satisfaction of the Assessing Officer about the genuineness of the activities promised or claimed to be carried on in each financial year relevant to the assessment year. Besides, the Board was required to maintain and submit its audited accounts to the Assessing Officer.

The Board invests its surplus funds as 'Fixed Deposits (FDs)' in various banks, which deduct tax at source (TDS) on interest earned on FDs. However, the same can be claimed as refund from the Income Tax Department by filing IT Return under section 139 (1) of the IT Act. Further, Section 244A(1)(a) states that "where refund of any amount becomes due to the assessee under the Act, he shall, subject to the provisions of this section, be entitled to receive, in addition to the said amount, simple interest thereon calculated in the following manner:

"where the refund is out of any tax collected at source under Section 206C or paid by way of advance tax or treated as paid under Section 199, during the financial year immediately preceding the assessment year, such interest shall be calculated at the rate of one-half *per cent* for every month or part of a month comprised in the period,

- (i) from the 1st day of April of the assessment year to the date on which the refund is granted, if the return of income has been furnished on or before the due date specified under sub-section (1) of Section 139; or

(ii) from the date of furnishing of return of income to the date on which the refund is granted, in a case not covered under sub-clause (i).

Test check of records revealed that the Board earned ₹ 143.64 crore as interest on its FDs in banks during the period 2009-10 to 2015-16 and banks deducted ₹ 15.95 crore as tax at source on the interest earned on FDs. However, the Board could not claim refund of this amount of TDS as it did not file the IT Return for any of the assessment years as of September 2016, resulting in TDS amounting to ₹ 15.95 crore lying with the IT Department unclaimed.

Thus, failure of the Board to file IT Returns and claim refund of TDS resulted in blocking of funds of ₹ 15.95 crore and consequential loss of interest of ₹ 2.73 crore upto 31 March 2016, which could have been earned had the refund of TDS been claimed timely and invested in FDs.

The matter was referred to the Government on 05 December 2016, their reply was awaited.

3.5 Lack of effective monitoring of surplus balances

Failure to effectively monitor transfer of funds from district account to the main account of the Board resulted in loss of interest of ₹ 3.74 crore.

In terms of Section 3 of the Building and Other Construction Workers' Welfare Cess Act, 1996, a cess shall be levied and collected at such rate not exceeding two *per cent* but not less than one *per cent* of the cost of construction incurred by an employer and the proceeds of the cess collected shall be paid to the Delhi Building and Other Construction Workers' Welfare Board (the Board). In Delhi, Deputy Labour Commissioners of various districts collect the cess from local bodies, individuals and other agencies and remit the same to the Board. For this purpose, the Board has a main Savings Bank account in State Bank of India (SBI). The Board opened (February 2012) 10 Savings Bank accounts for various districts linked with the main account of the Board. As per decision taken in the meeting of the Board on 8 August 2011, all funds collected through different accounts was to be transferred automatically to the main account on the same day evening. Further, the amount of cess in the main account over and above ₹ 25 lakh was to be converted into Multi Option Deposit (MOD) in multiples of ₹ 50 lakh.

Audit scrutiny of records of the Board revealed that a balance of ₹ 24.04 crore was lying in the account of North-West District as on 1 April 2013 and the bank was not transferring the funds to main account on daily basis. As a result, funds in the account of North-West district accumulated to ₹ 77.03 crore (including interest of ₹ 3.68 crore) as on 27 December 2014, when the amount was transferred to the main account by the bank. The Board failed to monitor the transfer of funds by the Bank.

Due to non-transfer of funds from the district account to the main account on daily basis, the Board could not invest these funds in fixed deposits during April 2013 to December 2014. Had the amount been transferred to main account on daily basis during the period April 2013 to December 2014 and converted into MOD, the Board could have earned interest of ₹ 7.42 crore. Against this, the Board received only ₹ 3.68 crore as interest in the district account. Thus, non-transfer of funds from district account to main account on daily basis resulted in loss of interest of ₹ 3.74 crore.

The Board stated (November 2016) that the matter was being taken up with SBI and efforts made to recover the amount from the bank.

The matter was referred to the Government on 05 December 2016, their reply was awaited.

3.6 Loss due to projection of excess requirement

The Board projected a requirement of 20 mobile van dispensaries against 10 approved and thereafter released ₹ 4.24 crore without ensuring their availability. This resulted in loss of interest of ₹ 1.15 crore that the Board could have earned by investing the unspent amount of ₹ 2.07 crore.

It was decided in May 2009 that the Directorate of Health Services (DHS) would assist the Delhi Building and Other Construction Workers' Welfare Board (the Board) by extending mobile dispensary services at 30 major construction sites in Delhi. In the meeting, it was informed that the DHS had asked for an amount of ₹ 2.12 crore for providing 10 mobile van dispensaries. However, the Board, in its meeting held on 28 May 2009, decided to pursue with DHS for at least 20 mobile van dispensaries for on the spot medical care to construction workers at sites at a total cost of ₹ 4.24 crore. The Board did not obtain any assurance from DHS for providing 20 mobile van dispensaries instead of 10, but released ₹ 4.24 crore (June 2009) in advance to DHS for 20 mobile van dispensaries.

Audit scrutiny revealed that DHS deployed five mobile van dispensaries with effect from 15 June 2009 and five more from 10 July 2009 at various construction sites. On 2 March 2015, DHS informed the Board that even these 10 mobile van dispensaries had been discontinued with effect from 31 May 2014. An amount of ₹ 2.07 crore out of ₹ 4.24 crore was lying with it unspent which was not returned to the Board as of August 2016.

Thus, projecting requirement of increased mobile van dispensaries at 20 instead of 10 contrary to decision of the Government and payment of advance without ensuring that 20 mobile van dispensaries could be deployed resulted in loss of interest of ₹ 1.15 crore upto August 2016, which the Board could have earned by investing the unspent amount of ₹ 2.07 crore.

The matter was referred to the Government on 05 December 2016, their reply was awaited.

Public Works Department

3.7 Implementation of Projects in Public Works Department

PWD did not invest adequate efforts and time in planning and design for the projects before their actual execution resulting in inflated detailed estimates, revision of drawings and designs and increase in quantities of items/execution of extra items after award of works. There were delays in completion of works and non-levy of compensation in delayed works. PWD failed to incorporate penal clause for variation in estimation of quantities in agreements entered into with consultants and did not levy compensation on consultants for delay in supplying of drawings for the works despite contractual provisions. Wrong adoption of base price and taking incorrect quantities, while calculating cost variation, resulted in non/short recovery under clause 10CA of the Agreements. These shortcomings have financial implications of ₹ 241.20 crore.

3.7.1 Introduction

Major construction projects of all departments of Government of National Capital Territory of Delhi (GNCTD) costing more than ₹ 30 crore are taken up by the Building Zones of the Public Works Department (PWD) while construction of flyovers, railway over bridges, railway under bridges, underpasses and new corridors are constructed by its Flyover Zone.

The Principal Secretary, PWD is the administrative head of the Department who is assisted by Engineer-in-Chief, Chief Engineers, Superintendent Engineers, Executive Engineers, Assistant Engineers and Junior Engineers. The PWD is divided into four Maintenance Zones, two Building Project Zones and one Flyover zone. There are total of 96 divisions in PWD, of which 77 divisions⁸ have Drawing and Disbursing powers.

The audit of implementation of projects in Public Works Department for the period 2011-16 was conducted between May and August 2016 in 12 Building Project divisions⁹ and 10 Flyover Project divisions¹⁰ of PWD. In these divisions, works selected for audit were- (i) 100 *per cent* works having tendered value of ₹ 50 crore and above (16 works), and (ii) 30 *per cent* works having tendered value below ₹ 50 crore (24 works out of 59 works). These 40 works involved total expenditure of ₹ 2,924.13 crore.

⁸59 maintenance divisions, 5 flyovers project divisions and 13 building project divisions.

⁹B-121, B-122, B-123, B-131, B-132, B-133, B-141, B-142, B-222, B-223, B-232, B-234

¹⁰ F-111, F-112, F-113, F-121, F-122, F-123, F-131, F-132, F-133, F-134

Audit findings

3.7.2 Planning and designing for the projects

Comprehensive planning and designing for the project entails determining the scope of the project, selection of appropriate site, examination of site conditions, soil testing, preparation of realistic estimates, drawings, specifications of various items, scheduling of resources (physical and financial both) and fixing attainable timelines while keeping the project objectives upfront. Planning for a Government project in Delhi becomes even more crucial as land and finances are scarce and project execution involves prior approvals and clearances from multiple agencies. Audit noticed instances of poor project planning in PWD resulting in unrealistic estimates and change in scope, designs, drawings and specifications after award of works. Further, instances of non-inclusion of penal clause in agreements and non-levy of compensation despite provision in the agreements were noticed in consultancy works.

3.7.2.1 Engagement of consultants

PWD appoints consultants for feasibility study of projects, preparation of structural designs, drawings, estimates and justified amount statements. As per Central Vigilance Commission instructions (November 2002), there should be no major deviation in the scope of work after the contract is awarded and the consultant should be penalized for poor planning, if the deviations result in excessive cost overruns. Further, as per Agreement entered into with the consultant, time allowed for carrying out the work should be strictly observed and in the event of failure to complete the work, compensation at the rate of 1.5 *per cent* of agreed fee per month of delay is to be computed on per day basis subject to maximum of 10 *per cent*.

Test check of records of Building and Flyover Divisions revealed that in nine works, there was no penal clause in three consultancy agreements for variation in quantities. In four works, penalty was not levied though there was provision for the same in the agreements and other two consultancy works were discontinued by the Consultant Appointment Committee due to non-requirement as summarized in **Table 3.7.1** below:

Table 3.7.1: Shortcomings in Consultancy Agreements

(₹ in crore)

Sl.No.	Name of work	Remarks
1	(i) C/o DDU College, (ii) C/o Prison Complex at Mandoli, SH: Regulated Environment Buildings, and (iii) C/o Academic Block at DIPSAR	Penal clause was not included in agreements for variation in estimation of quantities. There was variation in quantities valuing ₹ 70.58 crore in these three works.

Sl.No.	Name of work	Remarks
2	(i) C/o Shaheed Sukhdev College of Business Studies at Rohini, (ii) Comprehensive Development of Corridor from (a) VikasPuri to MeeraBagh, (b) Mangolpuri to Madhuban Chowk (c) Madhuban Chowk to Mukarba Chowk	There was delay in submission of drawings by consultants ranging from 33 to 93 days. However, PWD did not levy compensation amounting to ₹ 48.48 lakh on consultants.
3	(i) Corridor/network from - (a) Pusta No.3 to Chandgi Ram Akhara (b) Sonia Vihar to Jagatpur (c) Sabhapur to Sant Nagar Burari (ii) BRT corridors in Delhi (Package-4) (a) National Stadium to Gazipur, and (b) ISBT Anand Vihar to Connaught Place (Package-4)	Two consultancy works for feasibility studies and preparation of detailed project report for BRT corridor were awarded in February 2013/July 2014. The Consultant Appointment Committee in its meeting (February 2016) decided to discontinue these studies because these works were not required due to construction of Signature Bridge and failure of existing BRT corridors. By that time payment of ₹ 1.30 crore had been made to the consultants which was rendered wasteful.

The Department stated (September 2016) that action of levy of compensation for delay would be taken after completion of the projects. As regard Prison complex and Academic Block at DIPSAR, it was stated that the quantities of various items were revised as per requirements of clients and site conditions. Regarding feasibility studies Department accepted the facts. The reply is not specific to the audit observation regarding non-inclusion of penalty clause in the Agreement in terms of CVC instructions. Besides, in the case of DDU College, in the absence of provision for levy of penalty in the agreement it is not clear as to how the Department would levy penalty.

3.7.2.2 Inflated detailed estimates

As per section 2.5.1 (h) of CPWD Works Manual, detailed estimates should be prepared based on applicable Schedule of Rates for obtaining technical sanction. Market rates should be followed only for items which are not covered under the Schedule of Rates.

Audit scrutiny of records revealed that PWD Division (B-121) applied both rate of DSR-2002 and market rates for preparing detailed estimate (February 2008) for the work - 'Construction of Prison Complex at Mandoli, SH: Regulated environment building'. It was observed that cost of 19 items (₹ 87.58 crore) was calculated on market rates constituting 82 *per cent* of the total estimate of ₹ 106.58 crore. It was further observed that though rates for 13 out of these 19 items were available in DSR-2002, yet PWD applied market rates to estimate cost of these items. Applying market rates for items which were covered under DSR-2002 was in violation of provisions of CPWD Works Manual and resulted in inflated estimate by ₹ 38.68 crore (**Annexure 3.7.1**).

The Department stated (September 2016) that at the time of framing NIT in 2008, the latest available DSR was DSR-2002 and there was a huge gap in rates of DSR and the prevailing market rates of cement and steel. In order to bridge this gap, items involving cement and steel were updated by incorporating market rates. The reply is not acceptable as the PWD was required to follow the manual provisions for preparation of detailed estimates. Further, gap between DSR and market rates is taken into consideration for preparing justification statement to assess the reasonability of rates quoted by bidders.

3.7.2.3 Increase in quantities/execution of extra items after award of works

Section 4.2.1 (2) of CPWD Works Manual stipulates that detailed estimate should be complete and as comprehensive as possible and should be supported by detailed drawings, preliminary structural plans and preliminary lay out drawings of various services for different components of work involved. Audit observed following instances of increase in quantities/execution of extra items amounting to ₹ 110.29 crore as summarized below:

(a) PWD appointed a consultant (August 2012) at a fee of ₹ 74.50 lakh for preparation of structural design and drawings, construction drawings and detailed estimate for the work -Construction of elevated road over Barapullah Nallah, (Phase-II) from Jawaharlal Nehru Stadium to Aurobindo Marg. Based on the detailed estimate for the work prepared by the consultant, the Chief Engineer accorded technical sanction in November 2012. Test check of records revealed that the drawings prepared by consultant proved to be inaccurate during the execution of the work as there was substantial difference in quantities executed vis-à-vis quantities estimated by the consultant as detailed in **Table 3.7.2** below:

Table 3.7.2: Increase in quantities due to inaccurate drawings

Sl. No.	Items	Quantities as per agreement (in meter)	Quantities executed (in meter)	Difference (in meter)	Rate (in ₹)	Additional expenditure (₹ in crore)
1	2	3	4	5 (4-3)	6	7 (6x5)
1	Soil investigation	8,648	12,270	3,622	1,000	0.36
2	Boring-vertical piles					
	1,000 mm dia	3,700	9,102	5,402	12,400	6.70
	1,200 mm dia	24,100	55,550	31,450	15,350	48.28
Total						55.34

The increase in quantities after award of work resulted in additional expenditure of ₹ 55.34 crore. Reasons for increase in quantities were recorded as site conditions, increase in depth of pile from 20 meters to 32 meters and change of alignment of structure. Thus, increased quantities of these items not only increased the cost of project but also delayed the completion of the project as 94 per cent of work was

executed as of September 2016 against the scheduled completion by February 2015.

The Department stated (September 2016) that penalty for preparing inaccurate estimate would be imposed while finalizing the bill of the consultant.

(b) Test check of records revealed that in seven building works (Colleges, NCC Bhawan, Prison Complexes) there were deviations in quantities of items (12 to 15,770 *per cent*) and execution of extra items valuing ₹ 45.60 crore. Reasons for deviation in quantities and execution of extra items included lesser quantities taken in estimates, increase in scope of work, increase in thickness of slab, as per structural drawings and site requirement.

(c) Deviation in quantities valuing ₹ 9.35 crore in the work -Construction of Shaheed Sukhdev College of Business Studies at Rohini, though executed, were not approved as of August 2016.

The Department stated (September 2016) that deviations in quantities and execution of extra items were due to change of scope of work, additional requirement of client department, site requirement, increase in plinth area and height of plinth, non-availability of structural drawings, less consideration/ non consideration of items and change in tender drawing. The reply establishes the fact that plans and designs of works were not complete and comprehensive.

3.7.2.4 Change in scope of works after award of contracts

In the following three works, scope of work was changed after contracts had been awarded. As a result, one work was completed at less than tendered cost and there was additional expenditure in two works, as detailed in **Table 3.7.3** below:

Table 3.7.3: Change in scope of work after award

(₹ in crore)

Sl.No.	Work	Reasons for change in scope work
1	Comprehensive development of corridor between Prembari Pul and Azadpur	The work was awarded at a tendered cost of ₹ 181.47 crore. Due to reduction in the length of elevated road from 1,717 meter to 1,460 meter, less quantities of piers, span and depth of piles were executed and work of noise barrier, signages and retaining wall were not executed. The contractor was paid ₹ 129.17 crore for the work done.
2	C/o Prison complex at Mandoli, SH: Providing air cooling systems	The work was awarded at a tendered cost of ₹ 3.70 crore. There was provision for manual operation of the system. However, after award of work it was changed to remote control system. An amount of ₹ 1.06 crore was paid for execution of four extra items.
3	C/o Parallel road in Zone P-1 on other side of nallah from Sanjay Gandhi Transport Nagar to Wazirabad Chowk	The work was awarded at a tendered cost of ₹ 135.79 crore. After award of work, PWD changed the scope of work by including an extra item of work (providing, fabricating, transportation, assembling and erection in position of steel members for Steel Plate Girder Bridge' over the canal). An expenditure of ₹ 1.46 crore was made on additional work.

