Chapter III: Civil Departments

Health and Family Welfare Department

3.1 Avoidable expenditure on purchase of oxygen cylinders

Inability of Deen Dayal Upadhyay Hospital to get an Oxygen Concentrator repaired within the warranty period led to an avoidable expenditure of Rs. 34.25 lakh on procurement of 38,813 oxygen cylinders from local source.

Oxygen Concentrator generates medical grade oxygen from the atmospheric air and the oxygen so produced is supplied to patients through the central gas pipeline system of the hospital. It is a life saving equipment that ensures uninterrupted supply of oxygen critically required for the patients in intensive care unit and operation theatre.

Deen Dayal Upadhyay Hospital (hospital) procured in July 1999 an Oxygen Concentrator and a compatible Compressed Air System through the DGS&D[1] at a cost of £ 72,700 and Rs. 22.67 lakh respectively. While the Oxygen Concentrator was imported from a foreign firm through its Indian agent in New Delhi, the Compressed Air System was sourced locally. The Oxygen Concentrator and the Compressed Air System were installed in the hospital in May 2001.

Audit scrutiny of the records of the hospital revealed that the Oxygen Concentrator had remained non-functional for long periods on three occasions *viz.*, 16 July 2003 to 27 January 2004; 03 March to 05 May 2005; and 24 November 2005 till 15 July 2007. In order to maintain uninterrupted supply of medical oxygen to patients during the downtime period, the hospital had to procure oxygen cylinders from local sources. Audit observed that due to non-functioning of the Oxygen Concentrator, 38,813 extra cylinders were procured locally and consumed between 16 July 2003 and 15 July 2007 at a total cost of Rs. 34.25 lakh, as detailed below:

[1] *Directorate General of Supplies and Disposals*

Period during which the Plant remained non-functional		Total No. of days	Net extra consumption of cylinders[2]	Quantity of oxygen consumed (@ 7 cu m per cylinder)	Rate per cubic meter	Total Value (including VAT) (Rs.)	Less cost of defective cylinders/ less pressure (Rs.)	Net total expenditure incurred (Rs.)
From	**To**							
16-July-03	10-Dec-03	148	5773	40411	11.72	492,561.60		492,561.60
11-Dec-03	27-Jan-04	48	1958	13706	9.95	141,829.69		141,829.69
3-Mar-05	3-May-05	62	2569	17983	10.10	188,893.43		188,893.43
24-Nov-05	16-Oct-06	327	15088	105616	12.00	1,318,087.68	14,562.00	1,303,525.68
17-Oct-06	31-Mar-07	166	7412	51884	13.00	701,471.68	9,267.00	692,204.68
1-Apr-07	15-Jul-07	106	6013	42091	13.00	612,844.96	6,696.00	606,148.96
Grand Total		**857**	**38813**	**271691**		**3,455,689.04**	**30,525.00**	**3,425,164.04**

The hospital stated (June 2007) that the Oxygen Concentrator became non-functional on 24 November 2005 as the vacuum pump required repair/replacement. Efforts to get the vacuum pump repaired did not fructify and it was finally decided to import the vacuum pump directly from the OEM[3]. However, the procurement was delayed due to change in the ownership of the OEM, which was beyond its control. The hospital further stated that the new vacuum pump had already arrived in the hospital and the job for restoring the Oxygen Concentrator in working condition was underway. Under these circumstances, the hospital clarified that it had no option but to outsource the requirement of oxygen to a local firm, in order to maintain uninterrupted supply of oxygen to the patients. Hence, the expenditure incurred on oxygen cylinders was unavoidable.

The reply needs to be viewed in the context of the options that were available to the hospital to remedy the situation by invoking the warranty clause. The plant was under warranty (including free spare parts and labour) up to December 2004 and, thereafter, it was covered by an extended free after sales service of two years i.e. up to December 2006 (with replacement of parts chargeable). The warranty clause in the contract specifically provided that in the event of failure of the contractor to rectify the defects within a reasonable time, he would be liable to pay to the purchaser such compensation as may arise by reasons of the breach of warranty. Since the Oxygen Concentrator became non-functional while it was under warranty or during the extended free after sales service period, the hospital should have effectively invoked the provisions of warranty clause to rectify the defects and/or claim suitable compensation from the firm as per terms of the contract for breach of warranty.

