

## Chapter - IV

### AUDIT OF TRANSACTIONS

#### Civil Departments

#### Department of Forest & Wild Life

#### 4.1 Non-recovery of compensatory plantation charges

**Unrealistic fixation of security deposit coupled with inaction to recover the cost of balance plantation charges from the defaulting parties resulted in non-recovery of Rs. 6.61 crore.**

With a view to safeguard the forest area as well as to preserve trees, the Government of NCT of Delhi, enacted the Delhi Preservation of Tree Act, 1994. Section 8 of the Act provides that no person shall fell, remove or dispose of any tree without the permission of the Tree Officer. Permission shall be granted to fell or dispose of a tree only on the condition that he shall plant such number and kind of trees in the area from which the tree is felled as may be directed by the tree officer. Section 12 further prescribes that every such person shall start preparatory work within 30 days of the date of receipt of the orders and shall plant the trees in accordance with the orders in the ensuing rainy season or within such extended time that the tree officer may allow. In case of default, the tree officer may cause the trees to be planted and recover the cost of the plantation at the rate of Rs. 650 per tree from the defaulter. Section 28 of the Act empowers the competent authority to recover the dues as arrears of land revenue.

The Report of the Comptroller and Auditor General for the year ended March 2005 (Volume III) highlighted cases of non-recovery of Government dues totalling Rs. 1.84 crore by Deputy Conservators of forest, Central and South wherein there was huge shortfall in plantation of trees during the period 1999-2000 to 2003-04. The department took no action to recover the cost of the replantation from the defaulting parties or undertake any replantation itself.

Test check of records of the Conservator of Forests, South, Central and West zone revealed that during 2004-05 to 2006-07, permission had been granted to fell 30863 trees with the condition that they re-plant 299362 trees. It was however seen that only 186562 trees were replanted during the above period.

The year-wise details are as follows:

Year	No. of trees permitted to be felled	No. of trees to be replanted	No. of trees actually replanted	Security Deposit with the department (in Rupees)
2004-05	18820	185571	137970	2760125
2005-06	6220	59877	37696	1222600
2006-07 <sup>1</sup>	5823	53914	10896	3227250
<b>Total</b>	<b>30863</b>	<b>299362</b>	<b>186562</b>	<b>7209975</b>

It was further seen that the Forest Department was collecting security deposit from all the applicants who had applied for permission for felling trees. The security deposit collected had no relation to the rate fixed for cost of plantation that was to be recovered from persons who failed to carry out the required plantation. As against the security deposit of Rs. 72.10 lakh collected by the Department, the replantation cost to be recovered worked out to Rs. 7.33 crore.

As per the provisions of the Act, the department needed to frame the rules regarding the amount of security, number of trees to be planted as compensatory plantation and the cost of plantation to be recovered from the defaulters in case of non-compliance of the orders of the Tree Officer. The department framed the rules but did not make specific norms for these items. In the absence of specific norms, the Tree Officers were fixing the norms as per their discretion, however, the provisions of the Act could not be enforced effectively. Thus, due to unrealistic fixation of security deposit coupled with inaction to recover the cost of balance plantation charges from the defaulting parties resulted in non-recovery of Rs. 6.61 crore.

The matter was referred to Government and the department in May 2008, their reply is awaited.

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<sup>1</sup> The figures for 2006-07 does not include information in respect of south zone

**Department of Health and Family Welfare**

**4.2 Excess payment of Service Tax amounting to Rs. 40.27 lakh**

**Reimbursement of Service Tax to the contractor of hospital building by the Institute of Human Behaviour and Allied Sciences (IHBAS) resulted in irregular and excess expenditure of Rs. 40.27 lakh.**

The work of “Remodelling of Institute of Human Behaviour and Allied Sciences” (IHBAS) at Shahdara, Delhi Phase-I was awarded to M/s ERA Construction (I) Ltd. in August 2003 at their negotiated tendered cost of Rs. 23.35 crore. The work was to be completed within 18 months.