Change in scope of work after award of contract is indicative of weaknesses in the initial planning and designing of the project and lack of diligence in identification of realistic requirements prior to execution of the works.

The Department stated (September 2016) that scope of corridor improvement work from Prembari to Azadpur flyover was reduced as structural design was rationalized at the time of execution by revising design panels after specific confirmatory Geo Tech investigation was done for each location of the pier. The alignment of the flyover was re-assessed based on ground conditions and modified accordingly. Regarding the work at Mandoli Jail, it was stated that in a coordination meeting chaired by Chief Engineer, it was decided to have control at a single point and additional facilities were provided to have better control and monitoring due to security reasons. Regarding work of parallel road in Zone P-1, it was stated that it was technically not possible to shift the flood control measures installed at the site and it was unavoidable to construct the canal bridge at that point.

3.7.3 Execution of projects

3.7.3.1 Delay in execution of works due to lack of coordination

The work, 'Corridor improvement from IIT to NH-8 and its influence areas'¹¹ was awarded (November 2014) at a tendered cost of ₹ 278.08 crore with stipulated date of start and completion as 27 November 2014 and 26 November 2016 respectively. However, only 6 per cent of the work was executed even after 19 months of start of work. Scrutiny of records revealed that work was delayed due to delay in shifting of lines/cables of Bombay Suburban Electric Supply (BSES) and Delhi Transco Limited (DTL), water pipe line and DTC Bus shelters at BJ Marg. It was further noticed that PWD paid ₹ 24.19 crore to various agencies i.e. BSES¹², DTL¹³, NDMC¹⁴, SDMC¹⁵ and DTC¹⁶ for shifting of the services during the period from December 2014 to March 2016. This indicates lack of timely intervention on the part of PWD to get the utilities shifted since payment for this work to the various agencies was paid only after award of the work resulting in delay in shifting of utilities ranging between 3 to 26 months as of August 2016.

The Department stated (September 2016) that there were large number of underground utilities of various agencies. The process of identification and

¹¹SH: Construction of Flyover on portal structure linking existing Munirka Flyover in the East to the point beyond Army RR Hospital in the West on the Outer Ring Road, and SH: Underpass at junction of BJ Marg and Inner Ring Road, skywalk, RCC drain, footpath, cycle track, widening/strengthening of road, rain water harvesting scheme, electrical works and other allied works

¹²Shifting of 33 KV underground feeder, shifting of 66 KV tower, shifting of underground 11 KV and 33 KV cable.

¹³Shifting of 220 KV underground cable

¹⁴Shifting of water pipe line and shifting of various electrical cables

¹⁵Shifting of 33 KV cable

¹⁶Shifting of DTC Bus Shelters

preparation of estimate for shifting of utilities was started just after getting the sanction for the work. It further stated that the departments to whom payments had been made, were delaying the work of shifting of their utilities. The reply is not acceptable as these factors could have been taken care of at the planning stage by proper co-ordination with concerned agencies.

3.7.3.2 Inadmissible payment of ₹ 1.51 crore

Special Conditions 1 (a) and (b) of the contract stipulated that contractor should inspect the site of work and acquaint himself with the site conditions and no claim on this account would be entertained by the department. In terms of Bill of Quantities (BOQ) of agreements, contractor was required to provide Design Mix Concrete (DMC). Further condition stipulates that contractor had to arrange Ready Mix Concrete (RMC) for all leads and lifts and nothing extra was to be paid on this account. As per minutes of pre-bid meeting held on 21 March 2013, it was clarified to bidders that the site for RMC was not available at work site as most of the ground had already been covered.

Audit scrutiny of records relating to the two works under Construction of prison complex, Mandoli, namely (i) Construction of 330 residential quarters, and (ii) External development and miscellaneous allied works, revealed that as per agreement there was an item for DMC but the contractor used RMC citing non-availability of space and permission for installation for batch mix plant for making design mix at the site despite the pre bid documents clearly mentioning that space for RMC activities is not available. PWD paid ₹ 48 lakh and ₹ 59 lakh respectively as lead charges for RMC as extra item which was clearly in contravention of the contracts. Similarly, in the work of Construction of 330 residential quarters, PWD paid ₹ 44 lakh for an item of earth work (as extra item) on the ground that the area in the housing complex of Mandoli Jail is low lying area. Thus, the total payment of ₹ 1.51 crore to the contractor for these items was inadmissible as conditions of the Agreement did not allow payment for such items.

The Department stated (September 2016) that in the detailed estimate, the item of design mix concrete was taken, but space for installation of plant at site could not be provided and contractor was paid for ready mix concrete. Regarding payment of earth work, it was stated that at the time of execution, it was necessary to avoid the flooding/stagnation of water and to keep the plinth level matching with the existing building. The reply is not acceptable as the payment for extra lead for ready mix concrete was specifically not permitted as per the Agreement and the execution of earth work on the ground of low lying area was also not admissible according to contract conditions.

3.7.3.3 Avoidable payment for cost escalation

The CPWD Works Manual-2012 *inter alia* provides that availability of clear site, funds and approval of local bodies should be ensured before approval of notice

inviting tenders (NIT) to ensure execution of works without any hindrance or delay which may entail escalation in cost. If a work remains in progress after the stipulated dates of completion for no fault of contractor, escalation costs under clause 10 CC of the agreements are paid.

Test check of records revealed that two works for which escalation costs under clause 10CC was applicable could not be completed within their stipulated dates of completion. Details of escalation costs paid to the contractors are shown in **Table 3.7.4** below:

Table 3.7.4: Escalation costs paid to the contractors

(₹ in crore)

Work	Stipulated date of completion	Delay as on 31.5.16 (days)	Total Amt. Paid	Amount avoidable	Hindrance
Comprehensive Development of Corridor (Outer Ring Road-F-1)					
(i) Vikas Puri to Meera Bagh	21.2.2015	465 (in progress)	14.87	5.28	DJB boundary wall (17 days), NOC from I&FCD (22 days), tree cuttings (70 days), shifting of 33 KVA/66 KVA lines (20 days), DJB water lines (13 days) and drawings (77 days).
(ii) Mukarba Chowk to Wazirabad Chowk	20.5.2015	375 (in progress)	16.81	6.93	Tree cutting (33 days), 66 KVA/11 KVA HT lines (39 days), drawings (40 days), DJB pipe line (2 days), NOC from IFC&D (71 days), HT transformer (6 days), non-availability of site (9 days).
Total				12.21	

The main reasons for delay in completion of works were either non-availability of drawings or non-coordination with other departments. Consequently, ₹ 12.21 crore was paid as escalation costs under clause 10 CC of the agreements for delays beyond the stipulated date of completion which could have been avoided had the PWD ensured hindrance free sites and drawings before issuing NITs and managed other hindrances with proper coordination with concerned departments.

The Department stated (September 2016) that theoretically tenders should be called only after availability of clear site, but practically it was not possible due to various site conditions. It was added that it is very difficult to assess actual position of services laid below the ground surface as layout plans were not available with concerned service providers. Reply is not acceptable as it is incumbent upon the department to take all steps necessary to ascertain that the land is free from any encumbrance or hindrance before award of the work. Thus, failure of PWD to ensure clear site and removal of all hindrances before award of work as envisaged in the codal provision and ineffective co-ordination with civic agencies resulted in delay in execution of work and cost escalation under clause 10 CC of the agreement.

3.7.3.4 Sanction of deviations and extra items

Sections 24.1 and 24.2.1 of CPWD Works Manual stipulate that deviation means deviation in quantities (increase or decrease) of items of work in the agreement, whereas extra items of work are items that are completely new and are in addition to items contained in the contract.

Test check of records of four Building Project Civil Divisions¹⁷, two Building Project Electrical Divisions¹⁸ and one Flyover Division (F-113) showed that in 17 works, deviation in quantities worth ₹ 29.80 crore and extra items worth ₹ 1.71 crore aggregating to ₹ 31.51 crore were sanctioned either without recording any reason or by mentioning in a routine manner such as site requirement or as per actual measurement or as per actual execution at site. Recording justification for deviation in quantities or extra items in such vague terms in approval statements does not disclose the actual need for those items. As such, a reliable assurance could not be drawn regarding actual requirement of deviation in quantities or extra items executed in the works.

The Department stated (September 2016) that items were executed for providing power points, LAN connection, telephone connection to various works stations, increase/change in scope of work, non-availability of material and non-availability of item in the agreement. In case of work of New Delhi District Court at Rouse Avenue, it was stated that detailed reasons for deviation of each item was discussed during inspection of Chief Project Manager and elaborated in the note sheet. However, no document supporting the contention was enclosed with the reply. The reply is not specific to the audit observation regarding full disclosure of requirement of deviations and extra items in approval statements.

3.7.3.5 Irregular inclusion of extra works

Section 14.1 (1) of the CPWD Works Manual-2012 stipulates that normally tenders should be called for all works costing more than ₹ 50,000. The prescribed period of notice may be reduced in urgent cases or when the interest of the work so demands. Where it is more expedient to do so, work may be awarded without call of tenders after approval of the competent authority. Further, section 24.2.1 defines extra items of work as items that are completely new and are in addition to the items contained in the contract. This means that these are items which are required to be executed to complete the main work.

Scrutiny of records revealed that in four main works¹⁹, additional items of works viz. supply and drawing of UPT (Unshielded twisted pair) Local Area Network

¹⁷B-121, B-123 and B-132, B-222

¹⁸B-141 and B-142

¹⁹(i) Supply, installation, testing and commission (SITC) of DG Sets at New Delhi District Court Complex at Rouse Avenue, DDU Marg, (ii) External development and miscellaneous allied works in prison complex at Mandoli, (iii) SITC intelligence fire alarm system and PA system for prison complex at Mandoli, and (iv) Construction of lawyer chambers at District Court Rohini,

cable, Sewage Treatment Plant, signages, approach road and other related roads valuing ₹ 3.11 crore, were got executed as extra items though these were not directly related to main works (Annexure 3.7.2). These unrelated items, in fact, should have been executed separately after calling open tenders instead of treating them as extra items in other works.

The Department stated (September 2016) that work of LAN was under taken as per laid down procedure and the work of STP was carried out as the Jail Authorities were pressing hard for early completion of Jail. As regards lawyer chambers, Department stated that it was essential to first complete the work like area development and the proper approach roads before the building was handed over. The reply is not acceptable as the extra works were not related to the main works.

3.7.4 Completion of projects

Section 29.1 of CPWD Works Manual stipulates that time allowed for carrying out the work as entered in the contract shall be strictly observed by the contractor and the work should be proceeded with all due diligence on the part of the contractor throughout the stipulated contract period. However, out of 40 selected works for audit, six works were completed with delay ranging between 4 months and 70 months while stipulated dates of completion of other 15 projects were already over (as of August 2016) and these were running with delay ranging between 24 and 743 days (**Annexure 3.7.3**). Reasons for delay were stated as delay in handing over of sites and drawings, shifting of North Delhi Power Limited lines, non-finalization of location of fire fighting pipes, delay in receipt of no objection certificates from Irrigation and Flood Control Department (I&FCD) and shifting of DJB, BSES and IGL lines. In three works²⁰ reasons could not be verified as hindrance registers were not prepared. Thus, lack of co-ordination between PWD and other departments resulted in delay in completion of works. Resultantly, the intended benefits of these projects were also delayed.

The Department (September 2016) stated that the works were not completed due to change of design, non-execution of work in nallah during monsoon period, delay in receipt of permission for work from Railway authorities, shifting of utilities, issue/approval of drawings, taking decision by clients and delay in receipt of fire clearance. Reply is not acceptable as these factors should have been considered at the planning stage itself.

3.7.4.1 Non-levy of compensation for delay in completion of work

As per Clause 2 of the General Conditions of the Contract (GCC), if the contractor fails to maintain the required progress of work, the PWD should levy

²⁰(i) Construction of Prison Complex at Mandoli, Delhi SH: Providing fire fighting system,
(ii) Construction of Prison Complex at Mandoli, Delhi SH: SITC of LAN (DATA) System and
(iii) Construction of Prison Complex at Mandoli, Delhi SH: SITC of CCTV System and allied equipment

compensation at the rate of 1.5 *per cent* of tendered value of contract per month of delay to be computed on per day basis subject to maximum of 10 *per cent* of the tendered value. Audit observed that two works were completed with delay; yet PWD did not levy any compensation as prescribed under GCC as detailed in **Table 3.7.5** below:

Table 3.7.5: Compensation not levied for delay in completion of works

(₹ in crore)

Sl. No.	Name of work	Tendered cost	Stipulated date of completion	Actually completed on	Compensation not levied	Remarks
1	C/o Prison Complex at Mandoli, SH: Regulated environment buildings'	148.14	19.11.2010	31.3.2016	14.81	No entry was made after 10 September 2011 in the hindrance register, although work was completed after a delay of 5 years and 4 months.
2	C/o DDU College	98.08	12.2.2015	13.6.2016	7.36 (5 months)	Hindrance register was closed by SE on 20 January 2016.

The Department stated (September 2016) that extension of time (EOT) had been granted based on the hindrance recorded from time to time in case of work of Prison complex. For the work of DDU College, request for EOT had been submitted by the agency and compensation would be levied after its finalization. The reply is not acceptable as no extension of time was granted by the competent authority after September 2011, however, the work was actually completed on 31.3.2016 i.e. after a delay of 64 months.

3.7.5 Other irregularities

In construction activities, financial planning is intended to ensure that a firm has adequate safeguards and contingency plans are in place before the project is started and that the plan is properly executed over the life of the project.

3.7.5.1 Non recovery/Short recovery under Clause 10CA

As per clause 10 CA of General Conditions of Contract-2010, if after submission of the tender, price of material i.e. cement, steel reinforcement and structural steel specified in the Schedule increases/decreases beyond the price prevailing at the time of the last stipulated date for receipt of tenders, then the amount of contract shall accordingly be varied. Further, as per modification (February 2012) in the said clause, base price as indicated in the Schedule will be considered while making payment under the clause. Further, the price of material should be determined by the price indices issued by the Director General (Works) on monthly basis.

In nine works²¹ executed/ being executed by the PWD, there was non-recovery/ short recovery of amount aggregating to ₹ 15.38 crore under Clause 10 CA of the contracts. The non-recovery/short recovery was mainly due to incorrect adoption of base price month, calculation of cost variation on the basis of quantities of cement and steel actually used instead of material brought at site (MAS). This resulted in non-recovery of ₹ 7.01 crore and short recovery of ₹ 8.37 crore aggregating to ₹ 15.38 crore in 4²² and 5²³ works respectively. The delay in recovery of amount ranged between 16 and 21 months.

The Department stated (September 2016) that in respect of four works of Barapullah Phase-II, Parallel Road at Zone P-1, Residential complex at Dwarka and District Court Complex at DDU Marg, necessary recoveries would be made. With respect to four works namely Residential complex at Rohini, RCC Box underpass at Shakarpur, 200 bedded hospital at Burari and corridor improvement from Prembari Pul to Azadpur, it was stated that recoveries had been made. While recovery in respect of the work of residential complex at Rohini was made after it was pointed out in audit, entire recoverable amount was not recovered in case of two works²⁴ whereas no recovery was made in respect of work-RCC Box underpass at Shakarpur. The reply was silent about recovery in respect of work of Corridor Improvement from Vikas Puri to Meera Bagh.

3.7.5.2 Non-levy of compensation for non-submission of samples

As per condition 5.2 of Chapter-5 - 'Material Specification' of the Agreement, samples of all materials proposed to be used in permanent works shall be submitted to the E-in-C at least 30 days in advance for approval before actual materials are brought to the site for construction/ execution. Further, as per additional condition 1.27.1(xviii) of the Agreement, if the contractor fails to bring samples within the prescribed time, compensation @ ₹ 5,000 per day counted from 30 days before actual materials are brought to site with maximum amount limited to ₹ 50,000 at any single instance, should be levied.

In two works namely (i) Construction of elevated road over Barapullah Nallah starting from Sarai Kale Khan to Mayur Vihar, Delhi (Phase-III) and (ii)

²¹(i) Comprehensive development of corridor between VikasPuri and MeeraBagh, (ii) Barapullah Phase-II Nehru Stadium, (iii) C/o two nos. RCC box underpass from Ganesh Nagar Chowk to School Block, Shakarpur, (iv) C/o Residential Complex for Judicial Staff at Sector 19, Dwarka, (v) C/o New Delhi District Court Complex at Rouse Avenue, DDU Marg, New Delhi, (vi) C/o Parallel Road from Sanjay Gandhi T.P. Nagar to Wazirabad Chowk, (vii) Comprehensive Development of Corridor between Prembari Pul and Azadpur, (viii) C/o Residential Complex for Judicial Staff at Sector 26, Rohini and (ix) C/o 200 bedded Hospital at Kaushik Enclave, Burari.

²²C/o Residential Complex for Judicial Staff at Sector 19, Dwarka, C/o New Delhi District Court Complex at Rouse Avenue, DDU Marg, New Delhi, C/o Residential Complex for Judicial Staff at Sector 26, Rohini and C/o Parallel Road from Sanjay Gandhi T.P. Nagar to Wazirabad Chowk.