Further, while the hospital took 20 months (November 2005 to July 2007) to arrange the new vacuum pump valued at € 10,620 (Rs.6.03 lakh), it spent nearly Rs. 26 lakh during the same period on procurement of 28,513 extra

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[2] *After allowing for consumption of 386 cylinders per month that would have been normally required during ideal running conditions.*

[3] *Original Equipment Manufacturer*

oxygen cylinders to maintain regular supply of oxygen in the hospital. This was enough testimony of the fact that the matter was not pursued by the hospital with a sense of urgency and due regard to economy.

Thus, inability of the hospital to get the Oxygen Concentrator repaired timely despite having warranty coverage led to an avoidable expenditure of Rs. 34.25 lakh on procurement of 38,813 oxygen cylinders. An expenditure of approximately Rs. 1.20 lakh per month will continue to be incurred by the hospital on purchase of additional cylinders till the Oxygen Concentrator is made functional.

The matter was referred to the Government in April 2007; their reply was awaited as of November 2007.

3.2 Delay in installation of medical equipment

Failure of Dr. Baba Saheb Ambedkar Hospital to get two vital medical equipment installed even after two years of their receipt rendered the investment of Rs. 19.67 lakh unfruitful, besides affecting adversely the patient care services.

Dr. Baba Saheb Ambedkar hospital, a multi-disciplinary hospital located at Rohini, caters to the medical and health care needs of the residents of North and North-West Delhi. Scrutiny of the records of the hospital revealed that two vital medical equipment costing Rs. 19.67 lakh could not be installed even after two years of their receipt resulting in idle investment, lapse of significant part of warranty period without use, and affecting patient care services for which the equipment were procured. The cases are discussed below.

Orthopantogram dental X-ray equipment

Orthopantogram (OPG) is a dental unit that facilitates full mouth X-ray to be taken extra orally. Based on an indent of the hospital (January 2003), the Equipment Procurement Cell (EPC) of the Health and Family Welfare Department, Government of NCT of Delhi placed an order in February 2004 on a foreign firm in Finland through its Indian agent in New Delhi for supply of an OPG equipment at a cost of €19,527 (Rs. 10.28 lakh). The equipment was shipped in August 2005 and received in the hospital in September 2005. An expenditure of Rs. 9 lakh was incurred by the hospital on (i) release of 80 *per cent* of the cost of equipment against shipping document, (ii) payment of custom duty, and (iii) purchase of 5 KV Voltage Stabilizer for running the OPG equipment.

Audit observed that the equipment has not been installed and put to use as of August 2007 i.e. even after two years of its receipt.

The hospital management stated (April 2007) that description/specifications of the stores were not received with the copy of the supply order (Acceptance of Tender) issued by the Additional Secretary (Health). In the absence of relevant details, the OPG equipment, upon its receipt, could not be inspected and installed.

The explanation given by the hospital management for delay in installation of the OPG equipment lacked rationale as the hospital was required to check the A/T for its completeness/correctness and point out the discrepancies, if any, to the Additional Secretary (Health) within 21 days of its receipt. The hospital, however, informed the Health and Family Welfare Department about non-availability of specifications only in April 2006 i.e. 24 months after the receipt of Acceptance of Tender (A/T) and six months after receipt of the equipment in the hospital. The hospital, therefore, cannot escape responsibility for significant delay in installation of the equipment on the ground of non-availability of specifications. Audit observed that one identical OPG equipment was also supplied (June 2004) to Maulana Azad Dental College by the same supplier under the same supply order. The equipment was satisfactorily installed in the Dental Radiology Department of the College in December 2004.

The hospital management also stated (August 2007) that they were in touch with the firm for installation of the equipment and would release balance payment of 20 *per cent* to the firm only after installation. Audit however observed that the Indian agent had cautioned the hospital in July 2007 of cancellation of warranty due to delay in release of balance payment. The firm blamed the hospital for delay of over one year in opening the letter of credit and two years in getting the site ready for installation.

