Chapter II

Economic, Social and General Sectors and PSUs

Chapter-II

2.1 Introduction

Audit of 49 Departments of Government of NCT of Delhi with 51 apex audit entities along with 14 Public Sector Undertakings (PSUs) and 64 Autonomous Bodies/Authorities, etc. falls under the audit jurisdiction of the Accountant General (Audit), Delhi. Out of these 64 ABs, Comptroller and Auditor General of India is the sole auditor of 29. The details of Departments and other entities are given in **Annexure 2.1** and summarised in **Table-2.1.1**.

Table-2.1.1: List of 49 Departments and 78 entities thereunder

Sl. No.	Name of Department(s)	Number of		
		Public Sector Undertakings (PSUs)	Other Entities (Autonomous Bodies/ Authorities, etc.)	Total
1.	Public Works Department	-	-	-
2.	Irrigation and Flood Control Department	-	-	-
3.	Urban Development	1	2	3
4.	Power Department	4	1	5
5.	Tourism Department	1	1	2
6.	Archeology Department	-	-	-
7.	Delhi Archives	-	-	-
8.	Art, Culture and Language	-	8	8
9.	Trade & Taxes Department	-	-	-
10.	State Excise and Expenditure	-	-	-
11.	Department of Finance	1	1	2
12.	Department. of Planning	-	-	-
13.	Directorate of Economics & Statistics	-	-	-
14.	Home Department	-	-	-
15.	Department. of Law, Justice and Legislative. Affairs	-	1	1
16.	Registrar General, Delhi High Court	-	-	-
17.	Directorate Of Prosecution	-	-	-
18.	Directorate of Vigilance and Anti-Corruption	-	-	-
19.	Revenue Department	-	2	2
20.	Chief Electoral Office	-	-	-
21.	Secretariat of Vidhan Sabha	-	-	-
22.	General Administrative Department	-	-	-
23.	Department of Administrative Reforms	-	-	-
24.	Secretariat of Lieutenant Governor	-	-	-
25.	Lokayukta	-	-	-
26.	Public Grievance Commission	-	-	-
27.	Department of Information and Publicity	-	-	-
28.	Land and Building Department	-	1	1
29.	Department of Industries	1	-	1

Sl. No.	Name of Department(s)	Number of		
		Public Sector Undertakings (PSUs)	Other Entities (Autonomous Bodies/ Authorities, etc.)	Total
30.	Department of Information Technology	1	-	1
31.	Department of Health and Family Welfare	-	14	14
32.	Department of Social Welfare	-	-	-
33.	Department of Women & Child Development	-	2	2
34.	Department for the Welfare of SC/ST/Minorities	1	-	1
35.	Education Department	-	3	3
36.	Directorate of Higher Education	-	15	15
37.	Directorate of Training and Technical Education	-	6	6
38.	Services Department	1	-	1
39.	Department of Labour	-	2	2
40.	Directorate of Employment	-	-	-
41.	Department of Food, Civil supply and Consumer Affairs	1	-	1
42.	Development Department	-	1	1
43.	Directorate of Agricultural Marketing	-	-	-
44.	Directorate of Weights and Measures	-	-	-
45.	Registrar Co-operative Societies	-	-	-
46.	Department of Forest and Wild Life	-	-	-
47.	Department of Environment	-	2	2
48.	Department of Food Safety	-	-	-
49.	Transport Department	2	2	4
Total		**14**	**64**	**78**

2.1.1 Planning, Conduct of Audit and Reporting

During the year 2022-23, the office of the Accountant General (Audit), Delhi conducted compliance audit of 240 units[1] (30.61 *per cent*) out of total 784 auditable units amongst 49 Departments of Government of NCT of Delhi. This Chapter of the Report contains results of two SSCAs and six compliance audit paragraphs pertaining to eight Departments.

Compliance audit is an independent assessment of whether a given subject matter (an activity, financial or non-financial transaction, information in respect of an entity or a group of entities) complies in all material respects with the applicable laws, rules, regulations, established codes etc. and the general principles governing sound public financial management and the conduct of public officials.

The following flowchart depicts the process of planning, conduct of audit and reporting the results of audit:

[1] Including 15 apex audit entities covering expenditure of ₹ 7128.72 crore

Chart 2.1.1: Planning, conduct of audit and reporting

Assessment of Risk: Planning for audit of entities/schemes, etc., is based on risk assessment involving certain criteria like:

- Expenditure incurred
- When last audited
- Criticality/complexity of activities
- Priority accorded for the activity by Government
- Level of delegated financial powers
- Assessment of internal controls
- Concerns of stakeholders, etc.

Planning of Audit includes determining**:**

- Extent and type of Audit -Financial, Compliance and Performance audits
- Audit objectives, scope and methodology of audit
- Sample of auditee entities and transactions for detailed audit

Inspection Reports are issued based on:

- Scrutiny of records/data analysis
- Examination of Audit evidence
- Replies/Information furnished to Audit enquiries
- Discussion with Head of the unit/local management

Audit Report is prepared from:

- Important audit observations featured in Inspection Reports or draft Performance Audit Reports/ Compliance Audit Reports
- Response of the Department/Government to audit findings, and
- The Report is submitted to the Lieutenant Governor for causing it to be tabled in the Delhi Legislature

After completion of compliance audit of each unit, an Inspection Report (IR) containing audit findings is issued to the Head of the unit with a request to furnish replies within four weeks of receipt of the IR. Whenever replies are received, audit findings are either settled or further action for compliance is advised. Significant audit observations pointed out in these IRs, which require attention at the highest level in the Government, are issued as draft paragraphs to the Government for their responses with in period of six weeks, before possible inclusion after due consideration of the responses, in the Audit Reports. In addition, draft Compliance Audits and Performance Audits on specific themes, topics or schemes are also issued to the Government for their responses, before possible inclusion in the Audit Reports. The head of Departments and the Government of NCT of Delhi are given the opportunity to provide their views on the audit observations prior to finalization of the Audit Reports. These Audit Reports are submitted to the Lieutenant Governor of the National Capital Territory (NCT) of Delhi under Section 48 of the Government of NCT of Delhi Act, 1991 for being laid before the Legislative Assembly of the NCT of Delhi.

2.1.2 Response of Departments to Audit findings

2.1.2.1 Status of Replies to Inspection Reports: Audit strives to provide full opportunity to audited units/Head of Departments/State Government to provide clarifications/replies and only when the departmental replies are not received or are not convincing, the audit observations are processed for inclusion in the Inspection Report or CAG's Audit Report, as the case may be. However, in most cases, the audited entities do not submit timely and satisfactory replies as indicated below:

A detailed review of IRs issued up to March 2023 to 469 Drawing and Disbursing Officers (DDOs) pertaining to 49 Departments revealed that 8295 paragraphs contained in 1636 IRs were outstanding for settlement as on 31 March 2023 for want of adequate/convincing replies.

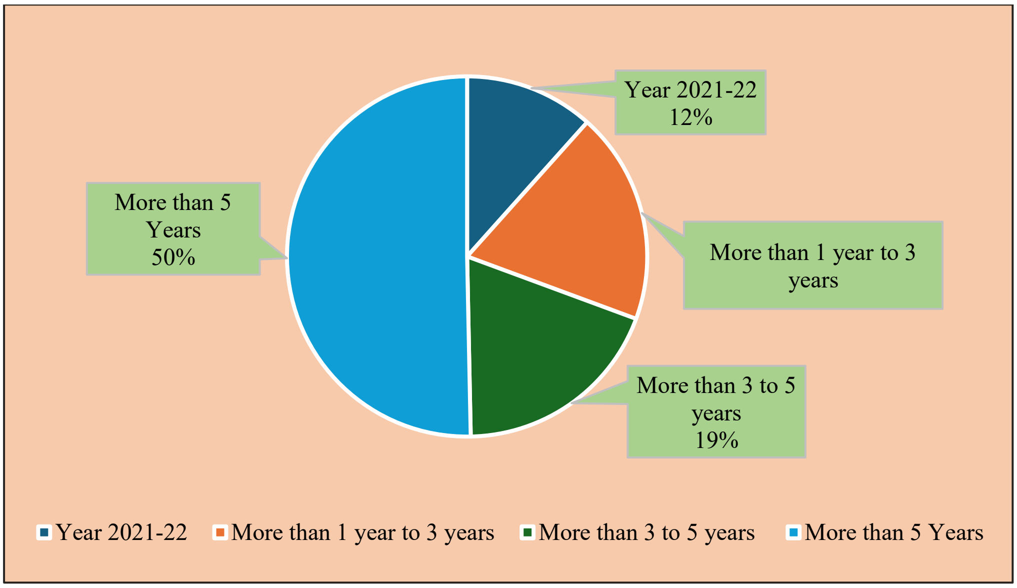
The status of outstanding IRs is given in **Table-2.1.2**.

Table-2.1.2: Outstanding IRs and Paragraphs (issued up to 31 March 2023) as on 31 March 2023

Sl. No.	Period	No. of outstanding IRs (*per cent*)	No. of outstanding Paras (*per cent*)
1	2021-22	137 (5.61)	1375 (11.62)
2	More than 1 year to 3 years	293 (12.01)	2251 (19.01)
3	More than 3 years to 5 years	331 (13.57)	2255 (19.05)
4	More than 5 years	1679 (68.81)	5957 (50.32)
Total		**2440**	**11838**

Source: Information compiled by Audit

Chart 2.1.2: Year-wise position of outstanding audit paragraphs



It is clear from the above table that 50 *per cent* of total paras are pending since more than 5 years. Further, only one Audit Committee[2] meeting could be held with the Departmental officers for settling outstanding paras during the period of 2022-23.

2.1.2.2 Status of Replies to Audit paragraphs included in Audit Report for the year 2022-23:

For the present Audit Report for 2022-23 (Chapter II), Audit Reports of two SSCAs and six Compliance Audit Paragraphs (CAPs) were forwarded to the Principal Secretaries/Secretaries of the concerned administrative Departments to elicit their views on the audit observations. Replies/responses of the Government in respect of Audit Reports of four CAPs have been received. The replies of the Government in respect of two SSCAs and two CAPs are still awaited.

2.1.3 Follow up action taken on earlier Audit Reports

- **Replies outstanding to Audit Paragraphs included in earlier Audit Reports**

To ensure accountability of the executives to the issues dealt with in various Audit Reports presented to the State Legislature, the administrative departments are to issue *suo-motu* Action Taken Notes (ATNs) on all audit paragraphs and performance audits featuring in the Audit Reports irrespective of the fact whether these are taken up for discussion by the Public Accounts Committee (PAC) or not. As per instructions of the PAC of Union Government of the year 1982, these ATNs are to be submitted to the PAC duly vetted by the Principal

[2] Audit Committees are constituted with representatives from administrative department and Audit and a nominee from the Finance Department besides the head of the department of the auditable entity for the purpose of monitoring and ensuring compliance and settlement of pending audit observations.

Accountant General (Audit), Delhi within a period of four months from the date of presentation of Audit Reports in the Legislative Assembly of Delhi.

The position of ATNs not received even once in respect of audit paragraphs and performance audits included in Audit Reports placed in the Legislature till 2022-23 is given in **Table-2.1.3**.

Table-2.1.3: ATNs not received as on 31.12.2024

Audit Report (PSUs/ Non-PSUs) for the year ended 31 March	Date of placement of Audit Report in the Legislature	Total Performance Audit (PAs) and Compliance Audit Paragraphs(CAPs) in the Audit Report		Number of PAs/CAs Paragraphs for which ATNs were not received	
		PAs	**CAP[3]s**	**PAs**	**CAPs**
A. Social, General and Economic Sectors (Non-PSUs)					
2018	05.07.2022	01	10	01	07
2019	05.07.2022	0	03	0	02
Total		**01**	**13**	**01**	**09**
B. PSUs					
2015	13.06.2016	01	06	00	01
2018	03.12.2019	01	02	01	00
2019	05.07.2022	0	04	0	03
Total		**02**	**12**	**01**	**04**
Grand Total (A+B)		**3**	**25**	**02**	**13**

Source: Information compiled by Audit

- **Discussion of Audit Reports by Public Accounts Committee (PAC)**

One Performance Audit and 13 Compliance Audit Paragraphs related to various Departments/Autonomous Bodies were reported in these Audit Reports. PAC did not take up any of these PA/CAPs for discussion till 31 March 2023.

- **Discussion of Audit Reports by Committee on Government Undertaking (COGU)**

Two Performance Audits and 12 Compliance Audit Paragraphs relating to Public Sector Undertakings were reported in these Audit Reports. Of these, COGU had taken up two Compliance Audit Paragraphs for discussion. The status of COGU discussion as on 31 March 2023 is detailed in **Table-2.1.4**.

[3] It includes number of Subject Specific Compliance Audits (SSCAs) also.

Table-2.1.4: Status of COGU discussion, NCT of Delhi, Vidhan Sabha

Status	PAs/CAPs of Audit Report pertaining to PSUs for the year 2015-16 to 2021-22
Number of total Audit Paras	14 (2 PAs + 12 CAPs)
Taken up by COGU for submission of written reply	02 CAPs
ATN received	Nil
Recommendation made by COGU	Nil
Action taken by the Department	-

Source: Information compiled by Audit

2.1.4 Status of laying of Audit Reports in the State Legislature

There were four Audit Reports[4] which were yet to be presented before the State Legislature as on 31 March 2023.

2.1.5 Status of laying of Annual Reports/Accounts along with Separate Audit Reports of Entities in the State Legislature

Out of 16 ABs, accounts of six ABs viz Delhi Jal Board (DJB), Delhi Kalyan Samiti (DKS), Delhi State Legal Services Authority (DSLSA), Delhi Urban Shelter Improvement Board (DUSIB), Delhi Transport Corporation Employees Superannuation Pension Trust (DTC ESPT) and Delhi Skill and Entrepreneurship University (DSEU) are in arrears for periods ranging from one to four years. The status of rendering of accounts is detailed in **Annexure 2.2**.

2.1.6 Recoveries at the instance of Audit

Audit findings, involving recoveries that came to notice during test audit of the departments of the State Government, were referred to various departments' Drawing and Disbursing officer (DDOs) for confirmation and further necessary action under intimation to Audit.

During 2022-23, against audit findings involving recovery of ₹ 32.06 crore pointed out in 276 cases, the DDOs concerned had effected recovery of ₹ 2.11 crore (including recovery of previous years) in 43 cases only.

2.1.7 Acknowledgement

The office of the Accountant General (Audit), Delhi wishes to acknowledge the co-operation and assistance rendered by the officials of the State Government during the course of conduct of Audit.

2.1.8 Conclusion

Lack of response to Audit, non-tabling of CAG Reports in the State Assembly, arrears in preparing state entities' annual accounts, and not laying the Annual Reports/Accounts of autonomous bodies along with SARs in the State

[4] (1) State Finances Audit Report 2020-21 (No.1 of 2022), (2) PA on Prevention and Mitigation of Vehicular Air Pollution in Delhi (No.2 of 2022), (3) Revenue, Economic, Social and General Sectors and PSUs 2019-20 & 2020-21 (No.3 of 2022), and (4) PA on Children in Need of Care and Protection (No.1 of 2023).

Legislature adversely affect accountability and transparency in the Government and are, therefore, a cause of concern.

Delhi Subordinate Services Selection Board

2.2 Wasteful expenditure of ₹ 1.05 crore on conducting examination for the posts of Junior Engineer

DSSB conducted an examination for the posts of Junior Engineer in Delhi Jal Board overlooking the intimation of withdrawal of the advertised vacancies and subsequent reminders resulted in wasteful expenditure of ₹ 1.05 crore.