²³Comprehensive development of corridor between VikasPuri and MeeraBagh, Barapullah Phase-II Nehru Stadium, C/o two nos. RCC box underpass from Ganesh Nagar Chowk to School Block, Shakarpur, Comprehensive Development of Corridor (Ring Road) between Prembari Pul and Azadpur, C/o 200 bedded Hospital at Kaushik Enclave, Burari.

²⁴200 bedded hospital at Burari and corridor improvement from Prembari Pul to Azadpur

Construction of flyover on portal structure linking existing Munirka flyover in the East to the point beyond Army RR Hospital, contractors supplied 3,662.11 metric ton of TMT reinforcement and 8,542 metric ton of cement for the work of elevated road over Barapullah Nallah and 1,542.54 MT of TMT reinforcement for the work of construction of flyover on portal structure in 140, 204 and 63 instances respectively. However, neither the contractors submitted samples in advance for approval before actual material was brought to the site nor was it insisted upon by the PWD resulting in non-levy of compensation amounting to ₹ 2.04 crore.

The Department stated (September 2016) that as per paragraph 1.92 of the agreement, 38 items of approved manufactures/suppliers having standing approval required no subsequent approval. It was further stated that clause 5.2 is applicable to the material other than specified in clause 1.92 of the Agreement. The reply is not acceptable as neither paragraph 1.92 nor clause 5.2 of the Agreement exempts the contractor from submitting samples of materials in advance for testing.

3.7.5.3 Non obtaining of guarantee for aluminium work

As per paragraph 15.18 of 'Particular Specifications' included in the Agreement, all aluminium works shall carry two years guarantee after completion of the work against water leakage, unsound material and workmanship and defective anodizing. For this purpose, two years guarantee must be given by the specialized firm which shall be countersigned by the contractor in token of his overall responsibility. In addition, 10 *per cent* of the cost of aluminium items would be retained as performance guarantee of the work done. Audit scrutiny of records revealed that the work 'Construction of 330 various types of residential quarters at Mandoli' was completed in April 2015. Although aluminium work amounting to ₹ 1.01 crore was executed in this work, PWD did not retain ₹ 10.11 lakh as guarantee (10 *per cent* of the cost of aluminium work) from the contractor's bill.

The Department stated (September 2016) that the lapse occurred due to oversight adding that ₹ 30 lakh had been withheld on account of handing over of building and the said amount of ₹ 10.11 lakh would be kept and released after completion of guarantee period.

3.7.6 Conclusion

The audit highlights deficient planning and monitoring, as PWD did not invest adequate efforts and time in planning and design for the projects before their actual execution resulting in inflated detailed estimates valuing ₹ 38.68 crore and execution of extra items valuing ₹ 147.43 crore. Provisions were violated as inadmissible payment of ₹ 1.51 crore was made for items which were not included in the schedule of quantities and wasteful expenditure of ₹ 1.30 crore was incurred on feasibility studies of consultancy works which were discontinued midway. The Department failed to levy compensation amounting to ₹ 24.69 crore due to delay

in submission of drawings by consultants, delay in works and non submission of samples for testing. There was avoidable payment of ₹ 12.21 crore under price variation clause (10 CC) and non/short recovery of ₹ 15.38 crore under escalation clause (10 CA) of the agreements.

3.8 Failure to appeal against arbitral award within time prescribed in the Act

Failure of Public Works Department to challenge an arbitral award within the stipulated time resulted in rejection of the application and an opportunity lost to defend its case to avoid payment of ₹ 14.92 crore.

As per Section 34(3) of the Arbitration and Conciliation Act, 1996, an application for setting aside the award may not be made after three months from the date on which the party making that application had received the arbitral award.

The Public Works Department (the Department) awarded work of construction of a bridge across Yamuna River opposite ISBT, Kashmiri Gate, Delhi, to a private firm at a tendered cost of ₹ 9.39 crore with stipulated date of start and completion as 18 October 1984 and 17 April 1987 respectively. The firm could not complete the work even after extension of time for 20 months. Only 52 *per cent* of work was completed against which ₹ 4.06 crore had been paid to the firm. The Department rescinded the work on 5 December 1988 and blacklisted the firm for a period of five years. Remaining work was awarded to another firm in May 1989 which was completed in July 1990 at a cost of ₹ 7.95 crore.

The defaulting firm initiated arbitration proceedings and claimed payment of ₹ 8.64 crore against 27 items of works executed by it during the currency of their contract. The sole Arbitrator published his award on 18 August 2012 accepting 14 out of 27 items against which the firm claimed payment and directed the Department to pay ₹ 3.73 crore to the firm along with interest at the rate of 11 *per cent* from 1 January 1989 till the date of payment.

Audit noted (April 2016) that the Government Counsel advised (26 September 2012) that the award should be challenged in the High Court of Delhi on the grounds that (i) the Arbitrator did not decide the matter on merit, and (ii) there is infirmity and illegality in the award as the Arbitrator rejected all the counter claims of the Department and did not decide the facts on merit of the counter claims which was concurred in by the Law & Justice Department. The Principal Secretary, PWD also endorsed (13 December 2012) the proposal to challenge the award before the High Court.

The Department challenged the award only on 14 February 2013. The High Court rejected (25 February 2013) the application calling it time barred as it was filed with a delay of 89 days beyond the prescribed time limit of 90 days. The Department filed an appeal for condonation of delay before High Court which

rejected the appeal (7 May 2013). The Department filed a Special Leave Petition in the Supreme Court which rejected the petition on 29 September 2015. Ultimately, the Department paid ₹ 14.92 crore including interest of ₹ 11.19 crore to the firm on 31 March 2016.

Audit observed that delay occurred at every stage in the process of filing the first appeal in the High Court against the arbitral award as under:

- It took 38 days to obtain the advice of the Government Counsel;
- Engineer-in-Chief then took 35 days to refer the case to Principal Secretary, PWD, who conveyed his approval on 13 December 2012; and
- The Government Counsel took two months to file the appeal on 14 February 2013.

Thus, administrative delay in progressing the case resulted in the Department losing an opportunity to present its case and avoid payment of ₹ 14.92 crore.

The matter was referred to the Government in June 2016; their reply was awaited (December 2016).

Department of Training and Technical Education

3.9 Development and Modernisation of Infrastructural Facilities in Technical Institutes

With the increasing number of students, Institutes were suffering from shortage of infrastructural facilities viz. class rooms, hostels, laboratories etc. However, projects intended to cater to the increased requirement could not be progressed in a timely manner leading to both denial of benefits to the students as well as cost escalations. The project of World Class Skill Centre was lagging behind the schedule while Delhi Technological University (DTU) failed to commence construction of much needed infrastructural facilities and implement the Technical Education Quality Improvement Programme. Inordinate delay in execution of project of installation of lifts in Netaji Subhash Institute of Technology (NSIT) and construction of PG Block of Delhi Institute of Pharmaceutical Sciences and Research (DIPSAR) resulted in cost overrun of ₹ 22.29 crore.

The Department of Training and Technical Education (DTTE), GNCTD, is responsible for providing trained technical manpower for technological upgradation of industrial production, services and productivity and innovation. To assess the level of development and modernization of existing infrastructural facilities, Audit examination was carried out on four Institutes/Universities²⁵ selected on the basis of importance and budget/grants-in-aid released to them by DTTE during 2013-16.

3.9.1 World Class Skill Centre

DTTE signed a Memorandum of Understanding (MoU) on 11 July 2012 with the Institute of Technical Education (ITE), Singapore, for setting up a green field World Class Skill Centre (WCSC) in Delhi for skill development. According to the MoU, WCSC was to be developed in three stages²⁶ over five years. The Terms of Reference (TOR) were also signed (November 2012) for cooperation between DTTE and ITE Education Services Pvt. Limited, a subsidiary of ITE, for setting up of WCSC (Stage 1 Development) with funding support from Temasek Foundation, Singapore, which came into effect from 12 July 2012. As per the TOR, upon completion of Stage 1 Development, WCSC would be a Centre of Excellence in vocational education and training for five skill-based courses²⁷. Clause 15 of TOR stipulated the following timeline for Stage I:

²⁵(1) World Class Skill Centre, (2) Delhi Technological University, (3) Netaji Subhash Institute of Technology, and (4) Delhi Institute of Pharmaceutical Sciences and Research.

²⁶Stage 1 (year 1 to 3), Stage 2 (year 3 to 4) and Stage 3 (year 4 to 5)

²⁷Hospitality & Tourism, Retail Merchandising, Production & Manufacturing, Electronics and Health & Wellness.

Table 3.9.1: Timelines for Stage I development

Timeline	Activity
September 2012	Commencement of Project.
July 2013	Commencing of two courses at temporary campus (ITI, Vivek Vihar).
December 2013	WCSC to be ready at Jonapur, Delhi.
July 2014	Shifting of two courses from temporary campus to WCSC and, commencing of all the five courses with annual intake of 2,400 students.

The WCSC campus was to be ready by December 2013 but even its construction work was not started as of July 2016 as no decision could be taken on whether to run the centre in PPP mode or solely by Government. The only progress made was that an architect consultant had been appointed (March 2016) and layout plan presented (July 2016) to the Deputy Chief Minister for finalisation. Consequently, as against the planned five courses with 2,400 students, four courses with only 363 students (academic year 2015-16) were running in temporary campus which started in July 2013.

Thus, Stage I of WCSC was far behind the schedule. Stage-II could not be launched during which 15 courses with 5,000 students were planned, depriving prospective students of intended facilities for skill development.

3.9.2 Delhi Technological University (DTU)

3.9.2.1 Delay in execution of Campus Expansion Phase II

The DTU (earlier Delhi College of Engineering) shifted to its new campus at Bawana in 1996-97 where infrastructure was initially developed only for 3,000 students. After its re-constitution as DTU in 2009, the University added five new B. Tech programmes, 14 M. Tech programmes and one MBA programme during 2009-13. The student population increased from 3,000 in 2009 to 9,094 in 2013 and is likely to increase to 12,220 in the next four years necessitating construction of new academic blocks, lecture theatres and hostels. In order to cater to the increased requirements, a Cabinet note was framed (August 2013) seeking approval for construction of Phase II of campus at an estimated cost of ₹ 256 crore and new laboratories at an estimated cost of ₹ 235 crore. However, as of June 2016, only the layout plan and drawings were under preparation for which ₹ 57.13 lakh had been paid to a consultant. Thus, the expansion of DTU campus to cater to the envisaged increased intake failed to take off even six years after its initiation in February 2010.

3.9.2.2 Slow implementation of Technical Education Quality Improvement Programme (Phase II)

In 2002-03, the Government of India launched a Technical Education Quality Improvement Programme (TEQIP) with the financial assistance from World

Bank, to be implemented in three phases. While Phase I ended in March 2009, Phase II was to be implemented from August 2010 and was expected to be completed by the year 2014. For implementation of Phase II, DTTE signed an MoU with the Union Ministry of Human Resource Development in June 2013 to improve learning outcomes and employability of graduates, scaling-up post-graduate education and demand-driven research and development and innovation and establish centres of excellence for focused applicable research and training of faculty. The details of funds sanctioned, received and expenditure incurred between September 2013 and March 2016 are in **Table 3.9.2** below:

Table 3.9.2: Activity wise funds sanctioned, received and expenditure

(₹ in crore)

Sl. No.	Activities	Component	Fund sanctioned	Funds received	Expr. (%)
1.	Procurement of equipment, furniture, books and software and civil works for improvement in teaching, training and learning facilities	Procurement	5.63	2.70	0.47 (17)
2.	Teaching and Research Assistantships for significantly increasing enrolment in existing and new Masters and Doctoral programs in Engineering disciplines.	Assistant ship	2.50	1.20	1.94 (161)
3.	Enhancement of R&D and Institutional consultancy activities.	R&D	0.63	0.30	0.08 (27)
4.	Faculty and Staff development for improved competence.	FSD	1.25	0.60	0.44 (73)
5.	Enhanced interaction with industry	Industry Institute Interaction Cells	0.62	0.30	0.01 (3)
6.	Institutional Management Capacity enhancement	Capacity Development	0.25	0.12	0.05 (42)
7.	Implementation of Institutional academic reforms	Reforms	0.12	0.06	0.004 (7)
8.	Academic support for weak students	Students Support	0.25	0.12	0.04 (33)
9.	Incremental Operating Cost (IOC)	IOC	1.25	0.60	0.25 (56)
	Total		12.50	6.00	3.28 (55)

Thus, DTU received ₹ 6 crore (₹ 4.5 crore from MHRD and ₹ 1.50 crore from GNCTD) in September 2013 for various activities to be undertaken under the project. Audit observed the following:

- Only ₹ 3.28 crore out of ₹ 6 crore was utilized upto March 2016. Expenditure (except at Serial No. 2) ranged from three to 73 per cent.
- DTU could utilise only ₹ 46.68 lakh out of ₹ 2.70 crore (45 per cent of ₹ 6 crore) earmarked for procurement of equipment, furniture, books, and software and civil works for improvement in teaching, training and learning facilities. The procurement process was initiated only in January 2015 with a delay of more than one year after receiving funds.

Thus, DTU failed to improve its existing infrastructure to the intended level for want of sanction of its expansion plan, though funds were not the constraint. Less expenditure also led to non-release of remaining ₹ 6.50 crore as of July 2016.

The DTU stated (July 2016) that it could get involved in TEQIP Phase II only in March 2014 and that the project was scheduled to be completed by October 2016.

3.9.3 Netaji Subhash Institute of Technology (NSIT)

3.9.3.1 Delay in construction of Phase IV of the NSIT campus

The NSIT moved to its new campus at Dwarka in the year 1998. By September 2014, NSIT had 3,292 students, 1,213 hostellers and 169 staff families. As the existing infrastructural facilities in the campus were not commensurate with the actual requirement, the Institute planned (December 2012) to take up construction of academic block and student activity center and other facilities under Phase IV. The Standing Committee on Building and Works (SCBW) of NSIT recommended (July 2013) PWD for execution of work. However, no progress could be achieved as of November 2016 except preparation of conceptual plan and preliminary estimates.

3.9.4 Cost escalation due to delay in execution of projects

Scrutiny of records in NSIT and DIPSAR revealed that there was inordinate delay in installation of lifts in the Academic Block of NSIT and construction of PG Block of DIPSAR leading to cost escalation by ₹ 22.29 crore (₹ 1.02 crore in NSIT and ₹ 21.27 crore in DIPSAR) due to errors in preparation of preliminary estimates and delays in obtaining requisite clearances from concerned agencies like Chief Fire Officer, Delhi Urban Arts Commission and Archaeological Survey of India. NSIT informed (August 2016) that PWD had handed over two lifts and one would be handed over on 10 August 2016. DIPSAR stated (July 2016) that construction work had already been completed, internal furnishing was under progress and order for procurement of chemicals for Labs placed.

Audit observed that the increase in costs was attributable to changes in scope of work as well as increase in the cost index over a period of six years. Further, many of the clearances were received as far back as 2010-2012 and there was delay in progressing the project even thereafter. Hence, lack of diligence and avoidable

delay resulted in the cost escalation of the project by ₹ 22.29 crore as well as denying the students of the envisaged improved facilities.

3.9.5 Conclusion

Thus, undue delays in decision-making and in progressing proposals for augmenting of infrastructure resulted not only in cost escalation but also the selected institutes being unable to provide the intended skill development facilities to an increasing number of students.

The matter was referred to the Government in August 2016; their reply was awaited (December 2016).

Department of Urban Development

3.10 Inclusion of price variation clause in lump sum contract in deviation of rules

Inclusion of a price variation clause in a lump sum contract without specific approval of competent authority resulted in avoidable payment of ₹ 10.22 crore.

Sub-rules (ii) (iii) and (x) of Rule 204 of General Financial Rules stipulate that:

- (i) Standard forms of contract should be adopted wherever possible, with such modification as are considered necessary in respect of individual contracts. The modifications should be carried out only after obtaining financial and legal advice.
- (ii) In cases where standard forms of contracts are not used, legal and financial advice should be taken in drafting the clauses of the contract.
- (iii) Lump sum contract²⁸ should not be entered into except in case of absolute necessity. Where lump sum contracts become unavoidable, full justification should be recorded. The contracting authority should ensure that conditions in the lump sum contract adequately safeguard and protect the interests of the government.

Further, as per item 30 of Appendix I of CPWD Works Manual, Director General (Works) is competent to accept the tender conditions which are not in line with the standard conditions. Apart from these norms, CPWD code (Para 11.1.1 and 11.1.2) and CPWD Manual, require that lump sum contracts should be executed in Form 12²⁹ and the standard conditions prescribed in the Form 12 do not contain any clause or provision for payment for price variation.

²⁸In a lump sum contract, the contractor agrees to execute the complete work with all its contingencies in accordance with the drawings and specifications for a fixed sum (Clause 11.1.1 of CPWD Code)

²⁹Form-12 is the set of standard conditions, prescribed by Manual for use in lump sum contract.