Thus, the OPG equipment could not be installed and put to use even after two years of its receipt and an investment of Rs. 9 lakh due to inefficiencies on the part of the hospital administration. Continuing delay in installation of the OPG equipment has already led to lapse of 40 *per cent* of the warranty period as of August 2007.

Multi Parameter Monitor

Multi Parameter Monitor is a vital medical device used for monitoring of patient's heart rate /pulse, blood pressure, oxygen/carbon dioxide saturation, invasive blood pressure etc. It is also an essential equipment for operation theatres.

The hospital placed an indent in November 2002 on the EPC for procurement of two Multi Parameter Monitors. The EPC placed an order (February 2004) on a foreign firm in Finland through its Indian agent in New Delhi for supply of two Multi Parameter Monitors at a cost of US$ 27,761 (Rs. 12.71 lakh). The monitors were received in the hospital in September 2005 but could not be installed as of August 2007. An expenditure of Rs. 10.67 lakh was incurred by the hospital on release of 80 *per cent* of the cost of equipment against shipping document, payment of custom duty, and custom clearance.

Audit observed that a Committee constituted by the hospital for inspecting the stores noted (March 2006) that the accessories were not compatible with the monitors and two pediatric saturation probes were short supplied. However, instead of bringing the discrepancies to the notice of the firm immediately, the hospital took up the matter with the Indian agent only in April 2007 i.e. one year after the inspection of stores. The Department asked (2 August 2007) the Indian agent to complete the installation within 15 days failing which action would be initiated for debarring/blacklisting the firm and forfeiting its security deposit.

The firm neither made good the deficiencies nor installed the monitors as of November 2007. Delay in installation of the monitors by 24 months badly affected patient care services of the hospital and also led to loss of 39 *per cent* of the warranty as of August 2007. Department also did not effectively monitor that the end user/hospital make necessary arrangements to get the equipment installed and commissioned within the time frame stipulated in the contract conditions.

The above cases are pointers to serious deficiencies in contract administration of medical stores in the hospital and weakness in the internal oversight mechanism in the department.

The matter was referred to the Government in June 2007; their reply was awaited as of November 2007.

3.3 Wasteful expenditure on procurement of an incinerator

One incinerator of 100 kg/hour capacity installed at G.B. Pant Hospital in February 2003 could not be put to use for the last 4½ years. The hospital continues to dispose off its bio-medical waste through the common incineration facility at Lok Nayak Hospital, thereby rendering the expenditure of Rs. 20.53 lakh on procurement of incinerator wasteful.

G.B. Pant Hospital had two single chambered incinerators of 50 kg/hour capacity each. Since these incinerators were old and did not meet the emission norms prescribed by the Central Pollution Control Board, the hospital stopped using these incinerators for disposal of bio-medical waste since 1992. From 1992 onwards, this hospital is using the incineration facility of Lok Nayak Hospital, which is adjacent.

In June 2000, G.B. Pant Hospital proposed to procure one double chambered incinerator of 100 kg/hour capacity in replacement of the two existing 50 kg/hour incinerators. Administrative approval and expenditure sanction was accorded in August 2000 and the work was awarded in August 2001. The incinerator was installed in the hospital in February 2003 at a cost of Rs. 20.53 lakh.

Meanwhile, in a meeting chaired by the then Minister of Health (September 2002) on bio-medical waste management, it was decided that the G.B. Pant Hospital would use common treatment facilities rather than individual facilities. Based on the decisions taken in the meeting, directions were issued for not installing any new incinerator in the hospital.

In view of the moratorium imposed by the Government on the use of the new incinerator, G.B. Pant Hospital did not operationalize the new incinerator since its installation in February 2003 and it continues to dispose off its bio-medical waste in the common incineration facility at Lok Nayak Hospital. The new incinerator is lying idle at G.B. Pant Hospital for the last 4½ years (February 2003 to July 2007).