During test check of records, it was seen that that the contractor was reimbursed the Service Tax amounting to Rs. 40.27 lakh during November 2004 to January 2006, levied by the Govt. of India on construction work of commercial or industrial nature.

As per the provisions of Service Tax Act, and clarifications issued by the Tariff Research Unit of the Central Board and Excise and Customs, tax would not be applicable on Government constructions except where the government buildings are used for commercial purposes. Since the building in question was to be used for health purposes it was exempt from levy of Service Tax.

Thus the payment of service tax to the contractor was irregular and resulted in inadmissible payment of Rs. 40.27 lakh.

The matter was referred to the Department in December 2007. The Institute stated (April 2008) that ‘service tax was a new tax introduced at a much later stage after signing of agreement and all new taxes were required to be borne by IHBAS in line with relevant clause of the agreement’. The Institute had further stated that amount in question would be recovered from the final bill of the contractor. However, no recovery has been made, as of December 2008.

## Public Works Department

### 4.3 Blockage of funds of Rs. 4.04 crore

**Injudicious decision of Public Works Department to purchase a substandard building consisting of 79 flats from Ghaziabad Development Authority for providing residential accommodation to the employees of Government of NCT of Delhi resulted not only in denial of envisaged facility to the needy employees but also in blockage of Rs. 4.04 crore for more than 10 years.**

Due to an acute shortage of residential accommodation for employees of Government of NCT of Delhi, it was decided in March 1997 to purchase 79 ready built residential flats (type-II) (named Kosi Tower) from Ghaziabad Development Authority (GDA) at a cost of Rs. 4.53 crore and an additional Rs. 7.31 lakh towards free hold charges.

While this proposal was under consideration the Superintending Engineer PWD circle-IV had advised (13 October 1997) the Chief Engineer PWD Zone II/NCTD that these flats were in incomplete shape (steel door frames and the grills were badly corroded, the quality of workmanship of other items such as external finish, plastering, flooring etc. was in very poor shape) and were lying abandoned for the last five years and clearly recommended that the proposal to purchase the flats should not be processed for approval of competent authority. In spite of recommendation of Superintendent Engineer not to buy the flats, the Government of NCT went ahead and entered into an agreement with the GDA on 3 February 1998.

GDA had committed to rectify the deficiencies and complete the balance work before handing over the possession of the building within six months from the date of agreement. The Government of NCT paid a total of Rs. 3.77<sup>2</sup> crore till September 1999 and did not pay the balance amounts till September 2008 provided in the agreement since the door frames, shutters and windows had not been replaced by the GDA as provided in the agreement. It also came to the notice of the Government of NCT of Delhi in May 2008 that the building was not earthquake proof. The Government of NCT paid (October 2008) the balance amount of Rs. 27.18 lakh after deducting Rs 56.84 lakh<sup>3</sup> for deficiency in the building to GDA as decided in meeting of Chief Engineer GDA and Secretary PWD on 6<sup>th</sup> October 2008. However, GDA demanded in December 2008 balance amount of Rs 56.84 lakh and Rs. 2.25 crore as

<sup>2</sup> (Rs 226.71 lakh on February 1998, Rs 40.00 lakh on March 1999 and Rs 110.00 lakh on September 1999)

<sup>3</sup> estimated cost worked out by PWD in August 2004 to rectify defects in building

interest though there was no provision in agreement to charge interest. Thus due to non payment of dues in time by the department the GDA had neither carried out the necessary repairs nor handed over the possession of the building.

While admitting the facts of the para, the department in its reply of August 2008 stated that there was no delay in taking decision and matter was continuously pursued with GDA. However, the fact remains that the injudicious decision of Public Works Department to purchase a building consisting of 79 flats from GDA and delay in payment of dues, for providing residential accommodation to the employees ignoring the fact of flats being substandard, resulted not only in denial of envisaged facility to the needy employees but also in blockage of Rs. 4.04 crore paid to GDA for more than 10 years.