Delhi Subordinate Services Selection Board (DSSSB) was established in October 1996 with the objective to make recruitment to various posts in Government of National Capital Territory of Delhi (GNCTD), Municipal Corporation of Delhi, New Delhi Municipal Council and autonomous bodies under GNCTD. For this purpose, the Board conducts tests and interviews as per the requirement and suitability of the user departments.

Delhi Jal Board (DJB) had sent a request to DSSSB on 18 September 2019 for filling the posts of Junior Engineers (E&M). A MoU was signed on 9 April 2021 between DSSSB and M/s EDcIL (India) Limited (M/s EDcIL), according to which DSSSB had to pay ₹ 381 (plus 18 *per cent* GST) per candidate to M/s EDcIL for conducting examination of various categories. In addition, payment of ₹ 90 (plus 18 *per cent* GST) per candidate was approved (July 2021) by the Lieutenant Governor (LG), to be paid by DSSB to M/s EdcIL for providing facilities for precaution from Covid-19 at each center.

Audit observed that, after two years, DJB had decided (22 November 2021) for abolition of the posts of Junior Engineers (JE) and requested DSSSB on 27 December 2021 for withdrawal of requisition for filling up the posts. The withdrawal intimations were again conveyed to DSSSB on 10 January 2022 and 8 February 2022. However, despite withdrawal intimations by the user department, DSSSB did not take cognizance thereon and notified online exam for the posts of JEs on 7 February 2022 with post code 15/21 and also conducted examination through M/s EdCIL on 21 March 2022. Thereafter, DSSSB had conveyed expenditure of sanction of ₹ 1.05 crore vide expenditure sanction order dated 31 October 2022 and 10 February 2023 respectively and payment of ₹ 1.05 crore[5] was made to M/s EdciL vide paid voucher dated 7 November 2022 and 10 February 2023. Thus, wasteful expenditure of ₹ 1.05 crore was incurred

[5] (a) Total number of candidates 19,900 * ₹ 381 (plus 18 *per cent* GST) per candidate=₹ 89,46,642/-
(b) Total candidates 19900 * ₹ 90 (plus 18 *per cent* GST) per candidate for providing facilities under SD-100 isolation = ₹ 21,13,380 – ₹ 528345 (25 *per cent* penalty for not providing isolation facilities=₹ 15,85,035/-
a+b = 1,05,31,677 i.e. ₹ 1.05 crore

by DSSSB for unnecessary conducting examination for the abolished posts of JE.

In its reply (April 2024) DSSSB stated that DJB was informed that the approval of LG was solicited for cancellation of vacancies, as recruitment process at that time was closely monitored by LG/Chief Secretary, Delhi. It was also informed that the examination for the said post was scheduled for 21 March 2022, but the user department (DJB) has failed to respond timely i.e., before conducting the exam.

Reply of the department is not tenable as DJB (user department) had conveyed, even before advertisement of the post in public domain, about abolishment of the post and cancellation of examination. However, DSSSB did not take cognizance of the request/need of the user department and went ahead with the recruitment process causing wasteful expenditure of ₹ 1.05 crore. Responsibility of the concerned officers needs to be fixed for causing substantial loss to the exchequer.

Department of Energy

2.3 Compliance Audit on Administration of Electricity Subsidy by Government of NCT of Delhi

The power distribution in Delhi is primarily carried out by the three private DISCOMS, i.e. BSES Yamuna Power Limited (BYPL), BSES Rajdhani Power Limited (BRPL) and Tata Power Delhi Distribution Limited (TPDDL). As per data made available (31 March 2021), there was a total of approximately 65 lakh electricity connections in Delhi, with BRPL being the largest distribution utility with over 28.47 lakh connections.

Section 65 of the Electricity Act 2003 allows the state government to grant a subsidy to any consumer/class of consumers, as deemed fit. In Delhi, an electricity subsidy has been granted since 2003-04. Households, the major electricity consumers in Delhi, account for approximately 60 *per cent* of the total electricity consumption and about 84 *per cent* in terms of the number of consumers. Currently, the subsidy is primarily given to domestic consumers, agricultural consumers, Sikh riot victims, and lawyers' chambers, forming the other category of subsidized consumers. In 2019-20, an amount of ₹ 2405.59 crore was given as power subsidy, which subsequently increased and became ₹ 3161 crore in 2022-23.

Audit observed that the subsidy policy of GNCTD for the power sector did not target the deserving and disadvantaged section of the population and paid it to nearly the entire domestic consumer base. The rationale for having a high threshold value of 400 units of consumption, which covered approximately 80 *per cent* of domestic consumers, was not found on record. Audit also observed that more than 30 lakh consumers, within the 0 to 200 unit consumption bracket, received an average per connection subsidy of ₹ 6,000 *per annum*, whereas approximately 16.60 lakh consumers, with consumption of more than 200 units, received approximately 70 *per cent* higher average subsidy per connection of over ₹ 10,000 per annum. Thus, the actual subsidy outgo per consumer was much higher for higher consumption bracket consumers. Audit further observed that many consumers had availed a subsidy despite no electricity consumption (zero units consumed) for long consecutive billing cycles. A total of approximately ₹ 42.26 crore was granted as subsidy to such inactive/dormant domestic connections during 2019-2023.

The total Regulatory Assets[6] for Delhi DISCOMS, as per DERC, stood at ₹ 27,200.37 crore as of 31 March 2021.

2.3.1 Introduction

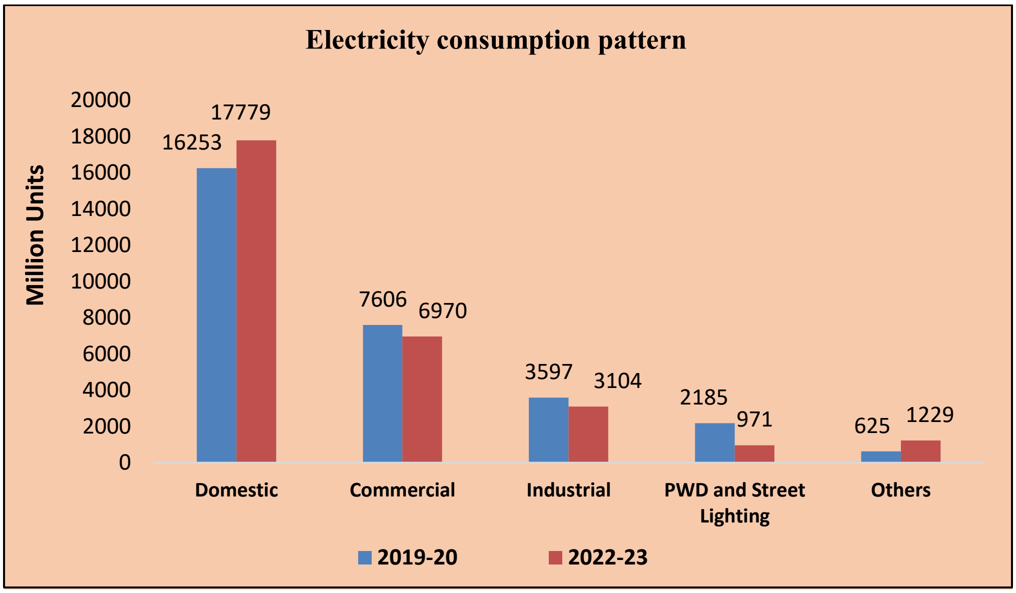
Electricity is the lifeblood of modern life, seamlessly integrated into every aspect of our daily routines and technological advancements. The provision of electricity to all categories of consumers i.e., households, agriculture, commercial and public utilities, is done through a coordinated network of power generating stations, transmission grids and finally distribution utilities. The total power purchased in Delhi was 40,997 million units in FY 2022-23. While 9.65 *per cent* of total power purchase was sourced from the Delhi Government Power Plants, 90.35 *per cent* was purchased from Central Government and other sources. The Delhi Electricity Regulatory Commission (DERC) fixes the consumer tariff for electricity for various categories of consumers.

Per capita energy consumption and aggregate electricity demand have constantly increased with passage of time. Households, the major electricity consumers in Delhi, account for approximately 60 *per cent* of the total electricity consumption and about 84 *per cent* in terms of number of consumers.

We noted that the pattern of distribution of electricity under different categories has undergone a change and consumption under the domestic consumer category in Delhi increased from 16,253 million units in 2019-20 to 17,779 million units in 2022-23. The number of Consumers in Delhi increased by around 10 *per cent* from 61.98 lakh in 2019-20 to 68.51 lakh in 2022-23. Change in electric consumption over the years, category-wise breakup, is shown in **Chart 2.3.1**.

[6] Regulatory Assets are costs incurred by company (like Power Distribution company (DISCOM) that are deferred for recovery from customers in future periods through regulated rates.)

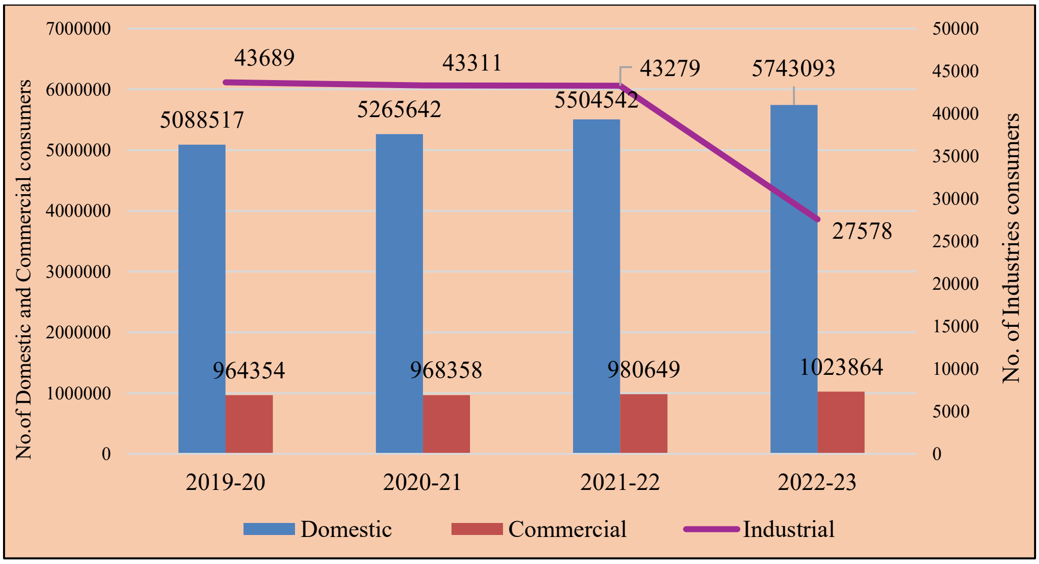
Chart 2.3.1: Category-wise change in electricity consumption over the years



Source: Economic survey 2023-24

As for the pattern in terms of the number of customers, the **Chart 2.3.2** below captures the trend for the three distribution companies (DISCOMS) viz. BSES Yamuna Power Limited (BYPL), BSES Rajdhani Power Limited (BRPL) and Tata Power Delhi Distribution Limited (TPDDL)

Chart 2.3.2: Trend of change in Domestic, Commercial and Industrial consumers of three DISCOMS



Source: Trued-up petitions of DISCOMS

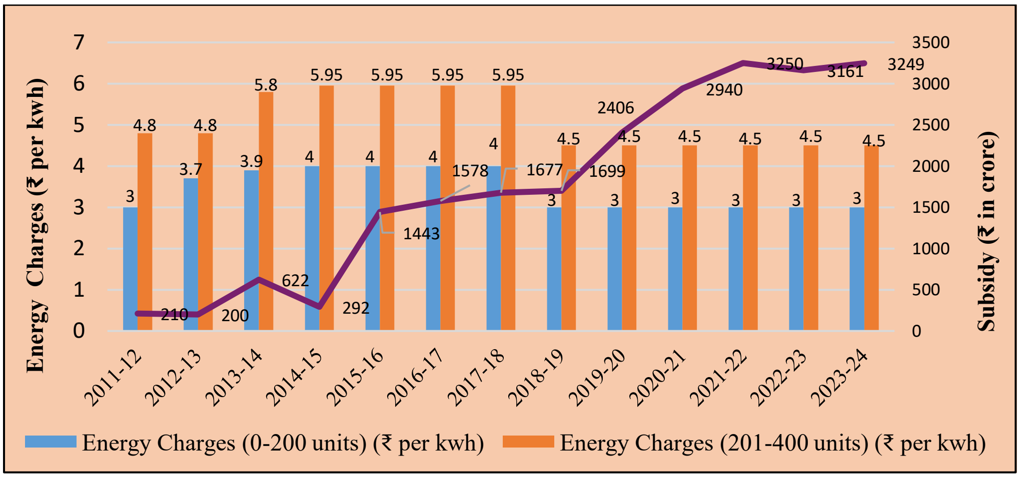
The charts above indicate consistent growth in domestic consumers, whereas commercial consumer base is showing marginal growth. However, there is a gradual decline, followed by a steep reduction in the number of Industrial consumers. The steep decline of around 36 *per cent* in industrial consumers in 2022-23 was entirely on account of the reduction in industrial consumers of

TPDDL. The trend of consumption is also in line with domestic base occupying the largest share.

In Delhi, electricity subsidy has been provided to domestic consumers since 2003, with the amount gradually increasing over the years. During 2019-20 to 2022-23, the average annual electricity subsidy bill for Delhi was about ₹ 2,939 crore per year.

The annual electricity subsidy with tariff rates for domestic consumer's upto 400 units is graphically shown in **Chart 2.3.3** below:

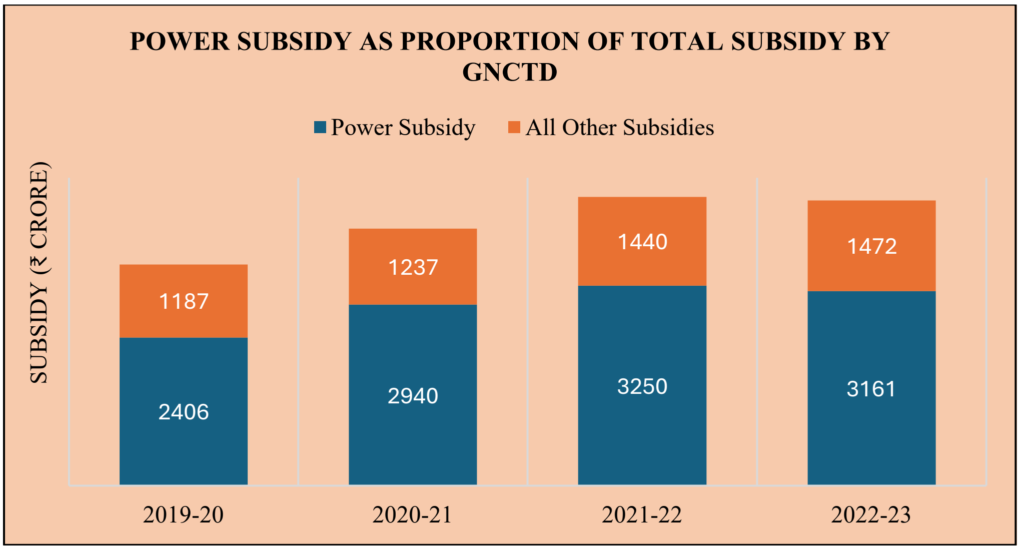
Chart 2.3.3: Change in Subsidy and Energy Charges over the years



Source: Reply of Power Department, GNCTD and Tariff Orders issued by DERC.

Subsidies constituted nearly 10 *per cent* of GNCTD's total revenue expenditure. As shown in the **chart 2.3.4** below, power subsidy alone accounted for 66.96 to 70.39 *per cent* of the total subsidy during 2019-20 to 2022-23, emphasizing the need to assess the process of providing electricity subsidy to consumers and its effectiveness.