Audit examination further disclosed that the quantity of bio-medical waste generated did not justify procurement of a separate incinerator for G.B. Pant Hospital as discussed below:

(a) The average quantity of bio-medical waste generated per day by G.B. Pant Hospital during 2006-07 ranged from 71 kg to 171 kg only. On the other hand, the incinerator installed in Lok Nayak Hospital had a capacity to dispose off 1050 kg of bio-medical waste per day[4], which was sufficient to cater to the requirements of both the hospitals as well as of the nearby hospitals.

(b) Incinerator installed in Lok Nayak Hospital had a larger capacity to dispose off bio-medical waste and G.B. Pant Hospital had been using this common treatment facility for the past 15 years.

Thus, unnecessary procurement of an incinerator by G.B. Pant Hospital and its non-utilisation led to wasteful expenditure of Rs. 20.53 lakh.

The matter was referred to the Government in July 2007; their reply was awaited as of November 2007.

[4] *The incinerator has a capacity to dispose off 150 kg of bio-medical waste per hour with average running of six to seven hours per day. Thus, per day capacity would be 150X7=1050 kg.*

3.4 Unfruitful expenditure on purchase of infant ventilators

Two infant ventilators procured by Lok Nayak Hospital through an Indian agent of a foreign firm could not be installed even after 26 months of their receipt due to various defects. Consequently, the Hospital could not derive intended benefits from the investment of Rs. 13.22 lakh on procurement of these ventilators.

Neonatal/ infant ventilators are sophisticated electronic air pumps used to provide ventilatory supports to sick newborns especially during post-operative period.

Lok Nayak Hospital placed an indent in November 2003 on the Equipment Procurement Cell (EPC) of the Health and Family Welfare Department, Government of NCT of Delhi for purchase of two infant ventilators for its Paediatric Surgery Department. The EPC accordingly placed a supply order in March 2005 on a foreign firm through its Indian agent M/s Rohanika Electronics & Medical systems, New Delhi for supply of two infant ventilators at a total cost of US$ 33,768. The ventilators were received in the hospital in June 2005 and issued to Paediatric Surgery Department in September 2005. The hospital released a total amount of Rs. 13.22 lakh to the supplier as of 30 August 2007.

Audit examination of the procurement disclosed the following:

(i) During installation of ventilators (October 2005) in the user Department, serious defects/problems were encountered, which could not be rectified by the suppler. As display of parameters on the ventilators was erratic, the Paediatric Surgery Department used the ventilators for clinical monitoring only for a few days. The Department had to stop (20 October 2005) using these ventilators after an incident of a patient having near cardiac arrest due to erratic functioning of the equipment. The defective ventilators were finally rejected by the Paediatric Surgery Department in December 2005 and returned to Equipment Store of the hospital in January 2006. The ventilators were lying unused in the store as of August 2007.

(ii) The ventilators offered by M/s Rohanika did not meet the technical specifications fully as per the technical evaluation report. Despite two other fully technically compliant offers being available, offer of M/s Rohanika was considered and accepted.

(iii) Despite being requested by the hospital, the supplier neither rectified the defects nor installed the ventilators. The ventilators had a warranty of 60 months from the date of installation or 63 months from the date of shipment, whichever was earlier. The supply order provided for payment of compensation to the hospital for breach of warranty in the event of supplier's inability to rectify the defects within a reasonable period. However, the hospital did not claim any compensation from the supplier for breach of warranty.

(iv) A substantial portion (41 *per cent*) of the warranty period had already elapsed even before the equipment could be installed and put to any beneficial use.

Thus, the infant ventilators could not be installed even after 26 months of their receipt resulting in unfruitful expenditure of Rs.13.22 lakh.

The matter was referred to the Government in June 2007; their reply was awaited as of November 2007.

Department of Home

3.5 Non-recovery of licence fee

Departmental authorities failed to evict unauthorized occupants of Government quarters and recover licence fee and damages amounting to Rs. 37.93 lakh.

Rules[5] provide that in the event of death of an officer, his/her family may be allowed to retain the residence free of rent for a period of one month from the date of officer's death and for a further period of three months on payment of rent as prescribed. Thereafter, damage charges are to be levied for the duration of overstay as per Supplementary Rule 317B-22. In case, the family of deceased employee fails to vacate the accommodation or pay licence fee/market rate of licence fees (damage charges), the Estate Officer may initiate action against the defaulter for eviction and recovery of pending dues under the Public Premises (Eviction of Unauthorised Occupants) Act, 1971.