Scrutiny of records of the work of ‘Construction of 45 Million Gallons per Day (MGD) Sewage Treatment Plant and other related associated/allied appurtenant works on Design, Build and Operate basis at Kondli, Delhi’ revealed that Delhi Jal Board (DJB) awarded a lump sum contract at a tendered cost of ₹ 190.71 crore for Civil, Electrical & Mechanical and Operation & Maintenance Works. As per the Agreement, time for completion of the work was 24 months with a defect liability period of 12 months after successful commissioning and completion of trial and run period. The stipulated date of start and completion of the work was 19 June 2008 and 18 June 2010 respectively. The civil work was completed on 28 November 2013 and plant was commissioned on 3 December 2013.

Audit noticed that DJB did not use standard form of contract prescribed for lump sum contract i.e. CPWD Form 12 and included a price variation clause in the tender form prepared by the consultant without approval of the competent authority viz. the Chief Executive Officer of DJB and without seeking advice from legal and finance departments. Inclusion of price variation clause without obtaining approvals of the competent authority following due process as stipulated in the extant rules was irregular and resulted in a payment of ₹ 10.22 crore (₹ 8.97 crore for civil work and ₹ 1.25 crore for Electrical & Mechanical work) on account of price variation.

The Executive Engineer (C) DR-IX stated (June 2016) that the estimate was approved by Resolution No. 856 dated 13 February 2001 and the award of work by Resolution No.1597 dated 15 April 2008 by DJB. It was added that since the work was awarded as per CPWD manual, no legal advice was required, and before approval by DJB, the case was concurred by the Finance Wing of DJB.

The reply is not tenable as Resolutions No. 856 and 1597 were regarding administrative approval and award of the work to lowest bidder respectively and did not cover the matter regarding approval for use of non-prescript Form for awarding lump sum contract. For such deviation, specific approval of the competent authority after obtaining financial and legal advice was required to be taken.

The matter was referred to the Government in July 2016; their reply was awaited (December 2016).

3.11 Non-recovery of cost of treated effluent water

Failure of Delhi Jal Board to have any Agreement with Delhi Development Authority before supply of treated effluent water (TEW) to its Golf Course at Bhalswa resulted in non- recovery of ₹ 3.95 crore as cost of TEW supplied for the period from April 2004 to March 2016.

The Delhi Jal Board (DJB) supplies treated effluent water (TEW) from its Sewage Treatment Plants (STPs) on charges to different agencies of the Government for horticulture, irrigation and commercial purposes. Prior to 01 April 2010, the rate

for TEW was ₹ 1.25 per kiloliter (KL) which was revised to ₹ 4 per KL from 01 April 2010 and thereafter to ₹ 7 per KL from 05 February 2014.

During the audit of the DJB division SDW-VII, NSTP Coronation Pillar for the period 2014-15, it was observed that DDA was drawing TEW for gardening/ horticulture purpose for the Golf Course at Bhalswa from Minor Irrigation Distribution Channel (MIDC) through a Pump House having three pump sets of capacity 122 cum/hour. The daily withdrawal of TEW was assessed by DJB to be 3,538 KL and DDA was requested to deposit ₹ 83.29 lakh as charges for using TEW for five years. However, there were no prior agreed modalities or Agreement between DJB and DDA for supply of TEW to DDA and the cost to be charged.

DJB pursued the issue of recovery of charges for use of TEW through letters sent in November 2009 and February 2010. In response, DDA stated (March 2010) that treated effluent was being used only for gardening purpose in Bhalswa Golf Course and there was no commercial use. It also claimed that in a meeting held at the Raj Niwas it was decided that DDA could use treated water free of cost provided pipeline was laid by it. However, DJB did not accept DDA's contention and requested DDA (03 July 2010) to deposit the amount of ₹ 80.71 lakh immediately.

In August 2011, Chief Executive Officer, DJB took up the matter with the Vice Chairman DDA and requested him to issue directions to the concerned officials to deposit an amount of ₹ 108.79 lakh towards the use of TEW for Bhalswa Golf Course for the period upto 31 March 2011. Subsequently, DJB raised updated demands on Executive Engineer, ND-1, DDA Complex, Pitampura, with a copy endorsed to Secretary, Bhalswa Golf Course (DDA) but no further progress could be made for recovery of outstanding amount. As of March 2016, the outstanding amount to be recovered from DDA accumulated to ₹ 3.95 crore for the period from April 2004 to March 2016.

Thus, failure of DJB to have any Agreement with DDA before supply of TEW resulted in non- recovery of ₹ 3.95 crore as cost of TEW supplied for the period from April 2004 to March 2016.

The matter was referred to the Government in July 2016; their reply was awaited (December 2016).

3.12 Idle investment in land

Due to lackadaisical approach of UDD in taking concrete decisions, a land measuring 3.78 acre, where ₹ 2.86 crore had been invested, was lying idle for 15-16 years, depriving the residents of Trans Yamuna area of intended facilities.

In March 2000, the Delhi State Industrial Development Corporation (DSIDC) paid ₹ 1.86 crore to DDA for land measuring 3.78 acres and took possession in

May 2000 and December 2001 to develop a Socio-Cultural Centre at Central Business District (CBD), Shahdara. In October 2001, DSIDC selected a private agency for conducting a viability study for establishing the Cultural Centre for which Urban Development Department (UDD) paid ₹ 1.96 lakh to DSIDC in January 2002. It further spent ₹ 23.91 lakh in September 2002 for construction of boundary wall, soil testing and jungle clearance. However, during presentation of viability study (June 2002), UDD withdrew the assignment from DSIDC. Audit observed that from June 2002 to December 2015, UDD could neither finalise the agency for construction and development of the complex nor the mode of funding for the project. During this period, UDD decided the executing agency on five occasions³⁰, but changed its decision subsequently, incurring an expenditure of ₹ 20.24 lakh in the process. Besides, it had to incur (April 2013) ₹ 53.81 lakh again for construction of boundary wall on the land.

In January 2016, it was decided to explore the possibility of generating revenue by allotting the premises, on daily basis, temporarily for organising functions and marriages ceremonies. However, the terms and conditions for allotment of space were yet to be finalised by DTTDC as of May 2016.

Thus, inability of UDD to concretize proposal for the cultural centre before investing in the land and thereafter in taking concrete decisions for its utilization resulted in the land remaining idle for 15-16 years despite expenditure of ₹ 2.86 crore and depriving the residents of Trans Yamuna area of intended facilities.

The matter was referred to the Government in July 2016; their reply was awaited (December 2016).

³⁰i) In June 2002, work was awarded to DTTDC on Built, Operate and Transfer (BOT) basis (withdrawn due to delay in execution of work)

ii) In July 2003, work was given to HUDCO for exploring the possibility of construction of a Habitat Centre.

iii) In June 2004, it was again assigned to DTTDC on BOT basis. DTTDC entered into agreement also with M/s IPE (June 2005) for project formulation phase consultancy.

iv) In August 2008, UDD decided to execute the project directly on Public Private Partnership (PPP) basis and entered into an agreement (June 2009) with M/s CRISIL for consultancy services.

v) Principal Secretary (UD) observed (July 2015) that the land was still vacant due to varying decisions in the past. Land was handed over to DTTDC again for creation of a Convention Centre.

Department of Food Supplies and Consumer Affairs

3.13 Follow-up Audit on Performance Audit of Department of Food Supplies and Consumer Affairs

3.13.1 Introduction

A performance audit of the Department of Food Supplies and Consumer Affairs, GNCTD covering the period 2006-11 was included in the Audit Report of the Comptroller and Auditor General of India for the year ended March 2011 relating to the Government of National Capital Territory of Delhi. In the following year, a Chief Controlling Officer (CCO) Based Audit on the same department covering the period 2011-12 was included in the Audit Report of the Comptroller and Auditor General of India for the year ended March 2012.

3.13.1.1 Objective, scope and methodology of audit

The performance audit contained five recommendations and 26 observations out of which 16 were actionable and the Department was required to take remedial action on them. The CCO based audit contained six recommendations and 43 observations and the Department was required to take remedial action on 18 observations. However, as a consequence of implementation of the National Food Security (NFS) Act, 2013 and issuance of Government orders subsequent to the publication of Audit Reports, 11 out of the total 34 actionable observations required no corrective action (Annexure 3.13.1). Thus, there remained only 23 actionable observations.

Audit examined records relating to the corrective action taken by the Department on these 23 observations during April to July 2016. The status of action taken on the recommendations and related observations is categorized under three categories - 'Insignificant or no progress', 'Substantial progress', and 'Full progress in all intended areas'.

3.13.1.2 Recommendations of Public Accounts Committee (PAC)

The Audit Reports of Performance Audit and CCO Based Audit have not been discussed by the Public Accounts Committee as of October 2016.

Audit findings

3.13.2 Implementation of audit recommendations/ observations

3.13.2.1 Performance Audit (2006-2011)

The category-wise status of implementation of 10 audit observations under five recommendations that were included in the PA Report is given below:

A) Insignificant or no progress

Gist of observations made in earlier Report	Recommendation made	Current status as informed by the Department	Audit findings/ comment
<p>Difference in quantities of food grains lifted as per records of Food Corporation of India (FCI), Delhi State Civil Supplies Corporation (DSCSC) and the Department:</p> <p>There were significant differences in figures of lifting of food grains provided by three agencies <i>i.e.</i> FCI, DSCSC and the Department. The Department had stated (December 2011) that the reconciliation of differences in figures, was being taken up. (Para 2.1.8.5)</p>	<p>Appropriate corrective measures should be taken to remove the discrepancies in the figures of food grains lifted as per records of FCI, DSCSC and the Department.</p>	<p>The Action Taken Note (ATN) of February 2016 had no information on reconciliation of figures which was being done in December 2011. In ATN, the Department stated that under the new National Food Security (NFS) Act, 2013, FCI issues release orders as per demand of the GNCTD, subject to the quantity allocated by the Ministry of Consumer Affairs, Food and Public Distribution, GoI.</p>	<p>During Follow-up audit, it was noticed that as far as lifting of food grains is concerned, differences in figures of FCI, DSCSC and the Department still persisted for the period 2015-16. Figures of wheat lifting were 3,50,310 MT, 3,33,835.48 MT and 3,33,256.18 MT in respect of FCI, DSCSC and the Department respectively, while in case of rice, the lifting figures were 91,570 MT, 87,015.74 MT and 86,759.36 MT respectively. However, the Department did not reconcile the differences in these three set of figures. Though called for, reasons for differences were not provided to Audit.</p>
<p>Shortfall in identification of beneficiaries under Antyodaya Anna Yojna: It was pointed out that, target under AAY scheme for Delhi was 1.57 lakh families out of the total Below Poverty Line (BPL) families quota fixed by the GoI. But the Department could identify only 1.01 lakh AAY families as of March 2011. (Para 2.1.7.3)</p>	<p>Identification of beneficiaries under Antyodaya Anna Yojna (AAY) should be expedited, so as to ensure that all the eligible beneficiaries are brought within the purview of the scheme. Timely availability of ration cards should also be ensured.</p>	<p>The Department in ATN stated (February 2016) that 1,03,332 beneficiaries were getting ration under AAY before the NFS Act came into force. Out of these, only 86,367 applied under the new scheme.</p>	<p>Audit noticed that out of 86,367 applications received, the Department identified only 76,059 AAY households (upto May 2016) against the target of 1.57 lakh households fixed by the GoI in Targeted Public Distribution System (TPDS) under Section 3(2) of the NFS Act. Reason for identification of less than target number of beneficiaries was receipt of less number of applications from persons who could benefit under AAY category.</p>

Gist of observations made in earlier Report	Recommendation made	Current status as informed by the Department	Audit findings/ comment
<p>Allocation and lifting of food grains for welfare institutions: As per the policy of the GoI, food grains (wheat and rice) were to be made available to the indigent people living in welfare institutions at the rate of 5 Kg per head per month. Audit Report highlighted shortfall in distribution against the allocation ranging from 1 to 77 per cent in case of wheat and 2 to 87 per cent in case of rice during 2006-11. The Department attributed (November 2011 and February 2012) the reason for short distribution of food grains to non-deposit of Demand Drafts by FPSs and late receipt of allocation from GoI. (Para 2.1.8.3)</p>	<p>The Department should ensure accuracy of facts and figures depicted in the utilization certificates and strengthen its machinery for their prompt submission to the Government of India.</p>	<p>The Department stated (July 2016) that after implementation of the NFS Act, the indigent people living in welfare institutions are also allocated SFAs³¹ at subsidized rates. However, there was shortfall in distribution against the allocation ranging from 2.5 per cent to 20 per cent during April 2014 to September 2015</p>	<p>Irregularity still persisted as from April 2015 to September 2015, there was shortfall of 16 per cent in distribution of wheat and 14 per cent of rice against allocations. Further, as utilization certificate for the first half (April 2015 to September 2015) was not submitted by the Department to the GoI, allocation of wheat and rice for second half of 2015-16 was withheld by GoI. As a result, food grains were not issued for indigent people living in the welfare institutions for that period.</p>
<p>Delay in submission of reports: The PDS (Control) Order provides 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 utilization of food grains. There were delays in submission of these reports. (Para 2.1.11.2)</p>	<p>The Department should ensure accuracy of facts and figures depicted in the utilization certificates and strengthen its machinery for their prompt submission to the Government of India.</p>	<p>Though reasons for non-submission of the monthly report to the GoI were called for, the Department did not furnish any reply as of October 2016.</p>	<p>It was observed that no monthly report showing utilization of allocated food grains was sent by the Department to GoI during 2014-16. The Department was only endorsing to GoI a copy of the letter forwarded to DSCSC intimating monthly Fair Price Shop (FPS) wise regular allocation of food grains for various categories. GoI also did not pursue the submission of monthly reports as envisaged in the PDS (Control) Order.</p>
<p>Loss of ₹ 3.19 crore due to non-fixing of norms for the benefit of storage gain: As per norms fixed in October 2003 by GoI, 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</p>	<p>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</p>	<p>The Department again assured (July 2016) to take up the matter with FCI, but did not give any reasons for not taking up the matter with FCI for so long.</p>	<p>The Department did not take up the matter of storage gain with the FCI as of July 2016 and suffered a storage loss of ₹ 27.93 lakh on this count for the period July 2014 to July 2016.</p>

³¹SFAs: Specified Food Articles

Gist of observations made in earlier Report	Recommendation made	Current status as informed by the Department	Audit findings/ comment
<p>the wheat stored in covered and open godown respectively, but the same was not passed on further to the Department. The Department stated in November 2011 that it had not received any storage gain and would take the matter with FCI. (Para 2.1.9)</p>	<p>beneficiaries.</p>		
<p>Non-testing of quality of food grains: To ensure prescribed quality of food grains as per the PDS (Control) Order, 2001, before making payment to FCI, representatives of the State Government or their nominees and FCI should conduct joint inspection of the stock of food grains intended for issue. Audit Report pointed out that no such joint inspections were conducted to ensure quality of food grains during 2006-11. The Department stated (February 2012) that testing of quality of food grains was done by FCI as the lab facility was available with them only. (Para 2.1.10.3)</p>	<p>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.</p>	<p>The Department reiterated (July 2016) its earlier stand that testing of quality of food grains was done by FCI, adding that neither DSCSC nor it had technical staff and Lab facility to check the quality of the food grains.</p>	<p>Audit observation was on non-conducting of joint inspections and not on Lab testing of food grains. Fact remains that joint inspections of food grains are not being conducted even now.</p>
<p>Non-formation of Vigilance Committees: The PDS (Control) Order, 2001 provides for setting up a network of vigilance committees at the State level, district level, block level and FPS level. As pointed out in the Audit Report, vigilance committees were constituted only at block level in nine districts, but not at State, District and FPS level. The Department assured (February 2012) to place the matter very soon before higher authorities. (Para 2.1.10.4)</p>	<p>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.</p>	<p>The Department stated (July 2016) that formation of Vigilance Committee at FPS level was not feasible in Delhi as the concept is applicable in States having very low density of population. It was further stated that Vigilance Committees at District/State level were yet to be made.</p>	<p>Vigilance Committees at District/State level were yet to be made. No reason for such a delay was furnished to Audit.</p>

Gist of observations made in earlier Report	Recommendation made	Current status as informed by the Department	Audit findings/ comment
Manpower Management: Audit Report highlighted that against the sanctioned strength of 1,141 ministerial and Group D posts in the department, only 648 persons were in position as of March 2011 with 493 posts lying vacant. (Para 2.1.12)	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.	The Department stated (July 2016) that against a sanctioned strength of 1,142, only 526 persons were in position as of March 2016 with 616 posts lying vacant.	As the Service Department could not provide the requisite staff due to acute shortage of officials in GNCTD, the FS Department was still suffering from the shortage of staff.