Chart 2.3.4: Electricity subsidy as proportion of total subsidy by GNCTD



Source: Reply of Principal Account Office, GNCTD

2.3.2 Audit Objectives, Criteria, Scope and Methodology

This audit focused on examining the process of subsidy disbursal to consumers, assessing compliance with the applicable rules and guidelines governing such disbursal, and analyzing the long-term implications of continued subsidy on consumer charges.

The audit covered a period of four years from 2019-20 to 2022-23.

The criteria for the audit included scrutiny of records of Power Department GNCTD; Study of the Tariff petitions of Distribution Companies (DISCOMS) and Tariff orders of DERC[7]; review of the process of admission of subsidy claims by the DISCOMS, scrutiny of the mechanism of disbursal of subsidy and analysis of consumer billing data of the DISCOMS. The consumer billing data has been analysed for deriving patterns and audit conclusions based on the availability of the relevant data from the concerned DISCOM.

The power distribution in Delhi is primarily carried out by the three private DISCOMS, i.e. BYPL, BRPL and TPDDL. Government of NCT of Delhi holds a 49 *per cent* equity stake in each of these DISCOMs. As per data made available (31 March 2021), there was a total of approximately 65 lakh electricity connections in Delhi with BRPL being the largest distribution utility with over 28.47 lakh connections, followed by TPDDL and BYPL with 18.54 lakh and 18.14 lakh connections respectively in the year 2021-22. Besides these three distribution companies, New Delhi Municipal Corporation (NDMC) and Military Engineering Services (MES) are also deemed DISCOMS catering to about one *per cent* of the total consumer base of Delhi. The deemed DISCOMS have not been selected for review in this audit.

Audit objectives, criteria, scope, sample and methodology of audit were shared with Government of NCT of Delhi through an Entry Conference held on 11 May 2023. The extent to which the government was able to fulfil the intended objectives of providing electricity subsidy to consumers in a prudent and targeted manner, and long-term repercussions on consumption charges have been discussed in the ensuing paragraphs. The draft report was issued (March 2025) to the Government, and an Exit Conference was held on 10 June 2025, however, the reply is awaited as of September 2025.

2.3.3 Implementation of Subsidy Policy

Section 65 of the Electricity Act 2003 allows the state government to grant a subsidy to any consumer/class of consumers, as deemed fit. In Delhi, electricity subsidy for domestic consumers was introduced in year 2003-04. Between 2005-07, it aimed to neutralize 50 *per cent* of a tariff hike for all domestic users. From 2007-13, a ₹ 1/unit subsidy was provided for consumption up to 200 units/month. Thereafter, rates were periodically revised, with separate slabs for 0-200 and 201-400 units until 2016-17.

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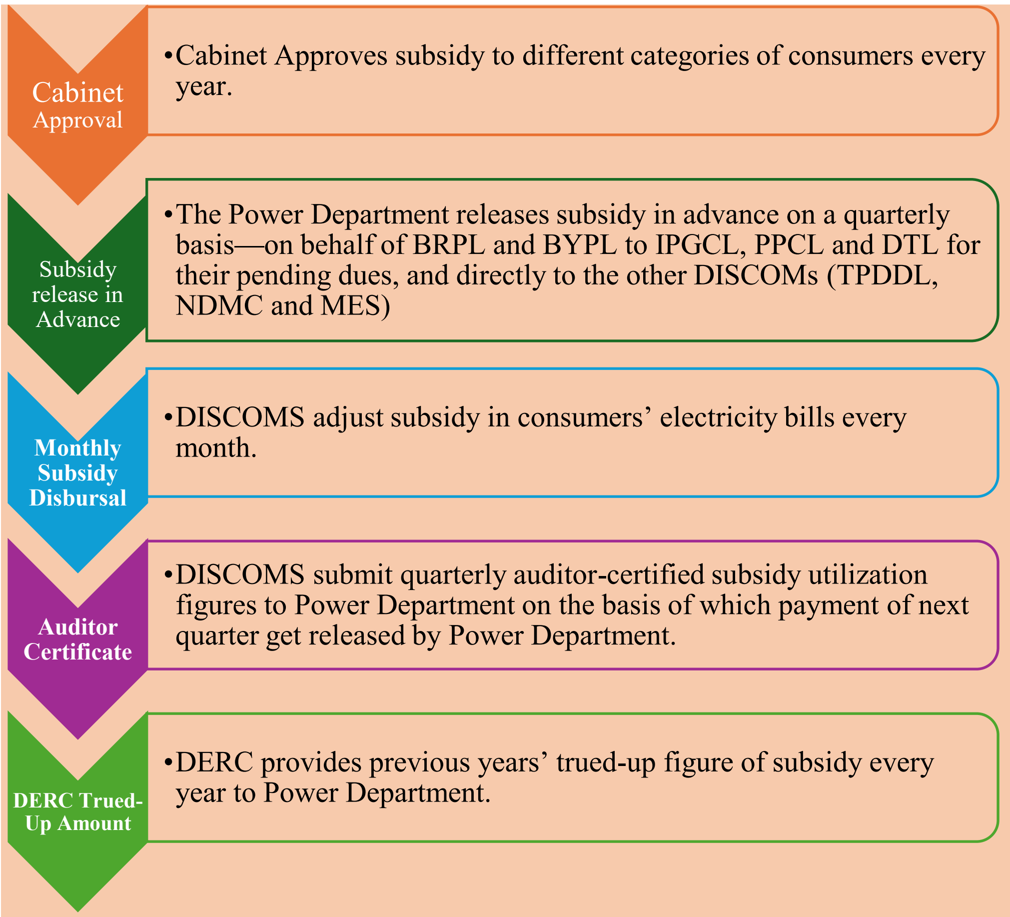
[7] DERC has issued tariff order till 2021-22 only.

Since 2017-18, the subsidy was extended to 1984 Sikh riot victims and lawyers' chambers in court complexes, and to agricultural consumers in 2018-19. From August 2019, the subsidy covered the full bill for up to 200 units/month which includes energy bill, fixed charges, all surcharges etc.; and for consumption between 201-400 units, a subsidy of up to ₹ 800/month was given. Currently, the subsidy is primarily given to domestic consumers, agricultural consumers, Sikh riot victims and lawyers' chambers forming the other category of subsidized consumers. The process of granting subsidies is shown in the flow chart illustrated in figure 2.3.1:

Figure 2.3.1: Process Flow of Electricity Subsidy Disbursement in Delhi



Audit observed lacunae in the implementation of the electricity subsidy regime to consumers as mentioned in the succeeding paragraphs.

(i) Diversion of Subsidy

As per Section 65 of the Electricity Act, 2003, the Power Department was required to release electricity subsidy in advance to the DISCOMs. Audit, however, noticed that in the case of BRPL and BYPL, which had substantial outstanding dues payable to Delhi power generation companies (Indraprastha Power Generation Corporation Limited (IPGCL) and Pragati Power Corporation Limited (PPCL) and Delhi Transco Limited (DTL), the subsidy amounts were not released directly to these DISCOMs but were diverted by the

Power Department to IPGCL, PPCL, and DTL on their behalf. For the other DISCOMs (TPDDL, NDMC, and MES), the subsidy was released directly.

This practice of diverting subsidy funds to third party to settle outstanding dues of certain DISCOMs with Generation Companies (GENCOs) and the transmission utility complicates the subsidy disbursement process, reduces transparency, and weakens accountability in establishing a clear money trail between subsidy allocation and consumer benefit.

It is pertinent to mention that NITI Aayog (2017, Turning Around the Power Distribution Sector) and the Finance Department, GNCTD have recommended Direct Benefit Transfer (DBT) as an alternative framework for subsidy delivery. The Power Department itself acknowledged that DBT could enhance transparency in subsidy disbursement and obviate the need for a third-party audit. However, despite these policy recommendations and its own admission, no steps were initiated by the Power Department towards DBT. In the Exit Conference, the Department stated that DBT was not feasible in Delhi due to persistent outstanding dues of DISCOMs towards GENCOs and DTL, which necessitated diversion of subsidy for adjustment against such dues. The reply of the department is not consonance with referred recommendations of NITI Aayog and the Finance Department, GNCTD.

(ii) Issues in Verification and Targeting of Electricity Subsidy.

(a) Issues in Verification

A major portion of the expenditure is incurred on subsidies in the Power Sector in Delhi. It is the responsibility of the Power Department to ensure that the subsidy amount is utilized solely for its intended purpose and benefits only genuine consumers.

Every year the Government approves the subsidy policy and the only mechanism for verifying the accuracy of subsidy claims by the DISCOMs is the trued-up figures submitted annually by DERC, reflecting the subsidy provided by GNCTD to the DISCOMs. In addition, the Government proposed each year for conducting of a special audit by DERC —through an external auditor[8]—of the subsidy released to the DISCOMs vis-à-vis the amount actually passed on to consumers. It was noticed that the special audit was instituted by DERC in January 2024 whose report was eventually submitted to the GNCTD.

However, relying solely on the trued-up figures provided by DERC is not sufficient to ensure that subsidies of thousands of crore rupees are reaching genuine beneficiaries. For instance, these figures do not reveal whether electricity connections have been split to unduly claim multiple subsidies. Moreover, DERC itself prepares the trued-up figures based on auditor-certified statements submitted by the DISCOMs, without independent verification.

[8] A private Chartered Accountant firm empanelled by O/o the CAG of India.

Audit is of the view that there is an urgent need for a well-established and transparent mechanism to ensure that public funds are being utilized properly and reaching the intended recipients. The Power Department should also proactively analyse consumer data and conduct random field inspections to verify the authenticity of electricity connections and prevent misuse of the subsidy system. Notably, similar concerns were already highlighted in the report of the special audit conducted by the external auditor appointed by DERC, as discussed in **Para 2.3.4** of this Report.

(b) Subsidy to MES and NDMC without an audited statement

The subsidy is released to DISCOMS only upon receiving audited statement/ utilization certificate confirming disbursement to consumers. However, for two deemed DISCOMS, i.e. MES and NDMC, subsidy have been released without such certificates since 2019-20, posing a risk of mis-utilization. The annual subsidy released to NDMC and MES is approximately ₹ 15 crore each. In the absence of audited statements or utilization certificates, there is no assurance that the subsidy amount has actually been passed on to the intended beneficiaries, thereby defeating the very objective of the scheme and exposing public funds to potential irregularities.

(c) Targeting of Electricity Subsidy

The National Tariff Policy, 2006, was a significant framework by India's Ministry of Power, notified on January 6, 2006, under the Electricity Act 2003, aiming to promote investment, efficiency, and consumer welfare in the power sector. This Policy suggests targeting subsidies to poor consumers and disbursing them as a direct subsidy. It further suggests Government support a bare minimum level of consumption through cross-subsidy and dissuades free provision of electricity, with an emphasis on sustainable use of resources.

Despite the power subsidy constituting on average 68.78 *per* cent of the total subsidy outgo in the past four years, the objective of the subsidy policy of GNCTD is to target the largest number of domestic consumers. The subsidy policy disregarded the sanctioned load or other bill components like electricity duty or other surcharges while deciding on the target consumer base or the quantum of subsidy. It was observed that the domestic consumers, as a category in totality, constituting about 84 *per cent* of the consumer base, consumed approximately 60 *per cent* of electricity (units) and received more than 95 *per cent* of the subsidy disbursed by the Government.

This was coupled with frequent changes made in the subsidy rates for domestic consumers over the years as shown in **Table 2.3.1**.

Table 2.3.1: Subsidy Rates for Domestic Consumers

Year	Slab	Subsidy per unit	Remarks
April 2018 to March 2019	0-400 units	₹ 2.00 (Additional subsidy of ₹ 100/connection/month consuming upto 100 units/month)	There was a substantial upward revision in the Fixed Charge and a downward revision of the Energy Charge by DERC.
April 2019 to July 2019	0-400 units	₹ 2.00 (Additional subsidy of ₹ 100/connection/month consuming upto 100 units/month)	
August 2019 to March 2023	0-200 units	Entire amount to be paid through Subsidy	From FY 2019-20, the fixed charge was slashed by DERC for sanctioned loads up to 15 KW while the Energy Charge largely remained the same.
	201-400 units	Upto ₹ 800 per month to be paid by Subsidy	

Source: Economic Survey of Delhi

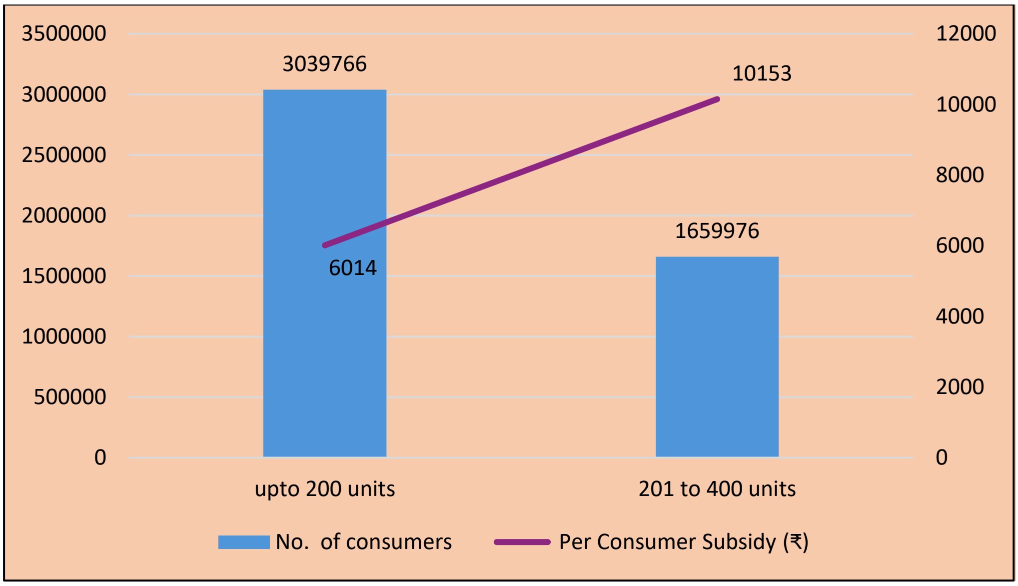
It is pertinent to mention that, via a cabinet decision taken in May 2022, GNCTD also introduced a modified scheme from 1 October 2022, wherein the explicit request to avail subsidy from eligible consumers was sought. However, this did not fructify in a reduction of the subsidy burden on the exchequer as interestingly number of consumers who opted for subsidy was higher than those who actually availed the subsidy.

(iii) Inverted Subsidy Scheme

As per the Fifth Delhi Finance Commission report (October 2017), levels of electricity consumption indicate the levels of economic affluence of consumers. Thus, the subsidy should be targeted to those with low levels of consumption who require support from the government. The subsidy outgo by GNCTD was inverted and not targeted by linking the subsidy to household income or socio-economic status. Audit observed that the focus was on segmenting consumers simply on a threshold consumption of 400 units per billing cycle, irrespective of Sanctioned Load, BPL status, etc. Further, the rationale for having a high threshold value of 400 units of consumption, resulting in about 80 *per cent* of domestic consumers availing the subsidy, was not found on record. Audit observed that the Government paid subsidy on average, more per consumer per annum for consumers falling in the higher consumption bracket than for consumers falling in the low consumption bracket.

As per the estimated subsidy requirement data for the year 2022-23 and the number of consumers in the consumption category, it was observed that whereas more than 30 lakh consumers, within the 0 to 200 unit consumption bracket received an average per connection subsidy of ₹ 6,000 per annum, approximately 16.60 lakh consumers, with consumption of more than 200 units, received approximately 70 *per cent* higher average subsidy per connection of over ₹ 10,000 per annum as shown in **Chart 2.3.5**. Thus, the actual subsidy outgo per consumer was much higher for higher consumption bracket consumers. Dispensing higher average subsidy to consumers at higher consumption levels defies prudent policy logic, besides being fiscally profligate.