Test check of records of Delhi Fire Service (DFS), Connaught Place and Bhikaji Cama Place revealed that the families of eight deceased employees had been occupying Government accommodation unauthorisedly for various periods ranging from 4 to 17 years during 1990 to 2007. An amount of Rs. 37.93 lakh was recoverable from the families of these deceased employees as of June 2007. The Department could neither evict the unauthorised occupants nor recover the licence fee/damage charges from them as prescribed under rules.

[5] *GOI's order below Supplementary Rule 316-A & Fundamental Rule 45-A.*

DFS, Bhikaji Cama Place confirmed (August 2007) that no recoveries were effected from the defaulters and DFS, Connaught Place did not furnish any explanation.

The matter was referred to the Government in June 2007; their reply was awaited as of November 2007.

Public Works Department

3.6 Avoidable expenditure due to inaccurate estimates

Department sanctioned a detailed estimate of work for Construction of District Courts at Rohini without accurately assessing the quantity of items of work to be executed. This led to an avoidable expenditure of Rs. 74.69 lakh on account of payment to the contractor at market rates for the quantity of items executed over and above the limits prescribed in the agreement.

CPWD Works Manual (Sections 2.22 and 23.8.1) stipulates that on receipt of administrative approval and expenditure sanction, detailed estimates should be prepared accurately, based on adequate data, for obtaining technical sanction. The payment of deviation items beyond the permissible limit is to be made as per schedule 'F' of the contract which provides for a deviation limit up to 100 *per cent* in respect of 'foundation work' for which the contractor is to be paid at agreement rates only. If deviations are beyond 100 *per cent*, *m*arket rates will be applicable. For 'other than foundation work', a deviation limit of 30 *per cent* is allowed for payment at the agreement rates, and market rates are payable to the contractor in deviations exceeding the limit of 30 *per cent*.

Test check of records of the office of the Project Manager, Delhi College of Engineering revealed that administrative approval and expenditure sanction of the competent authority for work of Construction of District Courts at Rohini was conveyed in July 2000. A detailed estimate for the work was technically sanctioned by Chief Engineer, PWD Zone-II in November 2000. The Executive Engineer awarded the work to a contractor in March 2001 at a tendered cost of Rs.26.42 crore. The stipulated dates of start and completion were 13 March 2001 and 12 January 2003 respectively. As per Schedule 'F' of the agreement, payment was to be made to the contractor at the agreement rates for execution of any deviated/extra item of foundation up to 100 *per cent* and other works up to 30 *per cent.* Market rates were to be paid in deviations beyond the above limits.

Scrutiny of records revealed that the detailed estimates, which were technically sanctioned by the Chief Engineer, PWD Zone-II, were inaccurate as the actual quantity of items for the execution of the civil works was more than the estimated quantities. As such, there were huge deviations in 12 items. It was noticed in audit that the deviation in quantities ranged from 43 *per cent* to 1069 *per cent*. The payment was made to the contractor at the agreement rates up to limit provided in schedule 'F' and at market rates for quantity exceeding prescribed maximum limit. Since the market rates were higher, the Department had to incur an extra avoidable expenditure of Rs. 74.69 lakh up to the 55th Running Account Bill paid in March 2006. The details are in Annexure- 'A'.

Had the detailed estimates prepared by the consultant been checked properly by the Chief Engineer and quantities been estimated correctly, the extra expenditure of Rs.74.69 lakh could have been avoided.

The matter was referred to the Government in May 2007; their reply was awaited as of November 2007.