B) Partial Implementation

Gist of observations made in earlier Report	Recommendation made	Current status as informed by the Department	Audit findings/ comment
Difference in allocation by GoI and by the Department: Audit Report pointed out that allocation of food grains was not based on concrete and reliable criteria during 2006-11, as quantities allocated by GoI could not be utilised in full by GNCTD. (Para 2.1.8.1)	Reconciliation of the department's allocation figures with those of the Government of India should be made at the end of every year.	The Department stated (July 2016) that after the enactment of the NFS Act, which came into effect from September 2013, allocation of specified food Articles (SFAs) was made on the basis of number of active cards/ actual beneficiaries only.	Audit observed that substantial progress has been made in this regard. The differences in allocation of wheat and rice quantities by GoI and the Department have come down from 15.72 per cent and 18.60 per cent in 2010-11 to 1.05 per cent and 0.98 per cent respectively in 2015-16.
Functioning of Fair Price Shops (FPS) and Kerosene Oil Depot (KOD): As per PDS (Control) Order, 2001, FPS owners should display details such as stock position along with issue prices, number of beneficiaries, scale of ration admissible to different categories of consumers and sample of food grains. This was, however, not being done. (Para 2.1.10.1)	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.	As per records furnished to Audit, NW Zone and New Delhi Zone regularly monitored functioning of FPSs. During 2012-16, actions were taken against 297 FPSs in North West Zone and 18 FPSs in New Delhi Zone. Show cause notices/ cancellations/ penalty orders were issued and FIRs lodged against defaulters.	Audit observed substantial progress in initiation of penal action against defaulting FPSs. As far as Kerosene Oil Depots are concerned, these have been closed in Delhi with effect from September 2013.

C) Full implementation: There was no case where full implementation was observed.

3.13.2.2 CCO based Audit (2011-12)

Status of implementation of 13 observations under six recommendations that were included in CCO Based Audit Report is given below:

A) Insignificant or no progress

Gist of observations made in earlier Report	Recommendation made	Current status as informed by the Department	Audit findings/ comment
Overall Human Resource Management: The project of full automation of Fair Price Shops (FPSs) was under process and was likely to be completed by June 2013. (Para 4.2.3)	Mechanism for updation of beneficiaries as well as FPSs and KODs needs to be strengthened as well as monitored.	As per the records, out of 2,530 FPSs in Delhi, bio-metric system based Point of Sale (POS) machines were installed only in 42 FPSs under a pilot project. Out of these, only 38 were functioning. The Department stated that reason for slow progress was poor response to the Notice Inviting Tenders on three occasions (September 2015 to March 2016).	There was little progress in the project as of 31 March 2016.
Renewal of License: Audit Report pointed out that absence of proper maintenance of data bank of due date of renewal of licenses had the potential of irregular supply of SFAs and Kerosene Oil to invalid FPSs and KODs. (Para 4.2.9.5.b)	Mechanism for updation of beneficiaries as well as FPSs and KODs needs to be strengthened as well as monitored.	The Department stated in March 2013 that work of renewal of licenses would be computerized to generate an alert at least two months in advance. In May 2016, the Department intimated that automation of licences had been initiated and requisite flow chart sent to NIC, which was under testing.	Though the Department had initiated the process of automation of FPS licences, not much progress was made. As of February 2016, only the flow chart for online FPS renewal licence was sent to NIC by Department.
Human Resource Management: As of March 2012, the department was facing shortage of 518 personnel. In spite of this, the department was utilizing available manpower on unfruitful activities like - processing and preparation of ration cards for APL-unstamped category. The department stated (March 2013) that the matter regarding issuing of APL (unstamped) cards would be examined. (Para 4.2.16)	Internal control mechanism of the department needs to be strengthened.	The Department stated that the Service Department, GNCTD could not provide requisite staff for filling vacancies. Reasons for inadequate manpower were attributed (July 2016) to the overall shortage of staff/officials in GNCTD.	As the requisite staff could not be provided by Service Department, GNCTD, the FS Department was still suffering from the shortage of staff.
Lack of strategic planning with respect to intervention in open market mechanism: The Department did not address the issue relating to upward trend of prices of essential commodities by way of evolving a strategic	The Department should develop strategy for its role in open market intervention and implement the same accordingly.	In its Action Taken Note of January 2016, the Department stated that it took initiatives to control prices through creation of buffer stock of onion and potato.	It was noticed that the Enforcement Division conducted inspections only in 2015-16, while no inspections were conducted during 2012-15. The Department created buffer stock of onion during 2014-16 to control its prices. As per the data provided to

plan to utilize the funds allocated for the purpose, and initiated no activity at any level by way of conducting raids and inspections to keep hoarding practice under check. The Department assured (March 2013) to create database to control black-marketing. (Para 4.2.15.3)			Audit, there was an increase of 94 per cent and 71 per cent in the prices of Arhar and Urad pulses respectively during January 2015 to January 2016. However, the Department did not initiate any market intervention. Though called for, reasons for inaction in this regard were awaited (August 2016).
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B) Partial Implementation

Gist of observations made in earlier Report	Recommendation made	Current status as informed by the department	Audit findings/comment
Irregularities in renewal of FPSs and KODs: As per norms for setting up of FPSs and KODs circulated by the Department, a new FPS could be notified for a minimum of 1,000 cards and a new KOD for a minimum of 850 cards. But, the Department ignored these norms and renewed shops having number of beneficiaries far below the specified limit. The Department assured (March 2013) to take up the matter with GNCTD for rationalization of FPSs and KODs. (Para 4.2.9.5.d)	Mechanism for updation of beneficiaries as well as FPSs and KODs needs to be strengthened as well as monitored.	The Department stated (May 2016) that efforts were being made for rationalization and linking of ration cards to FPSs. Further, 96 new vacancies of FPSs were notified in March 2016 so as to transfer ration cards to new FPSs from existing FPSs having ration cards in excess of 1,200.	Audit observed that the Department issued guidelines (May 2014) to Zonal offices and Circle offices to ensure that no FPS should have more than 1,200 ration cards. Circle offices were to ensure that all the FPSs should have approximately equal number of ration cards as far as possible and card holders should be allotted FPS within one km of their address.
Unrealistic budgeting: The budget estimates were not prepared with adequate pre-budget scrutiny. The Department agreed (March 2013) to prepare budget on realistic basis and regular monitoring for future compliance. (Para 4.2.6.2)	Internal control mechanism of the Department needs to be strengthened.	The Department provided the details of budget estimate and actual expenditure from 2012-13 to 2015 - 16	Audit observed that there was improvement in the budget projections as overall savings showed a decreasing trend during 2012-16. Saving percentage decreased from 30.60 per cent in 2012-13 to 4.24 per cent in 2015-16.
Irregularities in functioning of PDS outlets in distribution of SFAs and kerosene oil: Audit Report highlighted irregularities in maintenance of sale and stock registers at FPSs, insufficient disbursement to homeless card holders, and non-allocation of additional <i>ad hoc</i> quota of food grains to AAY category, etc. (Para 4.2.10.2(c))	Internal control mechanism of the Department needs to be strengthened.	As per records furnished to Audit, NW Zone and New Delhi Zone regularly monitored functioning of FPSs. During 2012-16, actions were taken against 297 FPSs in North West Zone and 18 FPSs in New Delhi Zone. Show cause notices/ cancellations/ penalty orders were issued and FIRs lodged against defaulters.	Audit observed partial progress in initiation of penal action against defaulting FPSs. As far as Kerosene Oil Depots are concerned, these have been closed in Delhi with effect from September 2013.

Gist of observations made in earlier Report	Recommendation made	Current status as informed by the department	Audit findings/comment
<p>Non-accountability of shortage in respect of quantities of SFAs and kerosene oil: Audit Report pointed out inaction by the Department in cases of shortages less than the prescribed limits in the selected outlets of PDS. Due to inaction, shortages were being allowed as a matter of routine without fixing any accountability (Para 4.2.13.4)</p>	<p>Internal control mechanism of the department needs to be strengthened.</p>	<p>As per records furnished to Audit, NW Zone and New Delhi Zone initiated actions for non-accountability of shortage of quantities of SFAs against 10 and 3 FPSs respectively during 2012-16.</p>	<p>Audit observed partial progress in initiation of penal action against non-accountability of shortage of quantities of SFAs against 10 and 3 FPSs respectively during 2012-16. Kerosene Oil Depots have been closed in Delhi with effect from September 2013.</p>
<p>Fair Price Shops and Kerosene Oil Depots - Allotment of Licences: As per Department's OM dated 18 June 1993, all circles Food Supply Officers (FSOs) were to draw a 40-point roster in respect of their circles for following reservation in grant of FPS authorization and KOD license. However, rosters were not maintained. (Para 4.2.9.5(a))</p>	<p>Office procedure Manual based on functional requirement needs to be developed in order to create awareness of working procedures to be followed at each level of hierarchy.</p>	<p>The Department provided the roster maintained at head-quarter.</p>	<p>There was partial implementation of the recommendation/ observation, as the roster was to be maintained at circle level, but it was being maintained at headquarters. In respect of Kerosene Oil Depots, no roster is required to be maintained, as these have been closed since September 2013.</p>
<p>Inadequate monitoring of Fair Price Shops: As per paragraph 6 (2) of Annexe to the PDS Control Order, 2001, State Governments shall ensure regular inspections of FPSs not less than once in six months by the designated authority. Audit Report pointed out that during 2011-12, the Enforcement Branch of the Department carried out only 95 inspections of FPSs against prescribed at least 4,996 regular inspections. (Para 4.2.13.2)</p>	<p>Office procedure Manual based on functional requirement needs to be developed in order to create awareness of working procedures to be followed at each level of hierarchy</p>	<p>The Department stated (June 2016) that in addition to the inspections of FPSs carried out by the Enforcement Branch, there are also inspections carried out by the Food Supply Inspectors, concerned circle FSO and Zonal Assistant Commissioner.</p>	<p>There were around 2,500 FPSs during the period 2013-16, but the Enforcement Branch conducted only 559 inspections during this period, whereas each FPS should have been inspected twice a year. In its reply, Department did not respond to the audit query as to who were the 'designated authority' under the PDS Control Order for carrying out inspections. In the absence of clear norms, Audit could not ascertain whether the routine inspections carried out by Food Supply Inspectors, FSOs and Zonal Assistant Commissioners are covered under the provisions of the PDS Control Order, 2001.</p>

Gist of observations made in earlier Report	Recommendation made	Current status as informed by the department	Audit findings/comment
<p>Non-revision of retailer margin and undue burden of transportation cost on the beneficiaries: It was pointed out that the actual margin of sugar provided by GNCTD to FPS holder was not as per the guidelines issued by the Ministry of Food in November 1996, whereas margin on sugar was to be fixed considering various factors. Transportation cost of retailer was being recovered from economically weaker BPL cardholders, whereas it was to be borne by the GNCTD. (Para-4.2.12.4)</p>	<p>Timely steps and follow-up action needs to be taken to ensure viability of running FPSs and KODs.</p>	<p>The Department stated (May 2016) that after implementation of the NFS Act, 2013, the transportation charges are being borne by the GNCTD for all categories of cards.</p>	<p>Though transportation charges are borne by GNCTD for all categories of cards, retailer margin of sugar was not still as per Ministry Guidelines issued in 1996.</p>

C) Full implementation

Gist of observations made in earlier Report	Recommendation made	Current status as informed by the Department	Audit findings/comment
<p>Lapses in the system of identification of beneficiaries: Audit Report highlighted that no realistic, revised and fresh targets for identification of beneficiaries were adopted after March 2009. (Para 4.2.9.1.a)</p>	<p>Initiative needs to be taken to identify beneficiaries under various categories and reviewed on regular basis to eliminate bogus cards.</p>	<p>After implementation of NFS Act, there are only two categories of cards-AAY and Priority Households (PR). The Ministry of Food and Civil Supplies, GoI determined (July 2013) 72.78 lakh persons to be covered under the Targeted Public Distribution System (TPDS) for NCT of Delhi. These beneficiaries were to be identified within one year of implementation of the Act. The Department stated (May 2016) that it had achieved this target in the month of September 2015.</p>	<p>Audit observed that the Department actually achieved the target in the month of May 2016, and not in September 2015 as claimed by the Department.</p>
<p>Irregularities in preserving income documents of the household per annum: Audit Report highlighted non-furnishing of income documents to Audit in support of issuance of ration cards to the beneficiaries in case of the selected FPSs and KODs. The Department stated (March 2013) that scanning of documents was being done for all new cards. (Para 4.2.9.3.a)</p>	<p>Mechanism for updation of beneficiaries as well as FPSs and KODs needs to be strengthened as well as monitored.</p>	<p>The Department stated (June 2016) that authenticity of data is verified from Aadhar server before NFSA applications are entered in the NFSA portal for issue of Ration cards.</p>	<p>Test check of records revealed that the Department was maintaining income certificates of beneficiaries as required under the NFS Act.</p>

3.13.3 Conclusion

Thus, there was substantial implementation in respect of only two out of 10 actionable recommendations and insignificant or no progress as regard to eight

observations of the performance audit report. In CCO Based Audit Report, six recommendations were made under which 13 observations were actionable. There was full implementation in case of two observations, substantial action was taken in case of seven observations while there was insignificant or no progress in respect of four observations. Hence, the deficiencies and inefficiencies that had been highlighted in the earlier reports in the functioning of the department continued.

The matter was referred to the Government in August 2016; their reply was awaited (December 2016).



New Delhi
Dated: 14 FEBRUARY 2017

(SUSHIL KUMAR JAISWAL)
Accountant General (Audit), Delhi

Countersigned



New Delhi
Dated: 21 FEBRUARY 2017

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

Annexures

Annexure -2.1.1
Details of children enrolled and dropped out in selected sample
(Referred to in paragraph 2.1.2(b))

Year	Directorate			DMCs		
	Enrolment	Dropout	Percentage	Enrolment	Dropout	Percentage
2010-11	11,539	155	1.3	13,184	1,484	11.25
2011-12	11,281	188	1.6	13,065	1,058	8.09
2012-13	12,023	184	1.5	12,743	987	7.74
2013-14	12,564	264	2.1	12,315	1,147	9.31
2014-15	13,072	333	2.6	11,832	1,211	10.23
2015-16	13,812	353	2.6	11,169	1,165	10.43
Total	74,291	1,477	1.99	74,308	7,052	9.49

Source: Selected 60 schools

Annexure- 2.1.2
Enrolment in Class 1 of Government, aided and private schools
(Referred to in paragraph 2.1.4.1)

Year	Government and aided schools		Private schools		Total enrolment
	Enrolment	Percentage decrease w.r.t. previous year	Enrolment	Percentage increase w.r.t. previous year	
2010-11	2,04,884	-	1,32,010	-	3,37,230
2011-12	2,00,944	2	1,37,381	4	3,38,325
2012-13	1,78,227	11	1,40,934	3	3,18,461
2013-14	1,68,312	6	1,53,543	9	3,21,855
2014-15	1,63,454	3	1,73,782	13	3,37,236
2015-16	1,56,911	4	1,78,034	2	3,34,945
Total	10,72,732	-	9,15,684	-	19,88,416

Source: MIS Branch of the Directorate

Annexure -2.1.3
Budget provision and actual expenditure for OoSC (2010-16)
(Referred to in paragraph 2.1.4.2 (i))

(₹ in crore)

Year	Budget provision	OoSC to be given training	Children covered	Expenditure	Unspent balance (%)
2010-11	5.52	11,822	3,033	0.17	5.35 (97)
2011-12	7.93	14,440	7,934	0.46	7.47 (94)
2012-13	6.33	9,854	3,628	1.68	4.65 (73)
2013-14	4.11	8,617	4,818	1.27	2.84 (69)
2014-15	4.59	7,076	7,133	2.10	2.49 (54)
2015-16	2.83	5,065	6,627	1.81	1.02 (36)
Total	31.31	56,874	33,173	7.49	23.82(76)

Source: UEEM Records

Annexure -2.1.4
Budget and expenditure on transportation of children with disabilities
(Referred to in paragraph 2.1.4.3)

(₹ in crore)

Year	Children with disability	Children provided with facility	Children not provided with facility	Approved by PAB	Released to DPOs	Expenditure	Unspent (%)
2014-15	5,316	2,424	2,892	1.20	1.06	0.33	0.73(69)
2015-16	7,643	4,734	2,909	1.91	1.53	0.87	0.66(43)
Total	12,959	7,158	5,801	3.11	2.59	1.20	1.39 (54)

Source: UEEM Records

Annexure – 2.1.5
Admission of WSDG children in unaided schools (DoE)
(Referred to in paragraph 2.1.4.4)

Year	Number of un-aided schools	Total enrolment in 1 st class	Seats to be earmarked for WSDG (25 %)	WSDG children admitted	Shortfall
2011-12	1,144	99,535	24,884	9,732	15,152
2012-13	1,152	1,02,214	25,553	10,363	15,190
2013-14	1,159	1,14,368	28,592	17,914	10,678
2014-15	1,576	1,30,523	32,630	20,682	11,948
2015-16	1,584	1,33,931	33,483	31,571	1,912
Total	-	5,80,571	1,45,142	90,262	54,880

Source: Directorate and MIS Branch

Annexure -2.1.6
Details of works executed by UEEM
(Referred to in paragraph 2.1.4.5 (b))

Year	Additional rooms		Toilets		Ramps	
	S	C	S	C	S	C
2010-11	165	165	61	61	-	-
2011-12	155	155	95	95	-	-
2012-13	300	298	227	225	100	96
2013-14	60	60	27	27	-	-
2014-15	364	120	226	84	-	-
2015-16	102	0	79	0	-	-
Total	1,146	798	715	492	100	96

Source: UEEM Records S = Sanctioned and C= Completed

Annexure -2.1.7
Norms and Standards for a school
(Referred to in paragraph 2.1.5)