Chart 2.3.5: Subsidy outgo per consumer in 2022-23



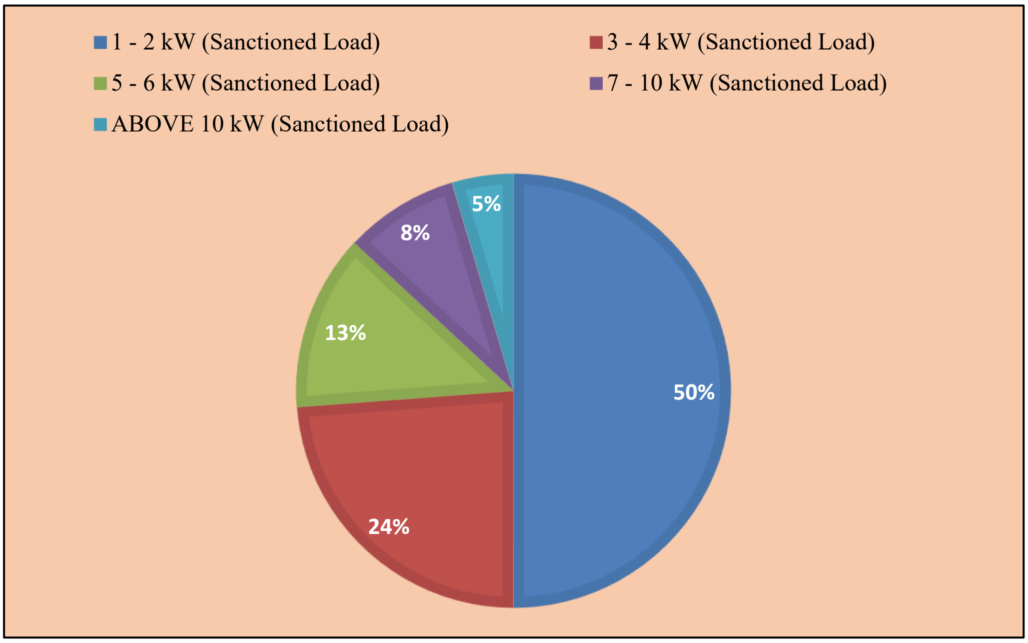
Source: Consumer billing data of DISCOMS

(iv) Inefficient Subsidy

The percentage of gross bill amount borne by the government is a good indicator of the substantive support that the Government provides to consumers through subsidy. Financial logic proves that the higher the percentage of gross bill amount borne by the Government, the subsidy support is of higher the substantive value to the consumer. Further, as per the statutory advice (19 October 2020) of DERC to Delhi Government, savings of up to ₹ 315 crore per year was possible if the subsidy was restricted to consumers with sanctioned load upto 3KW, which would bring 91 *per cent* of consumers within its fold while savings upto ₹ 200 crore per year could be realized if the subsidy was limited to consumers with sanctioned load upto 5KW, which would cater to 95 *per cent* of the consumers in Delhi.

Audit analysis of consumer billing data of the three private DISCOMS revealed that the subsidy constituted roughly 50 *per cent* of the electricity bill for consumers in the 1 to 2KW SL category, whereas it was able to defray less than 25 *per cent* of the bill amount for consumers in the 3KW to 4KW SL category, which was progressively even less for higher loads.

Chart 2.3.6: Subsidy as a percentage of total bill amount by Sanctioned Load (kW)



Source: Consumer billing data of three DISCOMS

For the 3-4KW SL, the Government spent, on average, a subsidy of less than ₹ 500 for a gross bill amount of more than ₹ 2100. It was further noticed that as the subsidy outgo up to 200 units was independent of sanctioned load and subsidized 100 *per cent* of the bill amount, subsidy outgo even for meagre consumption at high sanctioned loads could be astronomical. For example, a consumption of 50 KWh per month at 1 KW SL would attract a subsidy of approximately ₹ 200 whereas the same energy consumption at SL of 5KW, 10 KW and 20KW would result in a subsidy outgo of approximately ₹ 500, ₹ 1500 and ₹ 5000 respectively.

Case Study: Electricity Subsidy for Agricultural Consumers

The Government provides a subsidy to the extent of ₹ 105/KW/ month on fixed charges to the agricultural consumers considering agricultural sector to be under distress. As per data obtained from BRPL, BYPL, and TPDDL, there were about 12,000 agricultural consumers within the Delhi state during 2022-23, who availed a total subsidy of approximately ₹ 6.5 crore during the period.

The Finance Department stated (February 2019) to the cabinet that since the agricultural subsidy is a form of financial aid aimed at weaker sections, the department should fix a criterion based on the quantum of agricultural land holding of the farmers and the subsidy should be restricted to farmers holding agricultural land upto a certain limit. However, this rational suggestion was ignored. Moreover, there was no effort to check or categorize the agricultural electricity connections based on different slabs of sanctioned load in order to target the subsidy towards small/marginal farmers.

Further, the Government made no provision in the said order to limit the subsidy to one connection per farmer resulting in all agricultural connections availing subsidy even if one individual had more than one connection.

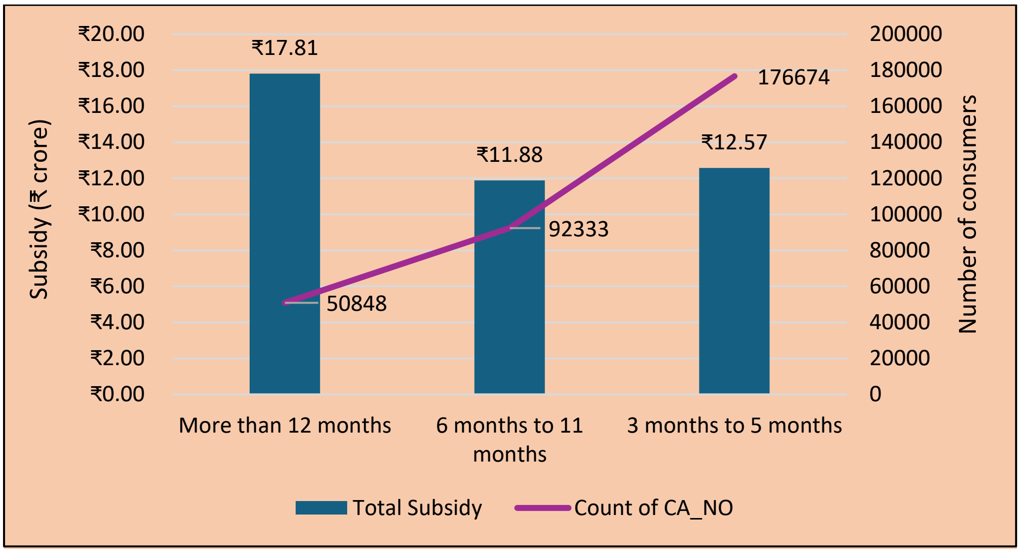
The granular analysis of BRPL and TPDDL data revealed that minimal-use (threshold determined in audit for a consumption of 0-250 units/annum) connections increased from **7.6 *per cent* and 10.91 *per cent* in 2019-20 to 15.33 *per cent* and 13.05 *per cent* in 2022-23, respectively**, making the subsidy economically unjustifiable. It was observed that in BRPL, about **70 *per cent* of these minimum use consumers** had an average consumption of **0-10 units per billing cycle**, rendering the subsidy wasteful. Similarly, for TPDDL, the percentage of such consumers consuming **0-10 units per billing cycle** ranged from **63.11 *per cent* in 2019-20, declining to 44.17 *per cent* in 2022-23**. Audit is of the view that connections with such anomalous consumption pattern serve practically no economic purpose and need to be reviewed at policy level.

The Department of Power, GNCTD, also extended electricity subsidy to individual lawyers with chambers in Court complexes across Delhi through Cabinet Decision No. 2516 dated 13 October 2017. From April 2019 to March 2023, the subsidy outgo for BRPL and BYPL amounted to ₹ 6.2 crore. Analysis of billing data showed higher per-bill subsidy for Lawyers' Chambers (₹ 837 for BRPL and ₹ 931 for BYPL) compared to domestic consumers (₹ 470). The Government needs to review this subsidy support in view of effective targeting, financial sustainability, and equity.

(v) Subsidy for inactive/ dormant Domestic Connections

Audit analysed the consumers of BRPL for the billing pattern and subsidy outgo. It was found that many consumers were availing subsidy despite no electricity consumption (zero units consumed) for long consecutive billing cycles. This could be attributed to non-functional domestic units or residents staying away from the specific residential units for long periods. A total of approximately ₹ 42.26 crore was granted as subsidy to such inactive BRPL consumers during the period of April 2019 to March 2023 as shown in **Chart 2.3.7**.

Chart 2.3.7: BRPL- Consecutive bills with zero consumption receiving subsidy



Source: Consumer billing data of BRPL

The above graph shows that more than fifty-thousand consumers had continuously zero consumption for more than 12 months and were provided a subsidy of ₹ 17.81 crore, more than ninety thousand consumers received a subsidy of 11.88 crore for continuously zero consumption for 6 to 11 months and more than 1 lakh 70 thousand consumers had continuous zero consumption for periods between 3 and 5 months and received subsidy of ₹ 12.57 crore.

The above is indicative of poor policy design and periodic analysis of data on electricity consumption may be useful in providing insights to the Government for framing a prudent policy for extending electricity subsidy to only the needy consumers. Subsidy outgo on account of connections remaining inactive/dormant for an extended duration of time is wasteful and serves no rational economic purpose.

Thus, the focus of GNCTD was to offer electricity subsidy to nearly the entire domestic consumer base without considering their socio-economic status. Given the continuation of the current subsidy regime, the direct impact of inevitable tariff hikes would be on the subsidy bill of GNCTD, which might become unsustainable for the Government, if the policy is not revised towards a targeted consumer base only.

Recommendation 2.3.1: The Government should review the consumer billing data of the DISCOMs to use it for targeting the power subsidy to deserving beneficiaries.

Recommendation 2.3.2: The Government may consider the DERC statutory advice for linking subsidy to sanctioned load up to 3KW to prevent a situation of inverted subsidy benefitting affluent consumers.

Recommendation 2.3.3: The Government may explore the feasibility of introducing DBT to improve transparency and accountability in subsidy

disbursement, while simultaneously addressing pending dues of DISCOMs through separate arrangements.

2.3.4 External Auditor's Observation

Since 2016, the Council of Ministers, GNCTD had recommended that DERC conduct a special audit of subsidies to DISCOMs, to assess the amounts disbursed vis-à-vis those actually credited to consumers' accounts, through an external auditor. Accordingly, DERC instituted a special audit on 15 January 2024 through a private Chartered Accountant firm empanelled in the O/o to the CAG of India. The CA firm carried out audit under the guidance and supervision of the audit team of PAG (Delhi).

The scope of the audit by the private firm included verifying whether the subsidy was passed on to the intended consumers fairly and transparently, identifying cases of splitting of electricity connections and ghost beneficiaries, examining whether the due subsidy had been paid only to eligible consumers etc. The findings from this audit were issued to the Government in the report titled "Special Audit of DISCOMs with respect to Electricity Subsidy released by GNCTD", covering the period 2016-17 to 2021-22.

Some of the major observations in the report of three Private DISCOMS (BRPL, BYPL and TPDDL) related to:

(i) Discrepancies in granting subsidy on the basis of provisional bills

(ii) Irregularities in subsidy provided to agricultural consumers;

(iii) Deficiencies in proof of identity and proof of ownership/occupancy of premises in some cases; and

(iv) Instances, though limited, where consumer details in the master data did not match the information observed during site visits.

Some observations regarding NDMC (deemed DISCOM) are mentioned below:

(i) In para no. 6.1.2 of report, it was pointed out that NDMC was possibly using a 30 day month as billing cycle rather than the actual number of days in each month

(ii) As per para no. 6.5.2 there was non-compliance of the Government directions regarding subsidy- Excess subsidy or Less subsidy.

(iii) As per para no. 6.4 there was a discrepancy in subsidy disbursal where same consumer has multiple meters.

However, the external auditor has not submitted the final report of MES as of August 2025.

The audit findings across both private and deemed DISCOMs highlight systemic weaknesses in subsidy administration such as inadequate beneficiary verification and billing irregularities, which affect transparency and accountability of the scheme. Unless corrective measures and proper monitoring are put in place, possibility of risk of leakage and mis-utilisation of subsidy funds will persist.

2.3.5 Implication of Electricity Subsidy on consumer charges in the long term

2.3.5.1 Build-up of Regulatory Assets – a future liability on State and Consumers

In the context of a power distribution company (DISCOM), a Regulatory Asset (RA) refers to an amount recorded on the company's balance sheet as an asset. It represents costs incurred by the DISCOM that are recoverable from customers in the future through regulated rates or tariffs. Para 8.2.2 of the Revised Tariff Policy, 2016, states that regulatory assets should not be created and if created, a trajectory for their recovery within a period not exceeding seven years must be laid down.

Since DISCOMs operate under regulatory oversight, they often need to seek approval from regulatory authorities, such as state electricity regulatory commissions or public utilities commissions, to recover these costs from customers over a specified period of time. Recognition of RAs also depend on the pending judgements of Appellate Tribunal for Electricity (APTEL) and Courts which receive petitions from the DISCOMS. Past cases, pending judgements and unimplemented judgements further complicate the factual position of the actual quantum of Regulatory Assets.

The year-to-year revenue gap determined by DERC for a particular financial year has led to the creation of Regulatory Assets[9] in the balance sheets of the DISCOMS operating in Delhi. A key reason for this recurring revenue gap is the prolonged non-revision of tariff rates. Since tariffs have not been increased after 2014-15, the consumer tariff has not reflected the actual cost of power procurement and distribution. This mismatch between cost and recovery led to continuous accumulation of unrecovered expenses, which have been trued-up as Regulatory Assets year after year. As a result, the Regulatory Assets of Delhi DISCOMs stood at ₹ 9,063 crore in 2019-20 but shot up sharply in the true-up order [10]of 2020-21[11], reaching ₹ 27,200.37 crore as of 31 March 2021.

Scrutiny of records revealed that BRPL and BYPL, in their petition for true-up of 2021-22 figures, had reported unrecognized regulatory assets as ₹ 32,180 crore and ₹ 19,647 crore respectively **(Annexure 2.3)**. Moreover, the DERC had submitted to the Appellate Tribunal for Electricity (APTEL), the

[9] The Regulatory Assets primarily comprises of the unrecovered power purchase cost billed by Central and State Power Utilities, ROCE and other legitimate costs including cost of funding of loans availed by the DISCOMS towards funding of Regulatory Assets. Since, the tariff was not reflective of costs incurred; it consequently led to creation of a gap and a future liability on the Government.

[10] Basically, a final order by the State Electricity Regulatory Commission on the quantum of RA.

[11] The data is not available after 2020-21 as the last True-up was done by DERC only until 2020-21.

proposal for liquidation of Revenue Gap, which was also submitted to Supreme Court of India in another civil appeal No. 884 of 2010. However, this liquidation plan could not be obtained by audit.

Thus, delayed recognition of prior period claims through the Truing Up mechanism, leads to a sudden spike in the Regulatory Asset and continued creation of regulatory assets in Delhi, which has created a situation where effective tariffs would either need to be hiked up, substantially to liquidate the Regulatory Asset within a reasonable time frame, potentially resulting in tariff shock for the consumers or further payout by the state government which already has a very tenuous revenue surplus.

A total of ₹ 4651 crore was collected in the form of surcharge to defray regulatory assets during the period 2019-20 to 2021-22.

Thus, analysis of the changing subsidy policy as per changing dynamics of the Tariff structure suggests that the subsidy bill is set to increase further, as the Tariff changes in ensuing years, which is inevitable given the mounting regulatory assets and the pressing need to liquidate them.