Annexure- 'A'
Statement showing item-wise extra expenditure

Sl. No.	Agreement item No.	Agreement quantity	Total Quantity executed	Deviation quantity and percentage of deviation	Quantity executed at agreement rate	Quantity. executed at market rate	Market rate (Rs)	Agree-ment rate (Rs)	Difference in rate (Rs).	Excess payment (Rs.)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
				(2-3)		(3-5)			(7-8))	(6x9)
Foundation Work										
1	1.2 (a)	14480.00	33313.29	18833.29 (130.06%)	28960.00	4353.29	19.50	10.00	9.50	41,356
2	1.6	5790.00	17600.59	11810.00 (203.98%)	11580.00	6020.59	57.79	44.00	13.79	83,024
Other than Foundation Work										
3	3.1 b(i)	1740.00	2525.70	785.70 (45.15%)	2262.00	263.70	2,406.56	2,200.00	206.56	54,470
4	3.1 b(ii)	6040.00	8642.98	2602.98 (43.10%)	7852.00	790.98	2,523.92	2,200.00	323.92	2,56,214
5	3.4(h)	1000.00	8879.02	7879.02 (787.90%)	1300.00	7579.02	393.06	120.00	273.06	20,69,527
6	3.4(i)	1000.00	4727.05	3727.05 (372.70%)	1300.00	3427.05	200.72	150.00	50.72	1,73,820
7	3.5(a)	3300.00	36919.55	33619.55 (1018.77%)	4290.00	32629.55	46.00	30.00	16.00	5,22,073
8	6.9	32500.00	89611.95	57111.95 (175.73%)	42250.00	47361.95	40.00	28.00	12.00	5,68,343
9	6.10	4700.00	20789.17	16089.17 (342.32%)	6110.00	14679.17	56.32	28.00	28.32	4,15,714
10	6.11	3700.00	12180.67	8480.67 (229.21%)	4810.00	7370.67	263.18	220	43.18	3,18,266
11	9.9.1(a)	1269.00	14836.62	13567.62 (1069.15%)	1649.70	13186.92	764.52	550	214.52	28,28,858
12	9.9.2(a)	390.00	2696.14	2306.14 (591.32%)	507.00	2189.14	662.90	600	62.90	1,37,697
Total										**74,69,362**

3.7 Unintended benefit to a contractor

Executive Engineer, PWD-XX failed to adhere to the orders of DG Works issued in February 2003 and charged interest at the rate of eight *per cent* on mobilisation advance and plant & machinery advance paid to a contractor, instead of the stipulated rate of 10 *per cent*. This resulted in undue benefit of Rs.14.29 lakh to the contractor.

CPWD Manual Volume-II and general conditions of the agreement provide that mobilization advance and plant & machinery advance not exceeding five *per cent* of the estimated cost put to tender or five *per cent* of the tendered amount, whichever is less, can be given to a contractor. Such advance would bear simple interest at the rate of 18 *per cent* per annum to be calculated from the date of payment to the date of recovery. In a specific order issued on 6 February 2003, the Director General Works prescribed the rate of interest of 10 *per cent per annum* to be charged on mobilization advance and plant and machinery advance paid to contractors by the Public Works Divisions.

Executive Engineer, PWD Division-XX awarded the work of construction of Kalindi By Pass from Kalindi colony Ring Road to Kalindi Kunj to M/s. Rani Construction (Pvt.) Ltd in April 2003 at a tendered amount of Rs.63.41 crore against the estimated cost of Rs.61.74 crore put to tender with the stipulated dates of start and completion being 15 May 2003 and 14 May 2005 respectively. The Division paid mobilization advance and plant & machinery advance totaling Rs.2.00 crore to the contractor in five instalments between June 2003 and February 2004 as detailed below:

	Mobilisation Advance		Plant & Machinery Advance	
Sl. No.	**Date of Advance**	**Amount of Advance (Rs. in lakh.)**	**Date of Advance**	**Amount of Advance (Rs. in lakh.)**
1	13.06.2003	55.00	02.09.2003	50.00
2	20.06.2003	40.00	24.11.2003	50.00
3	06.02.2004	5.00		
	Total	**100.00**	**Total**	**100.00**

Scrutiny of records revealed that though the work was awarded in April 2003 i.e after the issue of DG Works order of February 2003, these advances were given to the contractor at an interest rate of eight *per cent* per annum as against 10 *per cent* per annum applicable from February 2003. This resulted in an undue benefit of Rs.14.29 lakh to the contractor from 10 October 2005 to 30 June 2007.