Item	Admitted children	Number of teachers
(A) For first class to fifth class	Up to 60	Two
	Between 61 - 90	Three
	Between 91 - 120	Four
	Between 121-200	Five
	Above 150	Five plus one Head teacher
	Above 200	Pupil Teacher Ratio (excluding Head teacher) Shall not exceed forty.
(B) For sixth class to eight class	(1) At least one teacher per class so that there shall be at least one teacher each for:	
	(i) Science and Mathematics	
	(ii) Social Studies	
	(iii) languages	
	(2) At least one teacher for every thirty five children	
	(3) Where admission of children is above one hundred	
	A full time head teacher	
	Part time instructor for:	
	(a) Art Education (b) Health and Physical Education (c) Work Education	

Source: Schedule to RTE Act

Annexure-2.1.8
Physical targets, achievement, budget and expenditure on Teachers’
Training Programmes during 2010-16
(Referred to in paragraph 2.1.5.2)

Year	SCERT targets (No. of Pry. & Up. Pry. teachers)	Targets achieved	Shortfall against SCERT targets	Funds available to SCERT (₹ in lakh)	Funds utilised by SCERT (₹ in lakh)	Unspent amount (₹ in lakh)
2010-11	10,266	8,871	1,395	414.80	135.95	278.85
2011-12	23,587	23,595	(-) 8	182.81	96.44	86.37
2012-13	20,202	19,740	462	258.51	119.86	138.65
2013-14	17,948	19,049	(-)1,101	164.41	73.24	91.17
2014-15	19,348	9,427	9,921	141.84	19.99	121.85
2015-16	15,791	10,463	5,328	83.65	29.48	54.17
Total	1,07,142	91,145	15,997	1,246.02	474.96	771.06 (62%)

Source: SCERT records

Annexure- 2.2.1
Requirement of additional technical/supporting staff
(Referred to in Paragraph 2.2.3.2 (b))

Sl. No.	Post	Requirement of posts (including additional posts)	No. of existing posts sanctioned	No. of posts filled	Total Shortage
1.	Food Analyst	1	1	Nil	1
2.	Dy. Food Analyst	3	1	1	2
3.	Chemists	18	10	10*	8
4.	Technical Asstt.	7	5	2	5
5.	Data Entry Operator	2	Nil	Nil	2
6.	Office Assistant	2	Nil	Nil	2
7.	Laboratory Cleaners	7	4	3	4
8.	Sweeper-cum-Farash	3	Nil	Nil	3
9.	Driver	1	Nil	Nil	1

*Seven Chemists appointed on contract basis

Annexure 2.2.2 A
Delay in issue of licenses
(Referred to in Paragraph 2.2.3.3)

Year	Range of delay (days)	No. of cases in selected districts			Total cases
		East	West	South	
2013-14	1-200 days	1	4	6	11
2014-15		14	15	24	53
2015-16		9	4	4	17
Total		24	23	34	81
2013-14	Above 200 to 400 days	-	3	2	5
2014-15		3	9	5	17
2015-16		3	1	3	7
Total		6	13	10	29
2013-14	Above 400 days	-	-	-	-
2014-15		-	-	-	-
2015-16		3	3	2	8
Total		3	3	2	8
Grand Total		33	39	46	118

Annexure 2.2.2 B
Delay in issue of RCs
(Referred to in Paragraph 2.2.3.3)

Year	Range of delay (days)	No. of cases in selected districts			Total cases
		East	West	South	
2013-14	1-100 days	-	-	-	-
2014-15		4	3	1	8
2015-16		3	2	-	5
Total		7	5	1	13
2013-14	Above 100 to 200 days	-	-	-	-
2014-15		1	1	2	4
2015-16		2	1	1	4
Total		3	2	3	8
2013-14	Above 200 days	-	-	-	-
2014-15		-	-	-	-
2015-16		-	-	1	1
Total		-	-	1	1
Grand Total		10	7	5	22

Annexure 2.2.3
Food samples not tested for food safety parameters
(Referred to in Paragraph 2.2.4.2 (b))

Sl. No.	Food item	Parameters not checked
1.	Sago	General parameters (natural colours, preservatives, anti-oxidants and artificial sweeteners).
		Metal Contaminants.
		Naturally occurring toxic substances.
2.	Besan	General (added natural colours, preservatives, musty odour, rancidity and anti-oxidants).
		Metal contaminants.
		Pesticides.
3.	Palmolien oil	General (Rancidity, preservatives and anti-oxidants).
		Metal contaminants.
		Pesticides.
4.	Vanaspati	General (rancidity, mineral oil, castor oil, animal fat, preservatives and anti-oxidants).
		Quality (baudouin, trans-fatty acids and refined sal seed fat).
		Metal contaminants.
5.	Red chilli powder	General (natural colours, added natural coloursudan dye and mineral oil.)
		Quality (tests not performed for volatile oil content on dry basis)
		Micro biological safety (salmonella).
		Contaminants.
		Pesticides.

Sl. No.	Food item	Parameters not checked
6.	Full cream milk	General (detergent, added preservatives, natural and synthetic colour, phosphotase, anti-oxidants and non-nutritive sweeteners)
		Microbiological.
		Contaminants.
		Pesticides.
7.	Cow milk	General (detergent, added preservatives, natural and synthetic colours, phosphotase, anti-oxidants and non-nutritive sweetener).
		Microbiological.
		Contaminants.
		Pesticides.
8.	Mixed milk	General (detergent, added preservatives, natural and synthetic colours, phosphotase, anti-oxidants and non-nutritive sweetener).
		Microbiological.
		Contaminants.
		Pesticides.
9.	Low fat cream	General (added preservatives, natural colours, anti-oxidants and phosphotase).
		Micro-biological.
		Contaminants.
		Pesticides.
10.	Tomato Ketchup & Sauce	General (preservatives, natural colours, anti-oxidants, artificial sweeteners).
		Quality (filled capacity of the container).
		Metal contaminants.
		Naturally occurring toxic substances.
		Microbiological safety (flat sour organisms).
		Pesticides.
11.	Tea	General (extraneous matter, odour, added natural colours and iron fillings).
		Naturally occurring toxic substances (aflatoxin, agaric acid, hydrocyanic acid, hypericine and saffrole).
		Metal contaminants.
		Pesticides.
12.	Ice candy	General (anti-oxidants, sorbic acid, sulphur di oxide, benzoic acid, sodium and potassium benzoate and physical examination for moulds, living and dead insects, etc.).
		Micro biological safety.
		Naturally occurring toxic substances.
		Metal contaminants.
		Pesticides.
13.	Catechu edible	General (physical examination for extraneous matter, natural and synthetic colour).
		Quality (ash insoluble in HCl).
		Metal contaminants.
		Naturally occurring toxic substances.

Sl. No.	Food item	Parameters not checked
14.	Moong dal split	General (physical examination for poisonous toxic harmful seeds, khesaridal and argemonemexicana seeds, natural colours).
		Metal contaminants.
		Pesticides.
15.	Pan masala	General (artificial sweeteners).
		Naturally occurring toxic substances.
		Metal contaminants.
16.	Til oil	General (rancidity, preservatives and anti-oxidants).
		Metal contaminants.
		Pesticides.
17.	Resultant atta	General (musty odour and rancidity, anti-oxidants, preservatives, natural and synthetic colours).
		Metal contaminants.
		Naturally occurring toxic substances.
		Pesticides.
18.	Wheat	Naturally occurring toxic substances (ochratoxin-A).
		Pesticides.
19.	Synthetic vinegar	General (benzoic acid, sodium, potassium benzoate, sulphur di-oxide, sorbic acid, natural colours, anti-oxidants and artificial sweeteners).
		Quality (acidity, and filled capacity of the container).
		Metal contaminants (tin, zinc, cadmium, mercury and methyl mercury).
		Micro biological safety.
20.	Tomato paste	General (natural colour, preservatives, anti-oxidants and artificial sweeteners).
		Quality parameters (the filled capacity of the container).
		Metal contaminants.
		Pesticides.
		Microbiological safety (total plate count, flat sour organisms and incubation).
21.	Kuttuatta	Quality parameters.
		Contaminants.
		Pesticides.
22.	Toned milk	General Parameters (detergents, natural colours, added preservatives, synthetic colours, anti-oxidants and non-nutritive sweeteners).
		Contaminants (including metal).
		Microbiological.
		Pesticides.
23.	Thermally processed Fruit beverage	General (physical examination of package, benzoic acid, sodium and potassium benzoate, sulphur di oxide, sorbic acid, natural colour and anti-oxidants).
		Quality (total soluble solids and acidity expressed as citric acid).
		Metal contaminants.
		Pesticides.
24.	Sunflower seed oil	General (rancidity, natural colour, preservatives and anti-oxidants).
		Quality (flash point).
		Metal contaminants.
		Pesticides.

Sl. No.	Food item	Parameters not checked
25.	Dhania powder	General Parameters (natural colour, synthetic colour, preservatives, bleach, mustiness).
		Metal contaminants.
		Contaminants.
		Pesticides.
		Microbiological safety.
26.	Jeera whole	General Parameters (screlotinia mushrooms, natural colour, synthetic colour) .
		Metal Contaminants.
		Contaminants.
		Pesticides.
		Microbiological safety.
27.	Iodized salt	General (physical examination for clay, grit, living and dead insects, etc.).
		Metal contaminants.
28.	Sweetened condensed milk	General (rancidity, Starch, Added preservatives, Sorbic acid, Anti-oxidants, Added natural Colour and Artificial sweeteners).
		Microbiological (total plate count and coliform count).
		Contaminants.
		Pesticides.
29.	Biscuits	General (sodium sulphite, preservatives, anti-oxidants, saccharin sodium, aspartame methyl ester, acesulfame-k, sucralose, benzoyl peroxide).
		Quality (total ash, oligofructose)..
		Metal contaminants.
		Naturally occurring toxic substances.
30.	Urd dal split	General (natural colour, physical examination for khesari dhal, argemonemexicana seeds and poisonous toxic and harmful seeds).
		Metal contaminants.
		Pesticides.
31.	Dahi	General (added preservatives, natural colours, synthetic colours and anti-oxidants).
		Micro-biological safety.
		Contaminants.
		Pesticides.
32.	Rice	General (natural colour, physical examination for khesari dhal, argemonemexicana seeds and poisonous toxic and/or harmful seeds).
		Contaminants.
		Pesticides.
33.	Strawberry crush	General (preservatives and anti-oxidants).
		Quality (minimum percent of fruit juice/puree in the final product).
		Metal contaminant.
		Micro biological safety (except for yeast and mould count).
		Pesticides.
34.	Protein Rich Paushtik Atta	General (musty odour, rancidity, anti-oxidants, preservative, natural and synthetic colours).
		Metal contaminants.
		Naturally occurring toxic substances.
		Pesticides.

Sl. No.	Food item	Parameters not checked
35.	Chana dal	General (physical examination for argemonemexicana seeds and poisonous toxic and/or harmful seeds, natural colours).
		Metal contaminants.
		Pesticides.
36.	Mustard oil	General Parameters (rancidity, natural colour, preservatives and anti-oxidants).
		Quality (hydrocyanic acid-ferric chloride).
		Metal contaminants.
		Pesticides.
37.	Soyabean oil	General parameters (rancidity, added natural colours, preservatives and anti-oxidants).
		Metal contaminants.
		Pesticides.
38.	Khoya	General (rancidity, added preservatives, sorbic acid, anti-oxidants, natural colours, and artificial sweeteners).
		Quality (test not performed for citric acid).
		Micro biological.
		Pesticides.
39.	Chhena/Pa- neer	General (added preservatives, natural colours, synthetic colours and anti-oxidants).
		Microbiological.
		Contaminants.
		Pesticides.
40.	Ghee	General (sorbic acid, mineral oil, vegetable oil and fat, rancidity, added preservatives, natural colours and anti-oxidants).
		Contaminants.
		Pesticides.
41.	Standardized milk	General (sorbic acid, mineral oil, vegetable oil and fat, rancidity, added preservatives, natural colours and anti-oxidants).
		Contaminants.
		Pesticides.
42.	Dal Arhar	General (natural colours, naturally occurring toxic substances, and physical examination for argemonemexicana seeds, poisonous toxic and/or harmful seeds).
		Metal contaminants.
		Pesticides.
43.	Honey	General (natural colours).
		Metal contaminants.
		Antibiotic residues.
		Quality (except for Fieh test).
44.	Groundnut oil	General (Rancidity, preservatives and anti-oxidants).
		Metal contaminants.
		Pesticides.
45.	Urd whole	General (natural colours, physical examination for poisonous toxic and/or harmful seeds, khesari dal and argemonemexicana seeds).
		Metal contaminants.
		Pesticides.

Sl. No.	Food item	Parameters not checked
46.	Bread	General (sodium sulphite, preservatives, sorbic acid, anti-oxidants, artificial sweeteners).
		Quality (oligofructose).
		Metal contaminants.
		Naturally occurring toxic substances.
		Pesticides.
47.	Maida	General (musty odour and rancidity, anti-oxidants, preservatives, natural colours and synthetic colours).
		Metal contaminants.
		Naturally occurring toxic substances.
		Pesticides.
48.	Pasta	General (natural colours, preservatives and anti-oxidants).
		Metal contaminants (methyl mercury calculated as the element).
49.	Instant Noodle	General (preservatives, anti-oxidants, rancidity and musty odour).
		Metal contaminants (except lead).
		Quality.
		Naturally occurring toxic substances.
50.	Cumin or SafedZeera Powder	General (physical examination formoulds, living and dead insects, etc.).
		Metal contaminants.
		Contaminants.
		Pesticides.
		Microbiological safety
51.	Carbonated Water	General (preservatives, anti-oxidants, artificial sweeteners except saccharin, and non-nutritive sweetener).
		Quality.
		Metal contaminants.
		Microbiology safety.
		Naturally occurring toxic substances.
		Pesticides.
52.	Soupy noodles	General (rancidity, preservatives and moisture in the tastemaker).
53.	Macaroni	General (Natural colour, preservatives, anti-oxidants).
		Metal contaminant (methyl mercury calculated as the element)
54.	Suji	General (musty odour, rancidity, anti-oxidant, preservative, natural and synthetic colours).
		Metal contaminants.
		Naturally occurring toxic substances.
		Pesticides.
55.	Kabuli chana	General (physical examination for poisonous toxic harmful seeds and argemonemexicana seeds. Natural colour).
		Metal contaminants.
		Pesticides.

Annexure - 2.2.4
Delay in redressal of grievances
(Referred to in Paragraph 2.2.5.1 (i))

Year	Complaints received	Complaints disposed	Complaints pending	Complaints where action taken not recorded
2011-12	38	38	Nil	30
2012-13	53	28	25	9
2013-14	92	52	40	21
2014-15	33	14	19	5
2015-16	36	6	30	2
Total	252	138	114	67

Annexure - 2.2.5
Non-updation of status of applications of FBOs
(Referred to in Paragraph 2.2.6.2)

Category	No. of Applications	Status of application	Duration of Application submitted online
License	70	Forwarded for license generation	05.02.2014 to 16.03.2016
	159	Waiting for documents for scrutiny by DO	29.01.2014 to 31.03.2016
	1,913	Forwarded to FBO for editing	22.01.2014 to 31.03.2016
	41	Inspection Report to be submitted	24.03.2014 to 03.07.2015
	9	Forwarded to FBO for clarification	30.01.2014 to 30.07.2014
	80	Processing yet to be started	06.02.2014 to 31.03.2016
	3,159	Payment status not updated	16.01.2014 to 30.03.2016
Total	5,431		
RCs	54	RCs to be generated by East District	22.02.2016 to 29.03.2016
	2	Application(s) sent for inspection clarification	23.04.2014 and 05.07.2014
	4	Application(s) accepted, FSO assigned	In July 2014
	4,111	Application(s) sent for editing	17.02.2014 to 31.03.2016
	13	Applications edited by FBO	16.02.2014 to 28.03.2016
	3	Inspection Report to be submitted by FSO	22.05.2014, 27.07.2014 and 19.11.2014
	2	Application sent for inspection clarification	23.04.2014 and 05.07.2014
	14,934	Payment status not updated	16.02.2014 to 31.03.2016
Total	19,123		

Annexure - 2.3.1
Budget Allocation and Expenditure
(Referred to in paragraph 2.3.2)

Sl. No.	Name of the Hospital	2010-11			2011-12			2012-13			2013-14			2014-15			2015-16		
		R.E.	Expn.	Savings	R.E.	Expn.	Savings	R.E.	Expn.	Savings	R.E.	Expn.	Savings	R.E.	Expn.	Savings	R.E.	Expn.	Savings
1	RGSSH	50.00	50.00	0.00	500.00	363.83	136.17	1,800.00	283.11	1,516.89	5,200.00	5,107.11	92.89	5,000.00	4,958.01	41.99	1,100.00	974.00	126.00
2	JSSH	200.00	190.14	9.86	150.00	82.22	67.78	300.00	140.00	160.00	350.00	345.56	4.44	600.00	313.11	286.89	65.00	35.00	30.00
3	GBPH	3,650.00	2,219.50	1,430.50	1,800.00	1,800.00	0.00	1,400.00	1,175.23	224.77	1,400.00	1,377.11	22.89	1,200.00	1,187.25	12.75	1,000.00	982.07	17.93
4	LNH	2,400.00	1,740.07	659.93	3,000.00	3,000.00	0.00	2,000.00	1,961.98	38.02	2,932.00	2,922.15	9.85	3,640.00	3,556.86	83.14	2,215.00	2,185.62	29.38
5	GTBH	2,000.00	1,458.71	541.29	1,406.00	1,360.27	45.73	2,900.00	3,838.92	-938.92	4,100.00	4,036.30	63.70	3,500.00	3,388.97	111.03	2,600.00	2,482.07	117.93
6	MVH	250.00	238.86	11.14	240.00	147.07	92.93	250.00	325.00	-75.00	800.00	794.38	5.62	2,000.00	1,959.39	40.61	1,500.00	1,405.38	94.62
7	LBSH	200.00	197.80	2.20	160.00	158.22	1.78	200.00	256.45	-56.45	300.00	299.87	0.13	550.00	319.52	230.48	30.00	9.98	20.02
8	A&U Tibbia	230.00	137.15	92.85	130.00	130.00	0.00	200.00	231.05	-31.05	358.00	354.53	3.47	300.00	246.50	53.50	200.00	157.47	42.53
9	BSAH	300.00	294.37	5.63	700.00	396.34	303.66	600.00	533.01	66.99	700.00	653.33	46.67	900.00	697.08	202.92	970.00	785.99	184.01
10	DCBH	*	*	*	*	*	*	4,000.00	2,713.49	1,286.51	2,500.00	2,496.60	3.40	2,500.00	1,849.14	650.86	2,680.00	677.62	2,002.38
Total		9,280.00	6,526.60	2,753.40	8,086.00	7,437.95	648.05	13,650.00	11,458.24	2,191.76	18,640.00	18,386.94	253.06	20,190.00	18,475.83	1,714.17	12,360.00	9,695.20	2,664.80

*figures related to financial years 2010-12 were not available.