2.3.5.2 Taxes and Surcharges- foregone due to a broad-based Subsidy regime

A domestic consumer's Electricity Bill primarily consists of two basic components- a Fixed charge based on the sanctioned load of the consumer and a slab-wise Energy charge for the actual electricity consumed in units. Other charges are also levied on these two basic components, which form a part of the gross electricity bill of a consumer. These other charges are- Electricity Tax @ 5 *per cent* on Energy Charge, Power Purchase Cost adjustment Charge (PPAC) at varying rates, Surcharge @ 8 *per cent* to defray regulatory assets, Pension Trust (PT) surcharge @ 7 *per cent* for meeting DVB employees' pension trust liabilities, levied on both Fixed Charge and Energy Charge components.

For example, Electricity Tax/Duty is levied at 5 *per cent* on Energy Charges. During 2020-21, the collection on account of Electricity Tax was ₹ 790.55 crore. In case of bills attracting complete waiver (i.e., under 200 units at present), electricity tax is effectively paid by the Government on behalf of consumers (as waiver), leading to substantial revenue foregone on a large consumer base.

Similarly, all the above charges levied by the government for specific purposes are negated due to the government broad-basing the subsidy regime, thereby resulting in double jeopardy on the state finances, first through subsidy outgo on total billed units and thereafter through revenue foregone due to NIL/reduced tax/surcharges on consumer bills.

Recommendation 2.3.4: Government should assess the impact on future tariff charges due to mounting regulatory asset liability, along with the impact of revenue foregone on state finances due to negated consumer charges.

Department of Health and Family Welfare

2.4 Avoidable payment of ₹ 1.93 crore due to deficient contract

GTB Hospital, on the directions of the administrative department, signed an agreement with M/s Sarvesh Securities Services Private Limited (M/s SSSPL) for providing 224 Nursing Orderlies and Group 'D' workers on 11 October 2014 and the agreement was extended up to 15 March 2016. The agreement *inter alia* had provisions for payment of minimum wages. The hospital refused to make the payment as per the revised rate of minimum wages approved by the Government from time to time after the agreement, which resulted in dispute with the contractor and ended after court interference and by making avoidable payment of ₹ 1.93 crore.

Section 25 of the Minimum Wages Act, 1948 provides that any contract or agreement, whether made before or after the commencement of this Act, whereby an employee either relinquishes or reduces his right to a minimum rate of wages or any privilege or concession accruing to him under this Act shall be null and void in so far as it purports to reduce the minimum rate of wages fixed under this Act.

Guru Teg Bahadur Hospital (GTB Hospital) under Government of NCT of Delhi (GNCTD) floated a tender for providing 246[12] Nursing Orderlies (NOs)/Attendants (Group 'D' services) for the hospital in January, 2014. The NIT prepared by the Health and Family Welfare (H&FW) Department, GNCTD provided that the quoted price by the bidder shall be firm and final and no revision shall be allowed during this period on any grounds such as inflation, revision in minimum wages, etc. The bidders were advised to factor in any anticipated hike/revision in any of the components that may form the consolidated monthly quotation. Thus, the NIT sought to factor in the implication of revision in minimum wages every six months on the selected agency within his quoted monthly consolidated amount.

Four bidders were found qualified in technical evaluation by the Technical Evaluation Committee. M/s Sarvesh Security Services Private Limited (SSSPL) was the lowest bidder with lump sum quotation of ₹ 21.25 lakh per month, against the annual estimated cost of ₹ 330.92 lakh (₹ 27.58 lakh per month) based on minimum wages rate for October 2013 excluding agency charges. The quoted amount was 22.93 *per cent* less than the estimated cost.

Audit observed that the Hospital Purchase Committee in its meetings held in July 2014 had noted that as per minimum wages applicable for October 2013, the quoted amount should not have been less than ₹ 27.58 lakh per month for 246 NOs excluding agency charges. As rates quoted by the bidder (M/s SSSLP) were far below the applicable minimum wages and were not practically

[12] 224 NOs for GTB hospital and 22 NOs for Diabetes, Endocrinology and Metabolism (DEM) Centre.

feasible, the Committee recommended to reject the bidder L-1 in the light of directions of the Govt. of India, Ministry of Finance, dated 28 January 2014, which provided that "if a firm quotes nil charge/consideration, the bid shall be treated as unresponsive and will not be considered".

However, the proposal of GTB hospital was construed by the H&FW Department as failure of the Medical Superintendent of GTB to understand the NIT and its tender evaluation criteria and methodology. It was stated that as bidder has to quote a lump sum monthly amount after taking into account any anticipated revision in any of the components which may form the consolidated monthly quote, the GoI's direction of January 2014 was not applicable in the matter. Further, in case of violation of labour laws by the vendor, Hospital could enforce penalties. As such, hospital was directed (September 2014) to accept the lowest bid of M/s SSSPL.

GTB awarded (11 October 2014) the work to M/s Sarvesh Security Services Private Limited (SSSPL) for a period of one year on a lump sum basis of ₹ 19.35 lakh per month for 224 Nos. for GTB hospital (as work of providing 22 NOs and Group D services for DEM center had been awarded to M/s HLL in August 2014), as per the minimum wages applicable from October 2013. The agreement was further extended up to 15 March 2016.

Audit observed that a dispute arose between the Hospital and the vendor M/s SSSPL on the issue of non-payment of wages as per the modified rate of minimum wages approved by the Government from time to time. The vendor M/s SSSPL filed an arbitration petition in Delhi High Court against the GTB Hospital for appointment of an Arbitrator. The Delhi High Court appointed (29 May 2015) a Sole Arbitrator, who, after hearing of claims of both the parties and perusal of records, awarded Order dated 14 December 2017 against the Hospital for payment of wages with higher/modified rate as per minimum wages approved from time to time including interest at the rate of 18 *per cent* per annum. As per the Order, the hospital was to pay ₹ 4.18 crore as principal amount and ₹ 1.74 crore as interest. The GTB Hospital neither challenged the Order of the Arbitrator as per Section 34 (3) of the Arbitration and Conciliation Act, 1996 nor made the payment within stipulated period of 120 days. Consequently, the vendor M/s SSSPL filed an execution petition before the Delhi High Court, which, in turn, directed (31 August 2022) the GTB Hospital to pay interest of ₹ 2.49 crore[13] to the contractor M/s SSSPL. Thus, besides the principal amount of ₹ 4.18 crore, the Hospital had to make a payment of ₹ 1.93 crore comprising of interest due to late payment of principal amount,[14]

[13] Interest of ₹174.40 lakh against the awarded interest and ₹74.23 lakh as interest on late payment of principal amount.

[14] ₹72.07 lakh

payment of awarded interest[15] and cost of arbitration[16]. Moreover, payment of ₹ 65.79 lakh was pending for decision before the Delhi High Court.

Thus, the deficient contract which enforced upon the contractor to continue working for a lump sum amount for a period even after one year and bear the burden of increase in minimum wages (in April 2014, October 2014, April 2015 and October 2015) and other statutory obligations like ESI, EPF, etc. and moreover direction of the H&FW Department to accept lowest bid, despite bringing it by Purchase Committee of GTB hospital to its knowledge that the quoted rates were unviable considering increase in the minimum wages rate twice in a year, resulted in dispute with the contractor and court interference and led to avoidable payment of interest and litigation fees of ₹ 1.93 crore.

The matter was referred (October 2024) to the Department, reply is awaited (December 2024).

Department of Industries

Delhi State Industrial and Infrastructure Development Corporation (DSIIDC)

2.5 Unfruitful expenditure of ₹ 29.45 crore

DSIIDC acquired (December 2006) leasehold rights for 99 years over the land measuring 137.63 acres at Baprola from the Rural Development Department, GNCTD to setup Gems and Jewelry Park and Fashion Design Hub. Despite lapse of 18 years since allotment of the land, indecision and frequent changes in the intended/envisaged use of 59 *per cent* of the allotted land (measuring 81.42 acre) resulted in unfruitful expenditure of ₹ 29.45 crore. Besides, DSIIDC created undischarged liability of ₹ 15.79 crore towards pending annual ground rent of the allotted land.

Delhi State Industrial and Infrastructure Development Corporation (DSIIDC) acquired (December 2006) 137.63 acres of land on lease basis for 99 years at Baprola, Delhi from the Rural Development Department (RDD), GNCTD to setup Gems and Jewelry Park and Fashion Design Hub. Further, DSIIDC paid (January 2007) an amount of ₹ 38.09 crore[17] to RDD towards the cost of land and annual ground rent for the first year.

Scrutiny of records of DSIIDC for the period from April 2019 to March 2023 revealed that DSIIDC utilized only 56.21 acre[18] out of total 137.63 acre of land

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[15] ₹1.11 crore

[16] ₹10.50 lakh

[17] ₹ 37.16 crore towards land premium + ₹ 0.93 crore towards ground rent @2.5% of land value for first year = ₹ 38.09 crore.

[18] for EWS housing under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) scheme in February 2013

at Baprola and failed to utilize 81.42[19] acre land (59 *per cent*) despite lapse of more than 17 years since its allotment.

It was observed in audit that there was lack of clear vision about how to use remaining piece of land as there had been frequent changes in decision regarding proposed development of projects/schemes thereon with passage of time. In September 2010, due to lack of response from the developers so far, it was decided to change the envisaged use for Gems and Jewelry Park and Fashion Design Hub to the Knowledge Based Industrial (KBI) Park with the approval of the Chief Minister. M/s CBRE South Asia (Agency) found the KBI Park project financially feasible in its March 2012 report. However, the project remained at planning stage till December 2018. Further, the agency recommended that KBI Park at Baprola would not be feasible as per the market scenario of 2019-20. As such, Minister of Industries decided (August 2019) to drop the KBI Park project and instead decided to develop Shop cum Office and Flatted Factories on the land at Baprola. However, this decision was not implemented either and GNCTD in its Rozgar Budget 2022-23 decided to develop Electronic City on the available industrial land parcel at Baprola. As of November 2024, there was no further progress in the matter as the Delhi Electronic System Design, Manufacturing and Refurbishment Policy 2024-29 was still awaiting approval of the GNCTD.

Thus, due to indecision and frequent changes in the intended/envisaged use of industrial land parcel at Baprola, 81.42 acre of land remained unutilized even after lapse of 17 years and also payment of ₹ 29.45 crore. Since, DSIIDC had not paid the ground rent for the period from December 2007 to December 2024, it created an undischarged liability of ₹ 15.79 crore[20], which might further attract interest and penalty from RDD, GNCTD, putting extra financial burden on DSIIDC.

In its reply, DSIIDC stated (March 2025) that changes in decision regarding projects/schemes, which are as per approvals and policy of the Government of NCT of Delhi and Government of India, resulted in delay in implementation of the project. DSIIDC further stated that it was in the process to implement the project/scheme as per announcement of Rozgar Budget 2022-23 and expenditure incurred by DSIIDC shall be accounted for while fixing the sale price of plots/working spaces. Therefore, there shall be no financial loss/burden on DSIIDC, once the project is materialized.

Reply is not tenable as indecisiveness and lack of proactiveness on the part of the corporation to fruitfully utilize the land held at lease has deprived NCT of Delhi with the expected benefit of growth and development of industries and related employment over the last 17 years as also blockade of substantial funds.

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[19] 137.63 acre – 56.21 acre = 81.42 acre

[20] ₹ 92.90 lakh x 17 years = ₹ 15.79 crore

Department of Information Technology

2.6 Compliance Audit on Implementation of e-Procurement system by Government of NCT of Delhi

The Government of National Capital Territory of Delhi adopted the e-Procurement system of NIC in May 2011 with the aim to achieve open, non-discriminatory and efficient government procurement through transparent procedures. It was observed that besides manual floating of 1185 tenders, some of the key features of the modules were not fully functional. Earnest Money Deposit was collected offline due to non-integration of EMD payment gateway in the e-procurement portal. Manual intervention in technical and financial evaluation of the tenders and not mapping of business rules in the module was noticed showing design level control weakness and absence of proper validation control in the system.

Data analysis revealed that out of a total of 50,903 registered bidders, the system allowed registration of 66 bidders without the mandatory PAN numbers, of which 12 bidders participated in 28 valid bids. Moreover, in 45 tenders involving tender value of ₹ 530.25 crore, bidders registered with common PAN bid in the same tender raising suspicion about collusion among bidders. Likewise, 12,283 bidders used just 5,658 email ids indicating that the system allowed registration of multiple bidders with the same email id. Notably, in 38 tenders (with tender value of ₹ 2.52 crore), all bids were placed by bidders registered with the same email ID indicating suspected cover bidding. Audit also observed departmental users and bidders registered with invalid/same mobile number showing absence of input validation control. Data analysis revealed that in case of 14,527 valid bids pertaining to 7,181 tenders having tender value of ₹ 3,217.44 crore, bidders used the same IP address indicating conflict of interest between departmental users and the bidders. Instances of Registration without date of birth details, Departmental users logged in the system post superannuation, Improper registration of bidders, uploading of documents with invalid DSCs and Decrypting of financial packets before technical evaluation were also noticed during audit.

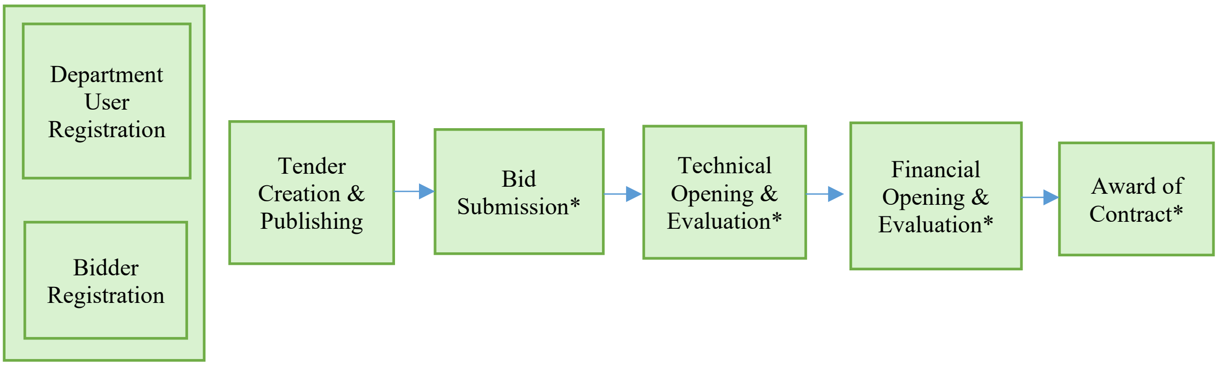
Audit observed lapses in the control mechanism of the department to provide assurance on the data integrity of the System. It was revealed that out of 1,54,586 tenders, only 5363 tenders (3.47 *per cent*) having tender value of ₹ 3,254.68 crore had Award of Contract details. Updation of financial evaluation details of only around 34 *per cent* of the tenders in the system, incorrect mapping of 497 tenders of Irrigation and Flood Control Department, having tender value of ₹ 1,106.04 crore, against wrong TIAs, uploading of irrelevant and incomplete documents during tender evaluation, etc. were also seen during audit scrutiny showing inadequate built-in control mechanisms.

2.6.1 Introduction

The e-Procurement system of NIC[21] was introduced (April 2011) as a Mission Mode Project under National e-Governance Plan (NeGP) and the application launched by the National Informatics Centre (NIC) in April 2011 aimed to achieve open, non-discriminatory and efficient government procurement through transparent procedures. The Government of National Capital Territory of Delhi (GNCTD) adopted this application in May 2011 and to implement it the Delhi e-Governance Society (DeGS) within the Department of Information Technology (DoIT) was made the nodal agency for monitoring the project.

The workflow of the e-Procurement system (System) requires registration of the users[22] into the System to participate in the tendering process. The workflow of the System is shown in **Chart 2.6.1**.