The Executive Engineer, PWD Division-XX (now Building Project Division B-111) stated in August 2007 that the rates of the contractor would have been more, if the interest percentage was 10 *per cent* instead of eight *per cent*. All the tenderers had quoted these rates on the basis of the facility given. The Chief Engineer, Building Project Zone B-1, PWD added in November 2007 that while scrutinizing the draft notice inviting tender, the Engineer-in-Chief had opined that in view of the quite low rate of interest being charged by the banks during 2001-02, charging higher rate of interest from the contractors as per the Manual/DGW Circular was not justified. The E-in-C, therefore, reduced the rate from 10 *per cent* to 8 *per cent* as he was competent to make such changes.

The reply of the Department is not tenable for the following reasons:

(i.) The competent authority i.e. DG Works had not effected any change in the rate of interest to be charged from the contractors on mobilization/plant & machinery advance.

(ii.) If the Department felt that the rate of interest being charged from the contractors was on the higher side, necessary instructions should have been issued by the Department for reduction in the interest rates after approval of the competent authority for uniform application to all contracts, instead of providing concession to individual contractor on arbitrary basis.

Thus, failure of the Executive Engineer to ensure inclusion of the applicable rate of interest in the agreement resulted in unintended benefit of two *per cent* to the contractor amounting to Rs.14.29 lakh up to 30 June 2007.

The matter was referred to the Government in June 2007; their reply was awaited as of November 2007.

3.8 Avoidable expenditure on cost escalation

Failure on the part of the Public Works Department to ensure unhindered execution and timely completion of works led to avoidable additional expenditure of Rs. 6.66 crore.

Rules[6] envisage Public Works Department (PWD) to issue tender notices only after ensuring that all tender documents including complete set of architectural and structural drawings together with specifications of work are available or are likely to be available before the work commences along with sites free from encroachment and hindrances. Standard conditions of contracts (clause 10 CC) also provide for compensating the contractor for increase in

[6] *Para 17.3.1, 17.3.2 and 4.2.1 of CPWD Manual Volume-II and CPWD OM No. 7/24/75 W (E-in-C) dated 28.5.76*

the wages of labour and cost of material in works contracts with stipulated period of completion of six months or more.

Reports of the Comptroller and Auditor General of India for the year ended March 2004, March 2005 and March 2006 had highlighted cases of avoidable expenditure totaling Rs.3.01 crore on account of escalation in the cost of material and labour under clause 10CC of the agreement due to delay in completion of works which were attributable to the Department. However, no effective action was taken to remedy the situation.

Further scrutiny in audit revealed that in four Public Works Divisions (Safdarjung Flyover Project Division, Delhi Sachivalaya & City Museum (DS&CM) Project Division, Division- XXXI and Division-II), projects relating to construction of grade separator at Ring road and Aurbindo Marg, construction of flyover, pedestrian subway and vehicular underpass at Andrews Ganj, construction of casualty block at Lok Nayak Hospital and construction of Dental Wing at Maulana Azad Medical College were delayed for periods ranging from 12 months to more than 41 months. Delays in completion of the projects led to significant cost escalations. The Department had to make additional payments of Rs.6.66 crore under clause 10CC of the Agreement on account of escalation in the cost of labour and material. The details are given in the Annexure- 'B'

The reasons recorded in the hindrance registers for delay in completion of works included (i) non supply of various architectural/structural designs and drawings, (ii) non-shifting of water/electricity/sewer lines, (iii) non-availability of site, (iv) delayed decision on the selection of materials and (v) hindrance due to the ongoing of some other works etc., which were all attributable to the Department.

Had the Department ensured timely provision of the above basic requirements, the additional expenditure on account of escalation in the cost of labour and material could have been avoided. Failure of the Department to adhere to the codal provisions and ensure timely completion of works resulted in an avoidable expenditure of Rs.6.66 crore.

The Government may consider issuing instructions to all the Departmental authorities to minimize delays and ensure that all obligatory clearances are obtained before commencing the work.

The matter was referred to the Government in July 2007; their reply was awaited as of November 2007.