Annexure- 2.3.2
15 cases where land was acquired free of cost
(Referred to in paragraph 2.3.3.1)

Sl. No.	Location of land at village	Date of allotment of land	Area in Sq. Meter (Approx.)	Land Owning Agency	Date of transfer to CDMO
1.	Mundka	01.09.15	379.17	PD	21.09.15
2.	Shafipur Ranholla	01.09.15	463.43	PD	17.09.15
3.	Chandanpur	19.08.15	589.82	PD	01.09.15
4.	Nizampur	24.08.15	1,263.90	PD	01.09.15
5.	Salahpur Majra	17.08.12	1,263.90	PD	Not available
6.	Nizampur	19.08.15	1,306.03	PD	28.09.15
7.	Bankner	19.08.15	1,685.50	PD	09.09.15
8.	Quadipur	29.07.15	1,727.33	PD	09.11.15
9.	Hiranki	29.07.15	1,853.72	PD	09.11.15
10.	Garhi Khusro	29.07.15	1,895.85	PD	09.11.15
11.	Bakkarwala	07.08.15	2,022.24	PD	01.09.15
12.	Ghevra	19.08.15	2,148.63	PD	01.09.15
13.	Qutabgarh	19.08.15	3,244.01	PD	01.09.15
14.	Jaunti	Not available	3,500.00	PD	Not available
15.	Madanpur Dabas	19.08.15	3,623.18	PD	01.09.15
	Total		26,966.71		

Annexure - 2.3.3
15 cases where land was purchased
(Referred to in paragraph 2.3.3.1)

(₹ in lakh)

Sl. No.	Name of the Project	Land owning agency	Area (Sqm.)	Cost of land	Other costs	Physical possession taken	Total expenditure	Status
1.	2.	3.	4.	5.	6.	8.	9.	10
1.	Shastri Park	DDA	1,000.00	28.27	20.39	20.05.2010	48.66	Vacant
2.	CS / OCF-2, Sector-23	DDA	797.00	60.55	-	09.06.2015	60.55	Vacant
3.	Gandhi Vihar	DDA	1,000.00	52.33	20.84	25.01.2011	73.17	Vacant
4.	Sectot-4, Rohini Extension	DDA	1,000.00	76.02	15.03	19.06.2014	91.05	Vacant
5.	Tahirpur	DDA	2,100.00	39.58	36.49	30.05.2011	76.07	Vacant
6.	Naraina Vihar	DDA	2,700.00	205.26	08.94	05.09.2013	214.20	Vacant
7.	Bindapur, Dwarka	DDA	2,701.00	205.38	21.37	22.07.2013	226.75	Vacant
8.	JJ Colony, Nangloi	DUSIB	2,430.00	184.74	-	02.09.2015	184.74	Vacant
9.	Dariyapur Kalan	PD	1,685.20	34.86	-	05.07.2013	34.86	Vacant
10.	Neb Sarai	PD	430.00	07.43	03.69	01.06.2012	11.12	Vacant
11.	Kapashera	PD	1,685.20	22.63	18.54	23.05.2014	41.17	Vacant
12.	Village Baprola	PD	8,080.00	134.07	78.97	13.07.2007	213.04	Vacant
13.	Bamnoli	PD	14,400.00	300.10	36.42	21.01.2010	336.42	Vacant
14.	Jhatikara	PD	6,951.00	47.57	0.12	30.09.2009	47.69	Vacant
15.	Molar Band	PD	3,632.24	27.10	67.31	28.06.2007	94.41	Vacant
	Total		50,591.644	1,425.80	328.11		1,753.90	

Annexure - 2.3.4
Staff position in hospitals as on March 2016
(Referred to in paragraph 2.3.5.1)

Sl. No.	Hospital	Sanctioned strength	Men in position	Vacant	Percentage
1.	Guru Teg Bahadur Hospital (DEM & MCH Block)	10 Medical Staff	01	09	90
		25 Para Medical	04	21	84
2.	Rajiv Gandhi Super Specialty Hospital	936 (Medical/paramedical/technical/Nurses)	82 (75 Contract/outsourced)	854	91
3.	Janakpuri Super Specialty Hospital	88 Para Medical Staff	09 Regular 17 Contract	62	70
		147 Staff Nurse	10 Regular 07 Contract	130	88
		107 Sr. Resident/ Jr. Resident	34 Regular 32 Regular	41	37
		29 Technical Staff	06	23	79
4.	Deep Chand Bandhu Hospital	121 Medical Staff	87	34	28
		117 Nursing Staff	100	17	15
		48 Para Medical Staff	34	14	29

Annexure – 2.3.5
Patient counters ratio in hospitals
(Referred to in paragraph 2.3.5.3)

Sl. No.	Year	Patient Counter Ratio in LBSH	Patient Counter Ratio in LNH	Patient Counter Ratio in MVH	Patient Counter Ratio in GTBH	Patient Counter Ratio in BSAH
1	2010-11	376	269	294	198	448
2	2011-12	271	289	280	243	477
3	2012-13	293	303	283	-	478
4	2013-14	323	287	306	220	464
5	2014-15	337	326	270	252	510
6	2015-16	370	334	277	248	586

Annexure - 2.4.1
List of Labour Laws enforced by GNCT of Delhi
(Referred to in paragraph 2.4.1)

Central Acts Enforced by Both Central as well as State Governments

1. The Child Labour (Prohibition and Regulation) Act, 1986.
2. The Building and Other Construction Workers (RE &CS) Act, 1996.
3. The Contract Labour (R & A) Act, 1970.
4. The Equal Remuneration Act, 1976.
5. The Industrial Disputes Act, 1947.
6. The Industrial Employment (Standing Orders) Act, 1946.
7. The Inter-State Migrant Workmen (RE & CS) Act, 1979.
8. The Labour Laws (Exemption from Furnishing Returns and Maintaining Registers by Certain Establishments) Act, 1988.
9. The Maternity Benefit Act, 1961.
10. The Minimum Wages Act, 1948.
11. The Payment of Bonus Act, 1965.
12. The Payment of Gratuity Act, 1972.
13. The Payment of Wages Act, 1936.
14. The Cine Workers and Cinema Theatre Workers (Regulation of Employment) Act, 1981.
15. The Building and Other Construction Workers Cess Act, 1996.
16. The Apprentices Act, 1961.
17. The Indian Boilers Act, 1923
18. The Regulations for Licensing and controlling place of amusement and performance for Public Amusement Act, 1980.
19. The Electricity Act, 2003.
20. The Bombay Lifts Act, 1939.
21. The Cinematography Act, 1952

Central Acts enforced by State Government.

1. The Factories Act, 1948.
2. The Trade Unions Act, 1926.
3. The Working Journalists and Other Newspapers Employees (Conditions of Services) and Miscellaneous Provisions Act, 1955.
4. The Employees Compensation Act, 1923
5. The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959.
6. The Children (Pledging of Labour) Act, 1938.
7. The Bonded Labour System (Abolition) Act, 1976.
8. The Unorganized Workers' Social Security Act, 2008.
9. The Employers' Liability Act, 1938.
10. The Personal Injuries (Compensation Insurance) Act, 1963.
11. The Personal Injuries (Emergency Provisions) Act, 1962.
12. The Sales Promotion Employees (Conditions of Service) Act, 1976.
13. The Motor Transport Workers Act, 1961.
14. The Weekly Holidays Act, 1942

Other Acts enforced by Delhi Government (Local Acts)

15. The Delhi Shops and Establishments Act, 1954.
16. The Bombay Labour Welfare Fund Act, 1953 (as extended to Delhi in 1997).
17. The Punjab Industrial Establishment (Casual, Sick Leave & Festival) Act, (as extended to Delhi in 1965)

Annexure - 2.4.2
Year-wise details of industrial disputes (2011-2016)
(Referred to in Paragraph 2.4.3.2 (b))

Year	No. of cases test checked	No. of settled cases	No. of failure cases	No. of closed cases	No. of cases where DLC order /noting were not found
2011	139	53	62	24	0
2012	169	29	116	20	4
2013	184	35	121	26	2
2014	225	31	170	24	0
2015	208	38	136	33	1
2016	23	7	10	6	0
Total	948	193	615	133	7

Annexure - 2.4.3
Delay in forwarding references of disputes to
Labour Courts/Industrial Tribunal
(Referred to in paragraph 2.4.3.3 (b))

Year	No. of disputes/ cases selected for test check	No. of cases where reference numbers were not available in the department/ courts	No. of cases test checked	Time taken			
				Up to 3 months	3-6 months	7-12 months	More than 12 months
2011	62	-	62	49	5	1	-
2012	116	7	109	82	2	1	-
2013	121	14	107	85	6	1	1
2014	170	5	165	124	6	-	-
2015	136	16	120	105	2	3	-
2016	10	-	10	9	-	-	-
Total	615	42	573	454	21	6	1

Annexure - 2.4.4
Registration of Principal Employer and license issued to Contractor
(Referred to in paragraph 2.4.4.1)

Year	Opening Balance		New cases received		Total		Disposal		Pending		%age of pendency	
	Regis-tration	Licence	Regis-tration	Licence	Regis-tration	Licence	Regis-tration	Licence	Regis-tration	Licence	Regis-tration	Licence
2011	12	13	57	167	69	180	45	158	24	22	35	12
2012	24	22	61	122	85	144	48	122	37	22	44	15
2013	37	22	76	220	113	242	63	196	50	46	44	19
2014	50	46	40	162	90	208	39	149	51	59	57	28
2015	51	51	70	193	121	243	64	192	57	60	47	25
2016	57	60	13	48	70	107	23	48	47	60	67	56
Total			317	912			282	865				

Annexure - 2.4.5
Pendency of cases under Minimum Wages Act, 1948
(Referred to in paragraph 2.4.5)

Year	Opening Balance	Cases received	Total	Cases Disposed	Closing Balance	% of pendency
2011	299	1,377	1,676	667	1,009	60
2012	1,009	1,006	2,015	847	1,168	58
2013	1,168	731	1,899	688	1,211	64
2014	1,211	926	2,137	657	1,480	69
2015	1,480	787	2,267	822	1,445	64
2016 (Upto April)	1,445	274	1,719	138	1,581	92
Total		5,101		3,819		

Annexure - 2.4.6
Time taken in finalisation of cases
(Referred to in Paragraph 2.4.5)

Year	Total no. of cases checked in audit	Time Taken (in Days)				
		0 – 250	251– 500	500-1,000	1,000-1,500	1,501 & above
2011	16	5	4	4	1	2
2012	29	14	3	6	5	1
2013	25	4	3	10	8	-
2014	40	11	9	20	-	-
2015	36	18	18	-	-	-
2016 (April)	11	11	-	-	-	-
Total	157	63	37	40	14	3

Annexure - 2.4.7
Inadequacy of inspections
(Referred to in paragraph 2.4.5)

Year	No. of cases Disposed off	No. of cases in which inspection were carried out on the basis of complaints	No. of cases files to MM
2011	3,688	1,088	170
2012	3,031	977	189
2013	3,206	886	156
2014	3,018	925	475
2015	3,430	556	864
Total	16,373	4,432	1,854

Annexure - 2.4.8
Year-wise details of inspections carried out by the Directorate
(Referred to in paragraph 2.4.7.2)

Year	No. of factories registered			No. of Inspections carried out			%age of Inspections carried out		
	General	Hazardous/ Dangerous	Total	General	Hazardous/ Dangerous	Total	General	Hazardous/ Dangerous	Total
2011	8,299	326	8,625	1,669	161	1,830	20	49	21
2012	8,384	343	8,727	2,010	157	2,167	24	46	25
2013	8,683	366	9,049	1,592	183	1,775	18	50	20
2014	8,890	357	9,247	928	177	1,105	10	50	12
2015	9,011	386	9,397	891	145	1,036	10	38	11

Annexure - 2.4.9
Complaints received, new factories registered and inspections actually done
(Referred to in paragraph 2.4.7.2)

Year	No. of complaints	No. of new factories registered	No. of inspections carried out	No. of inspections in other cases	Percentage of inspections in other cases
2011	514	208	1,830	1,108	60.55
2012	487	338	2,167	1,342	61.93
2013	506	264	1,775	1,005	56.62
2014	506	187	1,105	412	37.29
2015	313	119	1,036	604	58.30
Total	2,326	1,116	7,913	4,471	56.50

Annexure - 2.4.10
Time taken for issue of license to factories
(Referred to in paragraph 2.4.7.3)

Year	Total cases	Number of cases in which licence were granted beyond 60 days	Maximum days taken
Occupiers applied in previous years but licences granted on the basis of fresh application during the period under scrutiny (2011-2015)	09	05	603
2011	21	11	371
2012	18	03	140
2013	21	05	320
2014	15	03	181
2015	09	02	80
2016	02	-	
Total	95	29	

Annexure - 2.4.11
Short collection of interest on Cess
(Referred to in paragraph 2.4.8 (b))

Sl.No	District	Company Name	Amount of interest due (In ₹)
1	North West	M/s Negolice India Ltd (M2K)	36,16,588
2	North West	M/s Brilliant Builtech (P) Ltd.	5,52,625
3	North West	M/s Unity Buildwell (P) Ltd.	2,35,666
4	North West	M/s PGF Ltd.	15,52,784
5	North West	M/s Seven Seas Hospitality (P) Ltd.	27,452
6	North West	M/s Jaksons Developers (P) Ltd.	26,87,792
7	West	M/s Reliance Prolific Commercial (P) Ltd	2,86,522
8	South	M/s DLF Universal Ltd	11,21,107
		Total	1,00,80,536

Annexure - 3.3.1
Details of service wise days allowed and date of notification under e-SLA
(Referred to in introductory paragraph 3.3)

Sl. No.	Department	Service	Prescribed days for delivery of service	Date of notification
1	Revenue	1. Issuance of Delayed Birth Order	30	21.02.2012
		2. Issuance of OBC Certificate	60	14.09.2011
		3. Issuance of Domicile Certificate	21	14.09.2011
		4. Issuance of Income Certificate	21	14.09.2011
		5. Issuance of SC/ST Certificate	60	14.09.2011
		6. Registration of Marriage under Hindu Marriage Act	7	13.12.2012
2	Registrar (Cooperative Societies)	7. Appointment of Auditor for audit due in the current year	15	28.12.2011
		8. Appointment of Returning Officer	20	28.12.2011
		9. Society registration for Thrift and Credit society	45	21.02.2012
		10. Approval of Proposal for Registration of a new Cooperative societies	90	13.08.2014
3	Weights & Measures Department	1. Grant of License as Dealer	45	28.12.2011
		2. Grant of License as Manufacturer	45	28.12.2011
		3. Grant of License as Repairer	45	28.12.2011
		4. Renewal of License as Dealer	45	28.12.2011
		5. Renewal of License as Manufacturer	45	28.12.2011
		6. Renewal of License as Repairer	45	28.12.2011
4	Industry	7. Issuance of entrepreneurs memorandum (part-I)	60	13.08.2014
		8. Issuance of entrepreneurs memorandum (part-II)	60	13.08.2014
5	Tourism	9. Approval of Restaurants	21	13.08.2014
		10. Registration of Bed and Breakfast Establishments	90	13.08.2014
		11. Approval of Guest House	21	13.08.2014
		12. Grading of Guest House	21	13.08.2014
6	Food Supplies and Consumer Affairs	13. Addition of members in the ration card	12	21.02.2012
		14. Issuance of duplicate ration card	12	21.02.2012
		15. Transfer of ration card within Delhi	45	21.02.2012

Annexure – 3.3.2
Details of applications received and uploaded on e-SLA
(Referred to in paragraph 3.3.1.2 (i))

Sl. No.	Department	No. of Services selected	Applications received	Applications uploaded	Applications not uploaded
1	Industries	2	3,056	147	2,909
2	Tourism	4	526	466	60
3	Registrar (Cooperative Societies)	4	2,711	1,975	736
4	Weights & Measures	6	615	67	548
5	Food Supplies and Consumers Affairs (Rohini and Badli Circles)	3	17,390	589	16,801
6	Revenue* (3 Districts, 6 sub-divisions)	6	3,35,573	3,22,862	12,711
	Total	25	3,59,871	3,26,106	33,765

*Data of Rohini Sub-division, North West District of Revenue Department are not available.