Chart 2.6.1: Workflow of e-procurement system

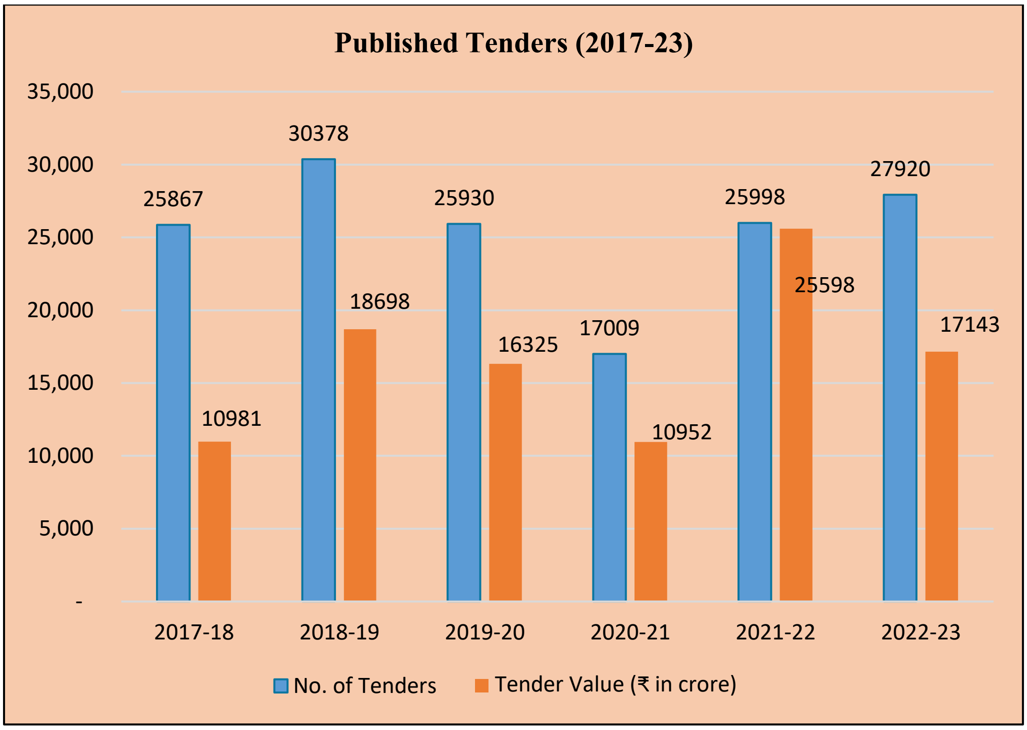


* ***EMD submission*** (as part of Bid Submission) was offline. ***Technical Evaluation*** & ***Award of Contract (AOC)*** are being done manually, outside the system and evaluation results are uploaded onto the system afterwards. Generally, ***Financial evaluation*** is being done by the system, generating ranks based on submitted bid value, however, there are instances of manual financial evaluation by TIAs (Tender Inviting Authorities).

The workflow of the system is executed through procurement application software incorporating various process flow modules[23]. It was noticed that from 2017-18 till 4 May 2023, a total of 1,54,586 tenders valuing ₹ 1,01,098.67 crore were published through e-procurement system. The year-wise number of tenders and tender value for the audit period is as shown below in **Chart 2.6.2**.

[21] Government e-Procurement System of NIC (GePNIC)
[22] Department users as well as bidders.
[23] Registration module, Publishing of tender, Bid submission, Tender opening, technical evaluation, Financial bid opening, Financial evaluation and Award of contract.

Chart 2.6.2: Number of Published Tenders and Tender Value



Source: Data of e-procurement system

Delhi e-Governance Society meets the expenditure relating to the implementation of the Government e-Procurement System of NIC (GePNIC) from the funds generated through the registration charges[24] received from the bidders. DoIT did not furnish complete details of the budget, expenditures, and registration charges proceeds.

Functioning of the e-Procurement system of GNCTD, covering the period from May 2011 to January 2015, was included in Audit Report of CAG of India for the period ended March 2015.

2.6.2 Audit objective, scope and methodology

The audit, covering the period from 2017-18 to 2022-23 was conducted to ascertain whether:

a) The e-procurement system has been effectively implemented and efficiently utilized to achieve its objectives of promoting competition, transparency and accountability.

b) The business rules have been adequately mapped into the system.

c) The completeness, integrity, and reliability of data in the system was maintained and to evaluate whether adequate controls have been built into the system.

Besides analysis of the database, 300 tenders **(Annexure 2.4)** of tender inviting authorities (TIAs) **(Annexure 2.5)** were selected for sample verification.

[24] Registration charges of ₹ 7,000 fixed (February 2012) by DoIT.

Documentary and electronic evidence was collected from the e-Procurement portal and analysis of database done using SQL and Excel.

Audit objectives, criteria, scope, sample and methodology of audit were shared with GNCTD through an Entry Conference held on 9 October 2023. The draft report was issued to the Government (February 2025) to confirm the facts and figures mentioned in the report. Reply of the Government is awaited (July 2025). Further, an exit conference was held with the stakeholders in March 2025 to discuss the audit findings. The deficiencies noticed in the implementation of e-procurement system are elaborated in the succeeding paragraphs.

Audit Findings

2.6.3 Implementation of e-Procurement system

The implementation of e-Procurement system in all departments of GNCTD was made compulsory for the purchase of all goods, services, works, etc. exceeding rupees two lakh from 1 May 2011. The e-procurement was envisaged to automate tender stages viz. publishing of tenders, bidding, technical evaluation, financial evaluation, and award of contract, etc. It was, however, noticed that besides the manual floating of tenders by the selected TIAs, some of the key features of the modules were not fully functional to achieve the desired objectives promoting competition, transparency and accountability, as detailed below:

- **Offline EMD Submission**: It was observed that Earnest Money Deposit (EMD) was collected offline and EMD payment gateway was not integrated in the e-procurement portal. This led to offline collection of EMD by all TIAs outside the e-Procurement system, indicating a design level control weakness. Further, non-integration of online EMD payment gateway carries the risk of selective bid disqualification and delayed refunds, which eventually defeat the principle of process integrity in eProcurement. In exit conference, the Government stated (March 2025) that the process of integration of payment for online EMD collection in the e-Procurement portal has been initiated and will be incorporated within short time.

- **Manual intervention in technical evaluation**: Technical bid evaluation was done manually by TIAs by downloading the documents submitted by the bidders and thereafter uploading the evaluation results onto the system. Besides being a design level control weakness, this also carries the risk of selective bid disqualification.

- **Tenders floated outside the system:** While 2300 tenders were published through e-Procurement portal, 1185[25] tenders were floated manually during 2017-18 to 2022-23 by three selected TIAs. Thus, 34 *per cent* of

[25] 1185 = 146 (DTL) + 1008 (PPCL) + 31 (DTIDC)

the tenders, with a total tender value of ₹ 524.74 crore[26], were not published on the e-Procurement portal. Besides violating the directives of DoIT, this defeated the objective of eliminating the human interface in the process and the objective of developing the system.

- Delhi Transco Limited (DTL) floated 146 offline tenders valuing ₹ 238.89 crore, relating to international competitive bidding (ICB) and Original Equipment Manufacturers (OEM) /Authorized Supplier of Original Equipment Manufacturers. DTL stated (May 2025) that offline tendering method was adopted in ICB tenders considering the complexity of the nature of ICB, and due to non-registration of prospective bidders. Further, DTL stated that in OEM cases, offline tendering is done due to non-registration of bidders. Reply is not acceptable as the tendering could have been done through the e-Procurement system after registration of the bidders.
- All of the 31 tenders relating to licensing of shops were floated offline by Delhi Transport Infrastructure Development Corporation (DTIDC). While admitting (August 2024) the observation, the Corporation assured that post these tenders, all the tenders were being floated on e-procurement portal.
- All of the 1008 single tender enquiries valuing ₹ 285.85 crore were done manually by Indraprastha Power Generation Company Limited- Pragati Power Corporation Limited (IPGC). The IPGC stated (March 2024) that the single tenders in which the bid had to be submitted by a lone vendor, were done manually as per the decision of the Board of Directors (BOD). However, BOD is to ensure compliance and therefore the reply is not acceptable as a decision of BOD cannot overrule orders of the Government.

- **Requisition of BOQ in PDF format and manual intervention in financial evaluation:** An analysis of 1,54,586 published tenders revealed that despite having a dedicated module for financial bidding seeking through BoQ template in excel format for evaluation, TIAs asked for bids in PDF format in the case of 1,743 tenders (1.13 *per cent*) amounting to a tender value of ₹ 2,783.34 crores, by-passing online financial evaluation. This meant that there was absence of proper validation control in the system to ensure that bids in required format are requisitioned by the TIAs. This also poses the risk of incorrect financial evaluation done manually, outside the system – creating avenues for collusion. This was also confirmed during the sample verification in three tenders of two TIAs (one tender in DTTDC and two tenders in the College of Art).

[26] Tender value of DTIDC not provided

- **Non-mapping of business rules and Manual intervention in financial evaluation:** In two tenders[27], TIAs changed bid ranks manually, based on their business rules not incorporated in the financial evaluation system of the module, and awarded contracts to the L2 bidders, showing design level control weakness.

- **Requirement of bidding intimation outside the system:** In a tender[28] (valuing ₹ 8.50 lakh) of Lieutenant Governor (LG) Secretariat, a clause required all bidders to inform the Secretariat by email about their participation in the bidding process along with contact details, failing which the bid may be rejected. Such clauses of intimation of bids outside the portal may lead to human intervention and vitiate the tendering process.

- **Acceptance of EMD after the bid opening date:** In DTTDC, in the case of a tender valuing ₹ 70 lakh, EMD of ₹ 3.50 lakh was received from the bidder on 10 January 2020 which was eight days later than the bid opening date i.e., 2 January 2020. Acceptance of EMD after the bid opening date was irregular as per NIT representing design level control weakness. This happened because EMD collection was offline.

- **Incorrect disqualification of bidders:** In a tender valuing ₹ 40 lakh, floated by PWD[29], two of the bidders were wrongly disqualified despite the submission of all required documents.

- **Irregular award of Contract to bidder not providing GST registration certificate:** In another tender of PWD[30] having a tender value of ₹ 13.53 lakh, the audit observed that the bidder who was awarded the contract did not provide a GST registration certificate.

- **Irregular award of Contract to bidder submitting bid security with insufficient validity:** Rule 170 (i) of GFR 2017 mandates bid security to remain valid 45 days beyond the bid validity period. Audit observed that in a tender[31] valuing ₹ 19.45 lakh, bid submission end date was 12 December 2019. However, one of the bidders submitted EMD in the form of FDR dated 3 December 2019, with a validity of 30 days i.e. up to 2 January 2020. Therefore, the bid should have been technically disqualified and the award of the contract to the bidder was irregular.

- **User experience of the portal**: The webpage of the portal does not have any section containing guidance on how to navigate around the portal. This would be a challenge for any new time bidders/departmental users and reduces the user-friendliness of the system to that extent.

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27 One tender each of DSEU and SCERT with awarded value of ₹7.96 crore and ₹19.50 lakh respectively.
28 Tender ID 2022_LGS_226876_1
29 Tender ID 2022_PWD_218817_1 of M-411 division of PWD
30 Tender 2017_PWD_133186_1 of M-453 division of PWD
31 Tender ID 2019_DPGS_184681_1

Thus, the system designed to make the tendering process fully online to eliminate human interface with the bidders was not transparent and was bypassed by TIAs. It was partially functional requiring modules to be customized as per the need of TIAs.

The issues were communicated (February 2025) to the Government, reply is awaited.

Recommendation 2.6.1: All modules should be made operational with required customisation as per the need of all the Departments within a specified time span to optimise the use of the system.

Recommendation 2.6.2: The department must ensure that TIAs float tenders, valued above the threshold limit, only on the e-Procurement system.

Recommendation 2.6.3: Additionally, the Delhi e-Governance Society (DeGS) within the Department of Information Technology (DoIT) should monitor and report to the Finance Department regarding the use of the online application to ensure compliance by all.

2.6.4 Mapping of business rules into the e-Procurement system

Mapping of business rules in the e-Procurement system is essential to ensure accuracy, completeness and validity of transactions, as it facilitates in identification and documentation of specific regulations, policies, and procedures that govern the procurement process within an online platform.

The e-Procurement system stipulates bidders to submit a valid Permanent Account Number (PAN), mobile number and e-mail ID, etc. for registration to participate in the tendering process. Audit observed absence of mapping of business rules viz. rules, procedures and validation checks etc. into the System as discussed in the succeeding paragraphs.

(i) Lack of validation for the unique field 'PAN' in the module

- Data analysis revealed that the system allowed registration of 66 bidders (out of a total of 50,903 registered bidders[32]) without the mandatory PAN numbers, of which 12 bidders participated in 28 valid bids. Out of these, the system had bid value data for 5 bids having bid value of ₹ 1.04 crore. This highlights absence of input validation control on 'PAN number' during user registration in the system, and necessary controls to ensure participation in bidding process by PAN verified bidders. Such control weakness compromises the integrity of bidder master data. NIC in its reply stated in May 2024 that the foreign bidders and some bidders from north-eastern states do not have PAN, therefore the system does not enforce PAN submission during the registration process. The reply is not acceptable as PAN was not available even in

[32] 'Registered' & 'DSC Registered' Users

the case of 29 Indian bidders. Regarding the bidders from north-eastern states, PAN is mandatory for completing the registration process.

- Data analysis revealed that bidders with 146 PANs did not have valid characters as specified by the Income Tax Department[33]. Of these, 142 bidders were shown registered in the system. Further, out of these, 15 bidders participated in 191 bids[34]. Out of these 191 bids, the system had bid value data for 170 bids having bid value of ₹ 41.85 crore. This implied that the system allowed the registration of bidders with invalid PANs showing absence of input validation control on 'PAN number' during user registration in the system. NIC stated (May 2024) that the shortcoming has been rectified. However, the date of compliance, process followed and corrections carried out in the system were not provided to Audit for verification.
- Data analysis revealed that 9,314 PAN numbers were used by multiple bidders (24,385 bidders) during registration. Out of these, 2,062 bidders participated in bidding using 951 PAN numbers. This was due to the absence of input validation control to ensure distinct 'PAN number' mapped to unique user during registration in the system. On the issue, NIC stated (May 2024) that the same PAN/TAN may be used by different branches of the same company. Hence, the system may not be able to exclude duplicate PAN numbers, and it was a business requirement. Reply of NIC is not acceptable as in 4234 cases (45 *per cent*) PAN belonged to individuals and not companies/firms.

Rule 175 (1) (i) (c) of GFR prohibits any collusion, bid rigging or anti-competitive behaviour that may impair the transparency, fairness and the progress of the procurement process. Data analysis revealed that in 45 tenders involving tender value of ₹ 530.25 crore, bidders registered with common PAN bid in the same tender. There were 94 bidders who participated in these 45 tenders. Moreover, in 15 tenders (valuing ₹ 80.45 lakh) all bids were received from bidders registered with the same PAN. This indicated collusion among bidders with the same PAN bidding in the same tender. The system, thus, failed not only to restrict multiple users having same PAN to register in the system but also allowed such bidders to participate in the bidding process. This was due to absence of input validation control as well as absence of processing control in the system.

(ii) Use of common email IDs

During data analysis, it was observed that 12,283 bidders used just 5,658 email ids indicating that the system allowed registration of multiple bidders with the

[33] The 4th character of a valid PAN number should be either of the following characters: 'T','F','H','P','C','A','B','G','J','L'

[34] between 1 April 2017 and 4 May 2023

same email id **(Annexure 2.6)**. This was due to the absence of input validation control on 'email id' during user registration in the system ensuring uniqueness and also compromises the integrity of bidder master data. NIC stated (October 2024) that for administrative convenience some corporates/companies operate in multiple locations and prefer to use the same email but with different user IDs for different locations/different employees bidding for it. Reply of NIC is not acceptable as out of 12,283 bidders, same email-IDs pertained to 5274 (43 *per cent*) individual bidders and not companies/firms and still had multiple registrations.