Annexure-'B'

(Rs. in lakh)

Sl. No.	**Name of Division**	**Name of work**	**Stipulated date of completion**	**Actual date of completion**	**Delay**	**Additional payment under clause 10 CC of the agreement**	**Reasons for delay (as recorded in hindrance register)**
1	Safdarjung Flyover Project	Construction of Grade Separator at the intersection of Ring Road & Aurobindo Marg, Near Safdarjung, New Delhi	6 June 2002	25 June 2003	12 months	Rs. 215 lakh Upto June 2003. (Final payment of escalation made in March 2005)	Obstruction due to RCC storm water line in panel RW-7 of retaining wall R-7, hindrance of DJB Water Supply Line in retaining wall R-1, obstruction due to DJB Line in 1st Phase of subway no. 2, obstruction due to 33 KV line of DVB in R-7, closing of Poli quarry, closing of Haryana quarry, non-removal of water pipeline resulting in delay in construction of crash barrier at AIIMS corner on SR-3 and rigid pavement.
2	DS&CM Project	Construction of Flyover, Pedestrian Subway and vehicular underpass at Andrews Ganj & Flyover at Mayapuri Intersection	2 February 2001	12 July 2004	41 months	Rs.234 lakh (upto January 2003. Last paid in May 2004)	Non-availability of drawings, hindrance due to non-availability of part-site, work held up due to DVB electric cables, leakage in DJB mains and non-shifting of traffic signals.
3	PWD-XXXI	Construction of Casualty Block at Lok Nayak Hospital, New Delhi	14 May 2004	Work in progress	More than 36 months as of June 2007	Rs.188 lakh (upto October 2006, paid in June 2007)	Non-availability of clear site and complete set of drawings, etc. before award of work.
4	PWD-II	Construction of Dental Wing at MAMC New Delhi (Civil Component)	26 June 2002	01 September 2005	38 months	Rs.29.33 lakh (upto December 2004, paid in March 2007)	Non-availability of drawings and designs, non-shifting of water/ CI pipe line, non-shifting of HT/CT cables, delayed decision on dental chairs/ glass work/ external finishing work and delay in false ceiling due to electrical fitting.
					Total	**Rs. 666.33 lakh**	

Department of Training and Technical Education

3.9 Unauthorised occupation of staff quarters

Failure of the departmental authorities to recover licence fee and damages from unauthorized occupants of Government quarters led to loss of revenue of Rs. 47.41 lakh.

Rules[7] provide that Government servants occupying staff quarters should vacate the quarter on retirement/death. Concession for retaining the quarter is allowed for a period of two months in case of retirement, while in case of death, the quarter can be retained for two years by the wards of the deceased employee, provided the deceased or his/her wards does not own a house at the last station. Thereafter, the allotment of the accommodations shall be deemed to be cancelled.

Scrutiny of records of the Delhi College of Engineering (DCE) and Department of Training and Technical Education (DTTE) revealed that the staff quarters were retained unauthorisedly by 21 retired employees/wards of the deceased employees even after the period permissible under the rules. The period of such unauthorised retention ranged from 15 to 106 months. These unauthorised occupants of staff quarters also did not pay any licence fees and/or damage charges as stipulated under the rules. The amount recoverable as of June 2007 from such occupants for the unauthorised retention worked out to Rs. 47.41 lakh (Rs. 13.74 lakh for DCE and Rs. 33.67 lakh for DTTE).

DCE stated in September 2007 that notices to the concerned parties were being issued for recovery of dues and vacation of unauthorised occupation. Additional Secretary, DTTE intimated in June 2007 that the allotment branch in Headquarters had written to all the Head of Offices/Principals to take necessary action to get the Government accommodation vacated and recover the dues from the defaulter allottees. The Deputy Director (Allotment), DTTE further informed (September 2007) that directive had been issued to recover the pending dues from the dearness relief of the pension/family pension of the concerned Government Servant and the process of recovery would take some time. The recovery details were, however, awaited as of November 2007.

The matter was referred to the Government in June 2007; their reply was awaited as of November 2007.

[7] *Fundamental Rule 45-A, Supplementary Rule 317-b-11.*