

CHAPTER VII: MINISTRY OF HOUSING AND URBAN AFFAIRS

Delhi Metro Rail Corporation Limited

7.1 Avoidable expenditure on construction of metro station

DMRC failed to enter into any agreement/MoU with Delhi Development Authority incorporating a provision that the additional expenditure incurred on the integrated MIA metro station would be met by DDA. This resulted in avoidable expenditure of ₹48.16 crore by DMRC till 15 November 2017, which was likely to increase further. Despite substantive change in the scope of work planned in the DPR and additional expenditure of ₹48.16 crore, the Management of DMRC did not seek the approval of the Board of Directors required in such matters.

Delhi Metro Rail Corporation Limited (DMRC) issued (August 2013) letter of acceptance to M/s Corsan Corviam Construction S.A.–Sadbhav Engineering Limited JV (the Contractor) for construction of elevated viaduct from Mundka to Tikri Border, along with a metro siding at Tikri Border and four elevated stations viz. Mundka Industrial Area (MIA), Ghevra, Tikri Kalan and Tikri Border, on the Mundka-Bahadurgarh Corridor of Phase –III of Delhi Mass Rapid Transit System (Delhi Portion). Subsequently, DMRC received a proposal (October 2013) from Delhi Development Authority (DDA) for shifting the MIA metro station planned in Phase-III and integrating it with the future DMRC Station (not included in the scope of DMRC) on a proposed Metro line at the junction of National Highway-10, Urban Extension Road-II (UER-II) and bus stops in Bus Rapid Transit (BRT) Corridor. The proposal involved least movement of DMRC/BRT users to change from one service to other.

Keeping in view the better passenger amenities, cost effectiveness and the advance planning required to integrate the two stations, DMRC agreed (May 2014) to modify the MIA station of phase III to an integrated station accommodating the future Metro station and to modify the spans to accommodate the UER-II road Corridor, provided DDA agreed to bear the additional cost. DMRC worked out (June 2014) station layout for the integrated station of MIA and conducted meeting with DDA/ RITES for finalising the details. DMRC also provided the General Arrangement Drawings showing the station footprint, entry/ exit structure and vertical elevation. DDA after discussing the matter with DMRC in the meeting held on 16 July 2014 gave its consent (July 2014) for taking up the work of integrated MIA metro station except on the land on which stay has been granted by the Honourable Supreme Court of India and also sought the details of the expenditure to be incurred and the share of DDA in the expenditure.

DMRC assessed the total cost of integrated station excluding roofing and system works at ₹67.74 crore approximately as compared to the original estimate of ₹11.55 crore. DMRC requested DDA (June 2015) to release a provisional amount of ₹56.19 crore towards the additional financial implication. DMRC also stated that exact amount of additional cost would be informed in due course after completion of the integrated station and its approaches.

DDA denied (9 July 2015) the payment requested by DMRC on the ground that the cost of two stations and other ancillaries, if constructed at a distance of 500 meters, would be ₹68.55 crore only and hence construction of the integrated MIA station would result in a saving of ₹0.81 crore (₹68.55 crore – ₹67.74 crore) to DMRC. In response to the subsequent requests of DMRC made in July 2015, March 2016, March 2017 and April 2017, for release of the additional expenditure incurred by DMRC on the integrated station at MIA, DDA did not (November 2017) make any commitment for payment demanded by DMRC. DDA stated that the integration of both metro stations was recommended not due to demand of DDA but based on the directions of Unified Traffic and Transportation Infrastructure (Planning and Engineering) Centre (UTTIPEC), a Controlling Body for multimodal transport integration of the national capital under the Chairmanship of Hon'ble Lieutenant Governor, Delhi.

The stipulated date of completion of the integrated MIA metro station was 27 January 2018. The work is in progress and DMRC has completed about 80 per cent of the work by incurring an amount of ₹59.71 crore which was equivalent to 72 per cent of the total expenditure to be incurred on the station.

Audit observed that:

- Integrated MIA metro station was not part of the original plan of DMRC but was executed at the request of DDA. However, no agreement/Memorandum of Understanding (MoU), stipulating that DDA would bear the additional expenditure to be incurred on the integrated MIA metro station, was entered into with DDA.
- Construction of integrated MIA metro station started without obtaining the approval of Board of Directors of DMRC and without ensuring availability of sufficient land. Part of the land of the integrated MIA metro station was yet (15 November 2017) to be acquired by DDA.
- DMRC continued with the construction work despite DDA declining to bear additional cost on construction of integrated MIA metro stations, without resolving the issue with DDA. Thus in the absence of an agreement/MoU with DDA, DMRC had incurred an avoidable expenditure of ₹48.16 crore¹ till 15 November 2017 (physical and financial progress achieved was 80 and 72 per cent respectively). Further, DMRC will have to bear the financing cost for these additional funds of ₹48.16 crore.

The Management in its reply (August 2017 and November 2017) stated that:

- (a) As provision of integrated MIA station was beyond the contractual provisions, the Managing Director of DMRC approved the variation in the contract considering the DDA's acceptance to bear the additional cost beyond present scope.
- (b) The decision on construction of integrated MIA metro station was taken in consultation with DDA for integration of various modes of transport including BRT on UER II and future metro line. The Management stated that the issue of cost sharing was being pursued with DDA and would be settled amicably.

¹ ₹59.71 crore minus ₹11.55 crore, being the cost of construction of originally planned MIA station

- (c) The complete facility of the integrated MIA station, except the track bed for future line, would be put to use upon commissioning of Phase III corridor expected to be completed shortly. The Management further stated that both DDA and DMRC, being Government organisations, no separate agreement was considered necessary.

Reply of the Management was not acceptable in view of the following:

- (i) As per delegation of powers to the Managing Director, approval by the Board of Directors of DMRC in its 13th meeting held on 12 January 1998, the delegation was subject to the approval of the Board in respect of the following matters:

- Any substantive change from the DPR in the scope of work of the Delhi MRTS Project;
- Any item of expenditure exceeding ₹10 crore not contemplated in DPR.

It was further resolved by the Board, that decision taken by the Managing Director on the above mentioned matters, in exercise of the powers delegated to him, should be reported by the Managing Director to the Board at its next meeting.

Audit, however, observed that despite a change in the scope of work of Mundka-Bahadurgarh Corridor of Phase –III of Delhi Mass Rapid Transit System Project not contemplated in the DPR, involving an additional expenditure of ₹48.16 crore (till 15 November 2017), the decision taken by the Managing Director, DMRC was not placed before the Board of Directors of DMRC for approval.

- (ii) The fact remains that in the absence of an agreement/MoU with DDA, DMRC had incurred an avoidable expenditure of ₹48.16 crore² till 15 November 2017. This was likely to increase further, since physical progress of 80 *per cent* and financial progress of 72 *per cent* only, had been achieved so far (15 November 2017). In addition to the above expenditure, financing cost of these funds would also have to be borne by DMRC.

Thus, failure to enter into an agreement/MoU with Delhi Development Authority suitably incorporating a provision for DDA to bear the additional expenditure incurred on the integrated MIA metro station, resulted in avoidable expenditure of ₹48.16 crore by DMRC till 15 November 2017. The Management of DMRC did not seek the approval of the Board of Directors required in such matters in the light of substantive change in the scope of work from that planned in the DPR and the additional expenditure of ₹48.16 crore.

The matter was referred to the Ministry in October 2017; their reply was awaited (February 2018).

² ₹59.71 crore minus ₹11.55 crore being the cost of construction of originally planned MIA station