- Data analysis revealed that 35 email IDs were registered against both departmental users as well as bidders. Out of these, 3 email IDs were used by bidders and departmental users in the same tender. This is indicative of collusion between bidders and TIA due to absence of input validation control on 'email id' during user registration in the system. NIC accepted (October 2024) the issue and stated that relevant checks would be incorporated in the next version release of the application.
- Data analysis further revealed that in 38 tenders (Tender value: ₹ 2.52 crore), all bids were placed by bidders registered with the same email ID. This indicated suspected cover bidding as mentioned in 'Para 7.6.8 of the Manual of Procurement of Goods of the Ministry of Finance, GoI'. Further, in another 452 tenders valuing ₹ 2,240.20 crore, at least two bidders had the same email IDs which indicated suspected collusion among the bidders and absence of input validation control as well as absence of processing control in the system. NIC stated (October 2024) that two different bidders having the same email ID is a business requirement. If in a company, bidding is handled by two employees and the intimations and OTP must go to another person, in that case, email can be the same for those bidders. The fact, however, remains that the bidder convenience should not result in vitiation of the tendering process.

(iii) Departmental users and bidders registered with invalid/same mobile number

- During data analysis, Audit observed that, out of 41,236 mobile numbers[35] belonging to 50,861 registered bidders, 46 mobile numbers (of 46 bidders) did not have 10 digits and 473 mobile numbers (of 522 bidders) had first digit other than the digits 6, 7, 8, and 9 as required under TRAI norms rendering them invalid. Of these, 42 bidders participated in 186 tenders, with tender value of ₹ 880.70 crore, and submitted 189 bids. Such control weakness compromises the integrity of bidder master data and shows absence of input validation control on 'mobile number' during user registration in the system.

[35] Numbers with blank ISD Code have been considered to be Indian numbers

- In the case of 6,048 departmental users with 4,981 distinct mobile numbers there were 5 mobile numbers that did not have 10 digits and 11 mobile numbers had first digit other than as specified by TRAI. This highlights absence of input validation control on 'mobile number' during user registration in the system. NIC stated (October 2024) that the shortcoming related to 'number of digits of mobile number for Indian numbers' has been rectified. The date of compliance and correction in the system, however, has not been provided to Audit. Further, issue related to check of first digit of mobile number remained to be addressed.
- Analysis revealed that 6,957 mobile numbers were used to register 16,582 bidders. It was noticed that bidders registered against one mobile number ranged between 2 and 28. Moreover, 2,048 bidders who used 948 mobile numbers participated in bidding, indicating absence of input validation control ensuring distinct 'mobile number' to each bidder/user during user registration in the system.

Data analysis, revealed that in 411 tenders valuing ₹ 44.99 crore, all bids were received from bidders registered with the common mobile numbers. Further, in another 1704 tenders (with tender value of ₹ 3,333 crore), there were at least two bidders registered with common mobile numbers. This raises suspicion about collusion among bidders with the same mobile number in the same tender.

It was further noticed that out of 52 mobile numbers registered against departmental users as well as bidders, 3 mobile numbers were used for registration by bidders as well as departmental users who participated in the tenders of the same TIA. Moreover, out of these three mobile numbers, there was one mobile number that was registered against both bidders and departmental users who participated in the same tenders. This indicated suspected collusion between the bidders and the departmental users. This also indicated absence of input validation control as well as absence of processing control in the system.

- Data analysis revealed that 20,389 mobile numbers belonging to 24,525 users had blank ISD code, though being a mandatory field for registration in the database, showing absence of input validation control in the system. NIC stated (October 2024) that the shortcoming was rectified. The details of compliance and correction in the system for verification in Audit, however, were not provided.

(iv) Use of same IP address by bidders and department

Para 7.5.13 of 'Manual for Procurement of Goods 2017' issued by Department of Expenditure, Ministry of Finance, Government of India stipulates that all technical, commercial and finance officials should deal with the procurement in an independent, impartial manner and should have no conflict of interest with any of the bidder involved in the procurement. Audit observed usage of same IP address by the bidders for bidding which were used by departmental users of same TIA indicating conflict of interest between departmental users and the bidders.

Data analysis revealed that in case of 14,527 valid bids[36] pertaining to 7,181 tenders (with tender value of ₹ 3,217.44 crore), bidders used the same IP address, which was also used by departmental users during the tendering process. This included 2,519 tenders valuing ₹ 2,114.87 crore, wherein all the valid bids in these tenders (8,654 valid bids) were placed using same IP addresses as the ones used by the departmental users. It was further observed that in case of 181 out of 14,527 bids, amounting to ₹ 102.28 crore was also awarded the Contract. The actual number of bids that were awarded contracts may be higher since there might be other tenders, details of which were not updated on the portal.

Data analysis further revealed that in 6,978 (valuing ₹ 2,644.43 crore) out of 24,118 tenders[37] (with tender value of ₹ 11,305.69 crore), the bids were submitted by bidders using the same IP address. There was a total of 2,616 bidders who placed 18,221 bids using 3,212 IP addresses in 6,978 tenders. The system did not have any alerts to the TIAs on these suspected bidders using same IPs. The above indicated suspected collusion/cover bidding.

(v) Registration without date of birth details

The correct date of birth is essential for restricting minor bidders and superannuated departmental users from being part of the tendering process. Data analysis revealed that out of 50,903 registered bidders, date of birth of 29 bidders was blank, whereas in case of 30 bidders, it was not in proper format. Likewise, seven[38] departmental users had date-of-birth as blank/not in proper format. This indicated absence of required input validation control in the system. NIC stated (October 2024) that the shortcoming pertaining to the 'minimum age' has been rectified by making it a mandatory field, however the date of compliance and correction in the system has not been provided to Audit. Moreover, NIC stated that the issue of 'maximum age' would be resolved in an upcoming version of the application.

(vi) Departmental users logged in the system post superannuation.

Data analysis revealed that seven departmental users logged-in into the system beyond their superannuation date. Two of these users participated in the tendering process by opening and evaluating the bids. During the test check, audit also noticed that in two out of three departmental users (in two TIAs) had

[36] Out of a total of 41,102 valid bids placed in these 7,181 tenders.
[37] Having at least two bids with the same IP address
[38] One user had blank DOB and six users in not in proper format

participated in tendering process by opening, evaluating and decrypting the bids. This indicated that there was no access control in the system to prevent login of superannuated users, and also there was absence of processing control in the system to prevent the participation of superannuated users in the tendering process.

Further, Audit observed that the superannuation date of the departmental users was not stored in the system. However, considering the age of superannuation to be sixty years, data analysis revealed that there were 347 departmental users who logged in into the system post superannuation.

(vii) Improper registration of bidders and uploading of documents with invalid DSCs

- Test check of 200[39] certificates belonging to 194 bidders revealed that names of the bidders in 10 DSC certificates did not match with the names registered on the e-Procurement portal. Further, test check of 100[40] certificates belonging to 95 departmental users revealed that names of the departmental users in 3 DSC certificates did not match with the names registered on the e-Procurement portal. This indicated that the names of the bidders and departmental users were not validated at the time of registration of DSCs, and that there was absence of mapping of the DSC with the GePNIC user through proper input validation process control in the system. This also meant that the essential attribute of non-repudiation was not ensured by the system.
- Data analysis further revealed that in 50 instances, 42 documents were uploaded by 10 bidders in 12 tenders (with tender value of ₹ 2.59 crore) after the expiry of the validity of their Digital Signature Certificate (DSC). The time difference between the document uploaded date and the DSC validity date ranged around 1 minute to 13 hours. This indicated failure of the system to prevent bidders from uploading documents with invalid DSCs.
- The status 'Registered' signifies registration of user on the e-procurement portal, whereas 'DSC Registered' means registration of the user as well his Digital Signature Certificate on the portal.

  Audit observed that in case of 38 certificates belonging to 32 users (2 departmental users and 30 bidders) status of users whose DSCs were registered on the e-procurement portal was shown as 'Registered' instead of 'DSC Registered'. Likewise, status of 41 users (4 departmental users and 37 bidders) was shown as 'DSC Registered' although their DSCs had expired. This not only shows data

39 Out of 28,399 certificates pertaining to 9,873 DSC registered bidders.
40 Out of 4,176 certificates pertaining to 1,092 DSC registered users.

inconsistency in the system, but it may also affect the data integrity signifying the absence of validation control.

(viii) Lack of input validation over type of tender

Data analysis revealed that there were 227 tenders in which limited mode of tendering was adopted instead of open tendering in violation of provisions of Rule 139 of GFR 2017 which stipulates that limited tender enquiry may be adopted when estimated value of the works is up to Rupees Five Lakh.

Test check of four tenders of 132 Eco Task Force (under Department of Forest) and one tender of Department of Trade and Taxes having tender value of more than rupees five lakh also revealed that limited mode of tendering was used instead of open tendering in violation of provisions of Rule 139 of GFR 2017 which stipulates that limited tender enquiry may be adopted when estimated value of the works is up to Rupees Five Lakh. This shows absence of input validation control in the system over the 'tender type' selected based on its value.

The department ('132 Eco Task Force') in its reply stated (September 2024) that limited mode of tendering were adopted erroneously, however, after that all tenders were floated through open tendering mode. Reply from Department of Trade and Taxes is awaited.

(ix) Irregularities in bid submission

As per Rule 161(vi) of General Financial Rules, ordinarily, the minimum time to be allowed for submission of bids should be three weeks from the date of publication of the tender notice or availability of the bidding document for sale, whichever is later. The rule further stipulates that in cases where the Department also contemplates obtaining bids from abroad, the minimum period should be kept as four weeks for both domestic and foreign bidders.

Data analysis revealed that in 1,46,082 out of 1,54,533 non-global tenders i.e. 94.5 *per cent* of the tenders (valued at ₹ 53,966.48 crores), the time allowed for bid submission was less than 3 weeks[41]. It is pertinent to mention that in 57,785 tenders valuing ₹ 8,344.79 crore, the bid submission time was below seven days. The breakup of the range of days allowed for bid submission against the number of tenders is as given in the **Table 2.6.1**.

[41] When 'Bid submission closing date' was compared with later of the two dates: 'Publish date' and 'Document sale start date'.

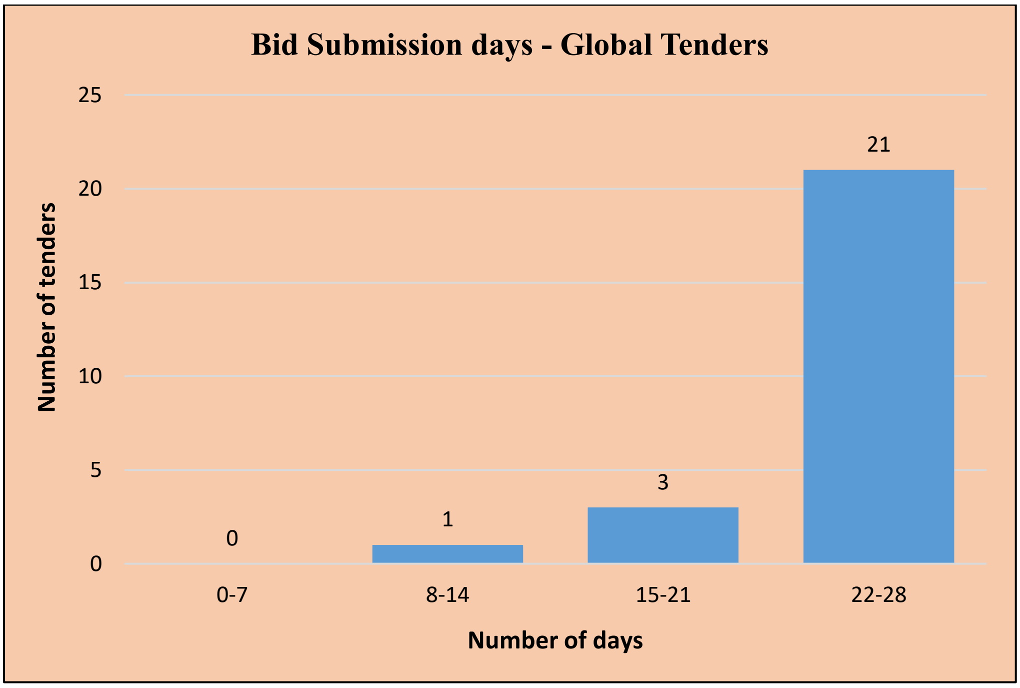
Table 2.6.1: Range of Days allowed for bid submission

Range of number of days allowed for bid submission	Number of tenders
2-3	1
3-6	18784
6-9	77048
9-12	23865
12-15	14897
15-18	6801
18-21	4686
Total	**146082**

Source: Data of e-procurement system

Similarly, in 25 out of 53 global tenders (47.2 *per cent* of the total global tenders) having a tender value of ₹ 132.42 crores, the time allowed for bid submission was less than 4 weeks[42]. This was against the bid submission time stipulated under the above-mentioned rules. The global tenders against the number of bid submission days is shown below in **Chart 2.6.3**.

Chart 2.6.3: Global Tenders – Range of days of bid submission



Source: Data of e-procurement system

[42] When 'Bid submission closing date' is compared with later of the 2 dates: 'Publish date' and 'Document sale start date'. Minimum time allowed was around 10 days.

The above is reflective that the e-procurement system did not have controls related to the minimum bid submission prescribed time provisioned into the system. Reduced bid submission time may lead to a lack of competition or reduced competition resulting in fewer average bidders per tender. On data analysis, it was revealed that the average number of bids per tender did not increase during the period under scrutiny which ranged between 3.54 and 5.88, with 4.23 average bids (till 4 May 2023).

(x) Decrypting of financial packets before technical evaluation

Data analysis revealed that in the case of three tenders valued ₹ 2.04 crore, the financial packet was decrypted before the technical packet in violation of the procedure laid down in General Financial Rules. This was due to fact that the system lacked proper processing control which led to such discrepancy and loss of integrity of data. Further, in absence of related logs, the issue related to back-end manipulation of the packets could not be analysed.

(xi) Rejection of technical bid of L1 bidder after opening of financial bid

Data analysis revealed that in the case of two tenders [43] the bids were rejected during the financial round citing the reason that they did not fulfil technical criteria but were opened/accepted by mistake. This shows an absence of system controls to ensure technical evaluation prior to opening of financial bid. Award of Contract (AOC) details of these tenders were not available in the system to ascertain AOC status.

During the field visits, the audit found instances where there was suspicion of cover bidding based on same registered email, phone number, PAN and the same IP address from where the bids were placed by the bidders.

Thus, the system suffered from functional deficiencies and lacked validation checks to ensure mapping of business rules into the System. It could not detect cases of suspected collusion and cover bidding in respect of use of common mobile numbers, IP addresses and E-mail IDs etc. which is a red flag to probable cartel formation and unfair tender practice.

The issues were communicated (February 2025) to the Government, reply is awaited.

Recommendation 2.6.4: The extant business rules viz GFR, Procurement Manual, etc. should be rigorously mapped into the e-Procurement system.

Recommendation 2.6.5: Vigilance inquiry should be conducted in cases of suspected collusion between bidders and departmental users.

Recommendation 2.6.6: Robust validation controls should be put in place to ensure transparency in the procurement process. Further, system level alerts should be generated to highlight shared credentials of bidders.