Annexure - 3.3.3
Delay in delivery of services and compensatory cost not paid and recovered
(Referred to in paragraph 3.3.3)

Sl. No.	Department	Name of Service	Time allowed (in days)	Cases processed on e-SLA	Delayed cases	Max. delay in days	Compensatory cost* (in ₹)
1	Registrar (Cooperative Societies)	Appointment of Auditor for audit due in the current year	15	1,887	864	686	97,630
		Appointment of Returning Officer	20	3	2	517	400
		Society registration for Thrift and Credit society	45	83	71	799	13,700
		Approval of Proposal for Registration of a new Cooperative societies	90	2	2	412	400
		Sub Total		1,975	939		1,12,130
2	Weights & Measures Department	Grant of License as Dealer	45	16	3	12	210
		Grant of License as Manufacturer	45	4	1	13	130
		Renewal of License as Dealer	45	15	6	9	230
		Renewal of License as Manufacturer	45	13	10	9	370
		Renewal of License as Repairer	45	15	4	5	110
		Sub Total		63	24		1,050
3	Industry	Issuance of entrepreneurs memorandum (part-I)	60	14	10	459	2,000
		Issuance of entrepreneurs memorandum (part-II)	60	133	106	473	21,200
		Sub Total		147	116		23,200
4	Tourism	Approval of Restaurants	21	294	291	533	56,150
		Registration of Bread and Breakfast Establishments	90	170	33	318	4,070
		Approval of Guest House	21	1	1	307	200
		Grading of Guest House	21	1	1	281	200
		Sub Total		466	326		60,620

Sl. No.	Department	Name of Service	Time allowed (in days)	Cases processed on e-SLA	Delayed cases	Max. delay in days	Compensatory cost* (in ₹)
5	Food Supplies and Consumer Affairs	Addition of members in the ration card	12	26,277	3,348	129	1,86,250
		Issuance of duplicate ration card	12	2,449	308	113	18,830
		Transfer of ration card within Delhi	45	3,914	354	114	45,750
		Sub Total		32,640	4,010		2,50,830
6	Revenue	Issuance of Delayed Birth Order	30	1,38,996	36,126	638	39,36,470
		Issuance of Domicile Certificate	21	98,434	36,471	694	36,68,780
		Issuance of Income Certificate	21	4,06,263	1,31,189	580	1,13,89,310
		Issuance of Caste (OBC) Certificate	60	3,58,166	76,916	609	80,72,250
		Issuance of Caste (SC/ST) Certificate	60	3,48,881	92,204	620	97,78,990
		Registration of Marriage	7	10,432	3,151	797	5,86,180
		Sub-total		13,61,172	3,76,057		3,74,31,980
		Grand Total		13,96,463	3,81,472		3,78,79,810

*The compensatory cost was calculated based on delay calculated by e-SLA system @ ₹ 10 per day subject to maximum of ₹ 200 per application as stipulated in Section 7 of the Act.

Annexure – 3.7.1
Inflated detailed estimate
(Referred to in paragraph 3.7.2.2)

(Amount in ₹)

Sl. No.	Item No.	DSR No.	Quantity	Rate as per estimate	Rate as per DSR	Difference of rates	Amount as per DSR	Amt. as per estimated cost	Inflated estimated cost
CONCRETE WORK									
1	2.1 (a)	4.5.10	7,934 Cum	2,370.85	1,289.15	1,081.70	1,02,28,116	1,88,10,324	85,82,208
REINFORCEMENT CEMENT CONCRETE WORK									
2	3.1 (a)	5.42	34,209 Cum	4,479.30	2,284.05	2,195.25	7,81,35,066	1,53,23,2374	7,50,97,308
3	3.2 (i)	5.42.2.2	20,834 Cum	4,556.30	2,518.25	2,038.05	5,24,65,221	9,49,25,954	4,24,60,733
4	3.2 (ii)	5.42.2.1	24,665 Cum	4,485.80	2,411.40	2,411.40	5,94,77,181	11,06,42,257	5,11,65,076
5	3.6 (a)	5.29.7	79,85,913 Kg	42.65	21.85	20.80	17,44,92,199	34,05,99,189	16,61,06,990
BRICK WORK									
6	4.1 (a)	6.2.4	934 Cum	3,117.35	1,340.65	1,776.70	12,52,167	29,11,605	16,59,438
7	4.2 (a)	6.46.14	6,700 Cum	2,345.25	1,488.10	857.15	99,70,270	1,57,13,175	57,42,905
STEEL WORK									
8	7.5 (a)	10.32.2	8,30,015 Kg	53.60	29.15	24.45	2,41,94,937	4,44,88,804	2,02,93,867
FLOORING									
9	8.3	11.73	23,459 Sqm	541.65	373.30	168.35	87,57,244	1,27,06,567	39,49,323
10	8.4	11.74	7,638 Sqm	632.45	478.90	153.55	36,57,838	48,30,653	11,72,815
11	8.6	11.48	49,355 Sqm	672.45	493.10	179.35	2,43,36,950	3,31,88,770	8,85,18,120
12	8.7	11.49	4,360 Sqm	702.20	503	199.20	21,93,080	30,61,592	8,68,512
FINISHING									
13	10.9 (a)	13.79 A1	1,25,935 Sqm	86.35	80	6.35	1,00,74,800	1,08,74,487	7,99,687
						Total	45,92,35,069	84,59,85,751	38,67,50,682

Annexure- 3.7.2
Irregular inclusion of extra work
(Referred to in paragraph 3.7.3.5)

(₹ in crore)

Sl. No.	Name of work and Agreement No.	Nature of work executed	Competent authority who accorded approval	Competent authority from whom the approval to be obtained	Amount of work executed	Remarks
1	Construction of New Delhi District Court Complex at Rouse Avenue, DDU Marg SH: SITC of DG Sets (B-142)	Supply and drawing of UPTLAN Cable	Chief Project Manager	Prior approval of ADG	0.41	The main work relates to SITC of DG Sets whereas the extra item of Supply and drawing of UPTLAN cable does not relate with the main work and was executed as extra item.
2	C/o Prison Complex including Housing at Mandoli SH: External Development and Miscellaneous Allied works (B-122)	Construction of Sewage Treatment Plant	Chief Project Manager	Prior approval of ADG	0.69	The work was executed as deviation in quantities with the reasons that jail complex was scheduled for handing over to Jail authorities in December 2014 and on the basis of urgency the work was executed through same agency. The plea of urgency was not justified as the original work was actually completed with a delay of 226 days (13.8.2014 to 26.3.2015).
3	Construction of Lawyers Chambers at District Court, Rohini, Delhi SH: Civil work including internal electrical conducting (B-131)	Approach road and other related roads	Chief Engineer	Prior approval of DG	1.66	The additional work was executed as deviation/extra with the reasons that lawyers' chamber building was to be handed over on 30.6.2012 and the work to provide approach road and other related works was executed through existing contractor on the basis of urgency. Department plea of urgency in completion of work due to handing over of building was not justified as the building was handed over after 441 days from the completion (16.11.2012 to 30.1.2014).
4	C/o Prison Complex including Housing at Mandoli SH: SITC intelligence Fire Alarm System & PA system for Prison Complex (B-142)	Signage work	Superintending Engineer	Prior approval of ADG	0.35	It was evident from the records an additional work of 'Signage' was entrusted to existing contractor with the reasons that entry/exit instruction signs are required to get the clearance fire authorities. Department plea of urgency in completion of work was not justified the work has not been completed till date (August 2016).
				Total	3.11	

Annexure – 3.7.3
Non-completion/delay in completion of works
(Referred to in paragraph 3.7.4)

Sl. No.	Name of work	Stipulated dates of start and completion	Actual date of completion (Delay)	Reply of Department
1	Comprehensive Development of Corridor (Outer Ring Road) between Vikas Puri to MeeraBagh (F-131)	22.2.2013/ 21.2.2015	Not completed upto 31.5.2016 (464 days)	Department agreed that tender should be called after availability of clear site, funds and approval of local bodies, but practically it is not possible due to various requirements of client and site conditions. It is difficult to assess the actual position of services lying below the ground surface as actual layouts are not available with service provider. These services become visible only after the excavation.
2	Comprehensive Development of Corridor (Outer Ring Road) between Mangolpuri to Madhuban Chowk (F-132)	10.4.2013/ 9.4.2015	Not completed upto 31.5.2016 (417 days)	
3	Comprehensive Development of Corridor (Outer Ring Road) between Madhuban Chowk to Mukarba Chowk (F-133)	10.4.2013/ 9.4.2015	Not completed upto 31.5.2016 (417 days)	
4	Comprehensive Development of Corridor (Outer Ring Road) between Mukarba Chowk to Wazirabad (F-134)	21.5.2013/ 20.5.2015	Not completed upto 31.5.2016 (376 days)	
5	C/o Elevated road over Barapullah Nallah starting from Sarai Kale Khan to Aurbindo Marg near INA Market, New Delhi (Phase-II) (F-123)	23.2.2013/ 22.2.2015	Not completed upto 30.6.2016 (493 days)	Delay was due to change in design, delay in issue of drawings, shifting of utilities by BSES, DTL, DJB, and work not allowed in nallah during monsoon by SDMC.
6	Repair and Rehabilitation and Strengthening of Road over Bridge at Shadipur on Patel Road, New Delhi (F-122)	4.7.2015/ 30.11.2015	Not completed upto 31.5.2016 (182 days)	Due to delay in receipt of permission from Railways which involved blockage of Rail traffic, though PWD pursued vigorously.
7	*Construction of Deen Dayal Upadhyay College (B-132)	13.2.2013/ 12.2.2015	Not completed upto 30.6.2016 (504 days)	Department stated that provisional completion had been recorded. The matter is in progress to get the final completion from competent authority. No specific reasons for delay was furnished.

Sl. No.	Name of work	Stipulated dates of start and completion	Actual date of completion (Delay)	Reply of Department
8	Construction of Shaheed Sukhdev College of Business Studies at PSP Area-IV, Sector 16, Rohini (B-133)	8.10.2014/ 7.8.2016	Not completed upto 31.8.2016 (24 days)	Delay was due to non-availability of drawings in time.
9	Construction of Residential Complex for Judicial Staff at Sector 19, Dwarka (B-131).	8.10.2014/ 7.4.2016	Not completed upto 30.6.2016 (84 days)	Work was delayed due to delay in approval of drawings, taking decision by client and delay in receipt of 'No Objection Certificate' from Delhi Fire Service.
10	Construction of Prison Complex at Mandoli, Delhi SH: Providing fire fighting system (B-142)	1.4.14/ 27.9.14	Not completed upto 31.7.2016 (671 days)	No reasons for non completion of work were furnished in the reply.
11	Construction of Prison Complex at Mandoli, Delhi SH: SITC of LAN (DATA) System (B-142)	13.7.14/ 9.11.14	Not completed upto 31.7.2016 (629 days)	No reasons for non completion of work were furnished in the reply.
12	Construction of Prison Complex at Mandoli, Delhi SH: SITC of CCTV System and allied equipment (B-142)	24.7.14/ 19.1.15	Not completed upto 30.6.2016 (527 days)	No reasons for non completion of work were furnished in the reply.
13	C/o Prison Complex SH: SITC of STP (B-122)	19.3.2014/ 17.6.2014	Not completed upto 30.6.2016 (743 days)	Reply not received.
14	C/o NCC Bhawan at Sector 19, Rohini (B-122)	3.12.2014/ 2.3.2016	Not completed upto 30.6.2016 (120 days)	Reply not received.
15	Construction of extension of Maulana Azad Dental Institute of Dental Science, Phase-II at Bahadur Shah Zafar Marg, New Delhi (B-234)	29.9.2014/ 28.5.2016	Not completed upto 31.8.2016 (95 days)	Reply not received.
16	C/o Prison Complex including Housing at Mandoli SH: External Development and miscellaneous allied work (B-122)	13.6.2013/ 12.2.2014	Completed on 27.3.2015 (408 days)	Reply not received.

Sl. No.	Name of work	Stipulated dates of start and completion	Actual date of completion (Delay)	Reply of Department
17	Comprehensive Development of Corridor (Ring Road) between Prembari Pul to Azadpur (F-111)	4.4.2013/ 3.4.2015	Work completed on 25.1.2016 (297 days)	Reply not received.
18	Construction of Prison Complex including Housing at Mandoli, Delhi SH: Regulated Environment Buildings (B-121)	20.5.2008/ 19.11.2010	Work completed on 31.3.2016 (1,957 days)	Reply not received.
19	C/o Academic Block at DIPSAR, Pushp Vihar (B-121)	1.6.2014/ 30.9.2015	Work completed on 18.1.2016 (110 days)	Reply not received.
20	C/o of Lawyers Chamber at District Court, Rohini (B-131)	22.10.2008/ 21.1.2011	Work completed on 15.11.2012 (663 days)	Reply not received.
21	Construction of Super Speciality Hospital at Tahir Pur, Delhi Main Building alongwith Administrative Block (B-222)	11.1.2002/ 10.1.2004	Work completed on 30.9.2009 (2,088 days)	Reply not received.

Annexure 3.13.1

**Audit observations where remedial action was not required by the Department after implementation of the NFS Act, 2013
(Referred to in paragraph 3.13.1.1)**

Sl.No.	Para no.	Audit observations	Remarks
(A) Performance Audit			
1.	2.1.7.1	Irregularities in issue of Ration cards: There was a noticeable change in the number of cards in every category even after the prescribed schedule of renewing of cards was over.	After implementation of the NFS Act, there are only two categories of beneficiaries (total 72.78 lakh), which had been identified by the Department by May 2016.
2.	2.1.7.4	Identification of Beneficiaries under Annapurna.	As per the new Act, Annapurna scheme has been merged with PR category. Unspent amount of ₹ 53.86 lakh of this scheme was surrendered in August 2013.
3.	2.1.7.5	Review of households: As per PDS Control order, 2001, GNCTD was required to get the lists of BPL and AAY families reviewed every year for deletion of ineligible families and inclusion of eligible families in the list.	After implementation of the NFS Act, there is no BPL category. Fresh applications were called from applicants as per the provisions of the Act. Hence, there was no question of reviewing the list of old cards.
4.	2.1.8.7	Allocation and lifting of Kerosene oil: The short lifting of Kerosene oil ranging from 3340 Kilo Litre (KL) to 26557 KL during 2006-11 was pointed out.	Kerosene Oil Depots under PDS had been stopped since September 2013.
5.	2.1.10.5	Impact assessment: The Department did not conduct any evaluation or impact study to assess the extent to which various schemes intended to ensure availability of subsidized food grains at household level for the poor were successful.	After implementation of the NFS Act, old schemes were either stopped or merged in the new schemes (AAY and PR).
6.	2.1.11.3	Non-submission of monthly returns: Every dealer was to submit monthly returns to the Commissioner showing stock of kerosene during the month. But during the period 2006-11, no such returns were submitted by any dealer.	Kerosene Oil Depots under PDS had been stopped since September 2013.

Sl.No.	Para no.	Audit observations	Remarks
(B) CCO Based Audit			
1	4.2.8.2	Irregular increase in the retail issue price of wheat and rice for BPL category.	As per the new Act, there is no provision for BPL card.
2	4.2.9.1(b)	Inconsistency of database with regard to the number of existing beneficiaries of various categories was pointed out	As per the NFS Act, month wise and allocation wise detail of beneficiaries are available in public domain on NFS Portal of Delhi.
3.	4.2.9.2	Non-updating of data with regard to beneficiaries. (a) Non-adherence to the provision of the PDS (control) order, 2001, regarding review of BPL & AAY cards every year. (b) Verification of eligibility of the beneficiaries and their present category on the basis of proof of income.	Under the NFS Act, there is no provision for annual review or verification of categories of card holders.
4	4.2.10.2(b)	Allocation and lifting of food grains under Annapurna Scheme.	Annapurna scheme has been dispensed with after the implementation of NFS Act. Unspent amount of ₹ 53.86 lakh under this scheme was surrendered to GNCTD in August 2013.
5	4.2.12.5	Non-reimbursement of margin money to FPS holders: The Department did not reimburse margin money to FPS holders.	As per the Order dated 28 January 2015, FPS owner deposits the cost of SFAs to DSCSC after deducting his margin from March 2015 onwards. All prior dues relating to margin money to FPS holders had been cleared.