[43] Tender IDs '2023_DJB_234817_2' and '2022_DJB_232440_3'

2.6.5 Integrity and reliability of data in the System

The integrity of data relates to the accuracy and completeness of information as well as to its validity in accordance with the business values and expectations. Audit observed lapses in the control mechanism of the department to provide assurance on the data integrity of the System, as mentioned below:

- **Incomplete use of Award of Contract (AOC) module**: Despite the system having a dedicated Award of Contract (AOC) module for uploading details of award of work of the selected bidder, data analysis revealed that out of 1,54,586 tenders, only 5363 tenders (3.47 *per cent*) having tender value of ₹ 3,254.68 crore had AOC details. During data analysis, it was further observed that even out of the 5,363 tenders which were having AOC details in the system, details of bidders to whom these tenders were awarded were not available in case of 5 tenders. The tender stage and the bid status was inconsistent across different database tables in the system in case of 7 tenders. This limited the effectiveness of the e-Procurement system, and the Management Information System (MIS) reports generated would not be reliable and not present real-time data and hence could not be used for monitoring. The shortcoming was confirmed during test check in the LG Secretariat[44] and in Delhi Skill and Entrepreneurship University (DSEU)[45].

- **Financial evaluation details of the tenders not updated:** Data analysis revealed that details of all the stages of the tenders were not being updated in the system. The **Table 2.6.2** below shows the number of tenders along with their last updated tender stage:

Table 2.6.2: Stage-wise number of tenders

Tender Stage	Number of tenders	*Per cent* of tenders
To be Opened	20774	13.44
Technical Opened	7817	5.06
Evaluated Technical	9445	6.11
Financial Opened	64012	41.41
Evaluated Financial	47182	30.52
AOC (i.e. Award of Contract)	5356	3.46
Total	**154586**	**100.00**

Source: Data of e-procurement system

From the above table, it may be seen that financial evaluation details of only around 34 *per cent* of the tenders (i.e. 30.52 + 3.46) were updated in the system. This indicated that the system did not update the financial

[44] Tender ID '2022_LGS_230768_1'
[45] Tender ID '2022_DSEU_ 219603_1'

evaluation details of majority of the tenders. There were around 41 *per cent* tenders which were financially opened but their financial evaluation details were not updated in the system. Thus, MIS reports would not show true and fair information.

- **Tenders were mapped against incorrect TIAs:** Data analysis revealed that 497 tenders of Irrigation and Flood Control Department (I&FCD) having tender value of ₹ 1,106.04 crore were mapped against wrong Tender Inviting Authorities (TIAs) at the divisional level. Thus, due to incorrect mapping, the system cannot generate correct and reliable MIS reports in such cases. The above discrepancy was also noticed during test check of three selected tenders[46] in I&FCD. The matter was communicated to the department (September 2024), the reply is awaited.
- **Irrelevant and incomplete documents were uploaded during tender evaluation:** Relevant and complete documents related to each stage of tender evaluation should be uploaded by the departmental users to ensure transparency in the tendering process. Audit observed 10 such documents pertaining to 9 tenders wherein documents related to evaluation summary/opening of bids were uploaded without any relevant details. In one instance, only 'Price Bid Opened' was mentioned, whereas, in other cases, the designation or names of the departmental users were only provided without any evaluation summary. This was due to tender evaluation process carried out manually outside the system, because of which proper validation control could not be incorporated in the system to prevent such irregularities.
- **Mismatch in tender value and BoQ data:** It was observed that the database did not store the total BOQ estimated cost prepared by TIAs, the total bid amount entered by the bidders and the system-generated ranks assigned in the comparative statement to ensure complete details of tender processing. Mismatch was also observed in tender value and BOQ in the System. There were 3,692 tenders in which the difference was greater than rupee one and in one tender the value was as high as ₹ 274.60 crore. This meant that TIAs were not diligent enough while entering tender values in the System. Moreover, the system did not have proper validation control to ensure consistency in the data between the two datasets.

- **Unauthorised charging of tender fee to bidders by the TIAs:** Data analysis revealed that TIAs were charging tender fee from the bidders for participating in bidding despite the assurance given (March 2021) by the Department, through action taken note, to have issued instructions

[46] Tender ID No. 236954, 241506 and 243408

(1 January 2019) to all TIAs not to charge tender fee from bidders and to NIC to modify the tender. Audit observed that for the tenders published after 1 January 2019 till 4 May 2023, 188 TIAs in 47,876 tenders valuing ₹ 23,408.03 crore had charged tender fees from 1,63,411 bids. This indicated laxity in monitoring of its own instructions by the Department. Further, the system was also not configured to prevent the tender publishers from requesting tender fees while publishing the tenders in the system.

Thus, due to incorrect mapping of tenders, incorrect/incomplete inputs into the system and absence of follow-up of instructions issued to TIAs, the reliability and integrity of the data in the System was compromised showing inadequate built-in control mechanisms.

The issues were communicated (February 2025) to the Government, reply is awaited.

Recommendation 2.6.7: To ensure robust and secure e-procurement platforms, the Government must ensure the completeness and correctness of data by putting in place effective internal controls and checks in the e-Procurement system.

Public Works Department

2.7 Avoidable payment of ₹ 5.63 crore on deviated quantities relating to dewatering

During execution of the work, the estimated quantities of three items for dewatering works had to increase from ranging 108 *per cent* to 2545 *per cent*. Huge variation in quantities was due to mistakes in the quantities taken in the agreement, which directly related to the depth of the sub soil water and multiplying factor. Not exercising of financial prudence and due diligence in working out the estimated quantities resulted in enhancement of deviation for more than permissible as per agreement and led to making of avoidable payment of ₹ 5.63 crore.

Rule 21 (i) of General Financial Rule 2017 stipulates that every officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money. Section 3.1.1.6 of CPWD Manual provides for issuing of technical sanction consisting of Geotechnical Investigation Report and Structural drawings for the foundation and preliminary structural drawings of the Superstructure to calculate quantities of the items, etc. before inviting tenders. Moreover, as per Section 5.11 of the Manual, the rates for extra items, substitute items, and deviations in the Agreement items beyond the limit specified in Schedule F of the Agreement shall be based on provisions in General Conditions of Contract.

The civil work of Construction of New Block for Medicine, Maternity and Advanced Paediatric Centre at Lok Nayak Hospital was technically sanctioned by Public Works Department (4 November 2019) for ₹ 347.83 crore. The estimate included a provision of ₹ 65.82 lakh for three items of work relating to dewatering, for maintaining water table during construction.

Scrutiny of records of the Executive Engineer, Hospital Project Division, Central, revealed that the work was awarded on 13 October 2020 (Agreement No.4 2020-21) to a contractor for ₹ 465.53 crore (Civil- ₹ 328.75 crore and Electrical- ₹ 136.78 crore) with stipulated dates of start and completion of the work as 4 November 2020 and 3 May 2023 respectively. The payment of ₹ 167.36 crore was made to the contractor till 29th Running Account Bill (including the payment made for three items of dewatering).

Audit observed that during execution of work the estimated quantities of three items for dewatering works increased from 4190 cubic per meters, 67550 meters and 5472 cubic meters to 8720.31 meters (108 *per cent*), 414335.69 meters (513 *per cent*) and 144753.72 meters (2545 *per cent*) respectively. It was further observed that the huge variation in quantities was due to mistakes in the quantities taken in the agreement, which directly related to the depth of the sub soil water and multiplying factor (centre of gravity of RCC and earth work). This led to an avoidable payment of ₹ 5.63 crore at market rates in terms of Schedule F of the agreement, as depicted in the table below:

(Amount in ₹)

Item No.	Agreement quantities	Actually executed	Net deviated quantity	Permissible Deviation (%)	Excess quantities where agreement rates to be paid	Quantities where market rates paid	Agreement rates	Market rates	Avoidable payment
1	**2**	**3**	**4 (Col. 3-2)**	**5**	**6 (Col. 2x100/ 30 *per cent*)**	**7 (Col. 6-3)**	**8**	**9**	**10 Col. (9-8)x7**
2.4	4190	8720.31	4530.31	30	5447	3273.31	474.24[47]	896.54	1382319
2.5	67550	414335.69	346785.69	100	135100	279235.69	25.19[48]	40.68	4325361
3.16	5472	144753.72	139281.72	30	7113.60	137640.12	474.24[49]	842	50618531
Avoidable payment									**56326211**

Thus, not exercising of financial prudence and due diligence in working out the estimated quantities resulted in enhancement of deviation for more than permissible as per agreement and led to making of avoidable payment of ₹ 5.63 crore at market rates on the deviated quantities of three items relating to dewatering.

[47] Estimated Rate-₹ 474.50 Add Cost Index-15.69 *per cent* less Cost Index-9.50 *per cent* less contractor rebate-4.54 *per cent* = ₹474.24

[48] Estimated Rate-₹ 25.20 Add Cost Index-15.69 *per cent* less Cost Index-9.50 *per cent* less contractor rebate-4.54 *per cent* = ₹ 25.19

[49] Estimated Rate-₹ 474.50 Add Cost Index-15.69 *per cent* less Cost Index-9.50 *per cent* less contractor rebate-4.54 *per cent* = ₹ 474.24

Responsibility needs to be fixed for the lapse causing huge financial loss to the government.

The matter was communicated (28 May 2024) to the Department, its reply is awaited.

Department of Transport

2.8 Loss of interest of ₹ 5.50 crore due to delay in investment of surplus funds

The DTC EPF Trust failed to timely invest the surplus funds of the employees' provident fund contributions during the period April 2020 to March 2023, which resulted in a potential loss of interest of ₹ 5.50 crore.

As per the notification (May 2015) of the Ministry of Labour and Employment, Government of India, every employer in relation to an establishment exempted under Section 17 of the Employees' Provident Fund and Miscellaneous Provision Act 1952 (Act), shall transfer the monthly provident fund contribution in respect of the establishment or employees within 15 days of the close of the month to the Board of Trustee duly constituted in respect of that establishment and the Board of Trustee shall invest, contributions and interest as reduced by any obligatory outgoings, every month within a period of two weeks from the date of receipt of the said contributions.

Scrutiny of records of the Delhi Transport Corporation Employees' Provident Fund Trust (Trust) for the period 2020-23 showed that as of March 2023, a total of 31,436 DTC employees were registered with it. The Trust was investing surplus funds in Central Government Securities, Public Sector Undertaking Bonds, Special Deposit Accounts and Equities and related investments in mutual funds. As of March 2023, the Trust had a total investment of ₹ 1321.08 crore.

It was observed that the Trust maintained three[50] active bank accounts and deposited the amount of contribution received from DTC employees towards employee provident fund and met its obligatory outgoings from its Canara Bank account. Only in case of shortage of funds in the account, money was transferred **(Annexure 2.7)** from the Axis Bank investment account.

However, the statements of Axis Bank account for the period from April 2020 to March 2023 showed that total of ₹ 1979.73 crore remained uninvested with

[50] Though amount received in the Axis Bank Account should have been invested at the earliest, period of one month has been taken in view of provisions of Ministry of Labour, GoI notification of May 2015 and ease of calculation. Amount not invested during a month has been calculated by deducting the amount debited during the month from the opening balance for the said month.

the bank for more than one month[51] **(Annexure 2.8)** in violation of Ministry of Labour, GoI notification of May 2015, resulting in potential loss of interest of ₹ 5.50 crore.

The Trust, in its reply, stated (May 2024) that 100 *per cent* of the funds were not invested as the trust had to keep around ₹ 50 crore for obligatory outgoing payments on final settlement of retiring employees, issue of refundable and non-refundable loans to employees, etc. The reply of the Trust is not acceptable as the Trust met its obligatory outgoing from its Canara bank account and average monthly transfer from the investment Account (Axix Bank) to the Payment account (Canara Bank) was on ₹ 8.72 crore during the entire audit period. Further, while calculating the uninvested balances lying in the Axix Bank investment account for more than one month, amount of current month credit therein has already not been taken into account by the audit considering liquidity aspect of the trust.

Audit is of considered view that the Trust should designate officials and assign them the responsibility for timely investment of surplus funds, as required by the referred notification, and to protect the interests of the employees/stakeholders.

Urban Development Department

Delhi Jal Board

2.9 Avoidable payment of ₹ 1.56 crore

Taking of electrical connection in the name of agency providing services for operations and maintenance work resulted in payment of electricity bills (under non-domestic category) at higher tariff of ₹ 8.50 per kVAH, despite having provision of lesser rate (₹ 6.25 per kVAH) fixed for public utility like DJB. Avoidable payment of ₹ 1.56 crore was made to the agency towards escalation in electricity cost.

Delhi Jal Board entered into an agreement (7 June 2021), for a period of 11 years, with M/s Pratibha Mosizhstroi Consortium (M/s PMC) for operations and maintenance (O&M) work of Interceptor Sewers along Najafgarh, Supplementary and Shahdara drains. As per Clause 55 (Addendum No. 7) of the contract agreement, M/s PMC was entitled to payment for escalation on electricity charges.

[51] The third account was for maintaining the contribution from the Canteen Employees.

As per electricity tariff of BSES Rajdhani Power Limited (BRPL) for 2021-22, prescribed rate for M/s PMC (under Non-domestic category) was ₹ 8.50 per kVAH, while prescribed rate for DJB for this public utility work was ₹ 6.25 per kVAH.

Audit observed that the contract agreement imprudently allowed escalation in price variation in electricity due to taking of electrical connection in the name of M/s PMC instead of having it in the name of DJB, which would have provided subsidized rates prescribed for public utilities. This is especially relevant as in October 2018 BRPL had written to DJB to get electricity connections transferred in its own name to avail lower tariffs in the context of the previous contract for the O&M work for these Interceptor Sewers. However, the DJB imprudently adhered with the escalation clause in its contract with M/s PMC and belatedly took up the matter for change in name with the BRPL only in May 2022, submitting the requisite documents to DJB as late as May 2023. Eventually, the electrical connection was transferred in the name of DJB w.e.f 28 December 2023 and thereafter electricity bills are being received at the reduced rate of ₹ .25 per kVAH.

Resultantly, the agency submitted three escalation bills on account of increase in electricity charges amounting to ₹ 8.24 crore of which ₹ 4.81 crore has been paid by DJB (January 2023). The agency was yet to submit the escalation bill (at the rate of ₹ .50 per kVAH) for the period December 2022 to December 2023.

Failure of the DJB to get electricity connection in its own name before executing agreement with M/s PMC in June 2021 and subsequent delay in getting the connection transferred from the name of the vendor to its own name resulted in avoidable payment of ₹ 1.56 crore[52] **(Annexure 2.9)** and also creating liability towards third escalation bill of ₹ 1.06 crore. Moreover, escalation of electricity charges for the period from December 2022 to December 2023 was yet to be claimed separately.

In its reply, DJB stated (March 2025) that the contract agreement nowhere says that the electrical connection was to be taken in the name of Delhi Jal Board and the escalation bills were paid as per the contract agreement based on non-domestic High-Tension Tariff applicable at the rate of ₹ 8.50 per unit for individual consumer, after taking necessary approval from the competent authority.

Reply is not acceptable, as despite being aware that an electrical connection in the name of Delhi Jal Board would facilitate payment of electricity charges at a lesser rate, the matter was not factored in at the contract stage and even thereafter it was not progressed expeditiously resulting in avoidable additional

[52] 1st bill amount ₹ 1.07crore + 2nd bill amount ₹ 0.49 crore for two escalation bills

payment/creation of liability of ₹ 2.62 crore on account of escalation of electricity charges for the period from June 2021 to December 2023. Audit recommends that DJB review all such ongoing agreements, and initiate action to transfer the electrical connections in its own name to prevent leakage of revenue.

New Delhi **(NAZLI J. SHAYIN)**
Dated: 15 April 2026 **Principal Accountant General (Audit), Delhi**

Countersigned

New Delhi **(K. SANJAY MURTHY)**
Dated: 22 April 2026 **Comptroller and Auditor General of India**