## **Department of Social Welfare**

### **4.4 Loss of Rs. 13.93 lakh on purchase of foodgrains**

**The Department of Social Welfare purchased foodgrains at higher rates than Below Poverty Line (BPL) rates as envisaged in the rules has resulted in avoidable payment of Rs. 13.93 lakh.**

Indigent people residing in Welfare Institutions such as beggars homes, hostels for SCs/STs and Backward Classes students, homes for street children etc., are entitled to 5 kg. of food grains per head per month at Below Poverty Line (BPL) rates as per instructions issued in January 2001 by the Ministry of Social Justice and Empowerment, Government of India.

It was seen during the course of audit that (i) Children Homes I and II, Alipur and Lajpat Nagar, (ii) Asha Naiketan, Home for mentally retarded, Avantika Complex. Rohini and (iii) Asha Niketan, Home for Mentally Retarded (Adults), Avantika Complex Rohini purchased 1678.25 quintals. of rice during 2002-03 to 2006-07 from Delhi Consumer Cooperative Federation, Kendriya Bhandar, National Consumer Cooperative Federation and National Agricultural Marketing Federation of India at rates higher than BPL rates. Thus, purchase of 1599.48<sup>3</sup> quintals of rice at a price of Rs. 23.77 lakh instead of purchasing the same from FCI at a price of Rs. 9.84 lakh has resulted an avoidable expenditure of Rs. 13.93 lakh as detailed in **Appendix-4.1**.

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<sup>3</sup> Restricted to total strength of six homes for 5 kg per head per month

The matter was communicated to the Department (March 2008), (June 2008) followed by a reminder (September 2008). Reply is awaited.

#### **4.5 Idle investment of Rs. 1.03 crore in allotment of land**

**The Department of Social Welfare failed to pursue the matter for getting allotment of land for Working Women Hostel at Najafgarh Road, Janakpuri and (1) Old Age Home (2) Working Women Hostel at Shakurbasti from Delhi Development Authority (DDA), which resulted in idle investment of Rs. 1.03 crore.**

Delhi Development Authority (DDA) allotted (September 2001) two plots of land measuring 2100 Sq.mtrs. and 2012 Sq. mtrs. costing Rs. 25.11 lakh and Rs. 24.06 lakh to Department of Social Welfare for the construction of a Working Women Hostel (WWH) and an Old Age Home (OAH) at Shakurbasti. The department made the payments in March/April 2002 by cheque to DDA. The department came to know on September 2002 that the sites were under stay of Hon'ble Delhi High Court vide CWP-2549/2002, and CWP -1510/2002 respectively.

Similarly two plots of land measuring 3100 Sq. mtrs. and 1366 Sq. mtrs. costing Rs. 37.07 lakh and Rs. 16.34 lakh for the construction of WWHs at Najafgarh Road, Janak Puri were allotted to the department in November 2001 and December 2002 by DDA. The payment of land were made in November 2001 and June 2003 by cheque to DDA. Further scrutiny of records revealed that at the time of handing over of plot measuring 3100 sq.mtrs. it was observed that earmarked plot was measuring 4466 sq.mtrs. After making payment of Rs. 16.34 lakh for additional land, DDA requested (June 2004) to the department for taking over possession of land. Department contacted DDA after delay of 11 months, and in the meanwhile (March 2005) the land was allotted to Delhi Metro Railway Corporation.

An investment of Rs. 1.03 crore made to DDA for the construction of Old Age Home and Working Women Hostels in both the sites have not yielded any results even after six years.

The matter was referred to the department in December 2008. In its reply (January 2009) department stated that the allotment of alternate plots of land for the construction of OAH and WWH at Shakurbasti as well as the allotment of land for the construction of WWHs at Najafgarh Road, Janakpuri have not been done by DDA till date and that they were in touch with DDA for the allotment of alternate plots of land for OAH and WWHs. However, the fact

remains that the investment of Rs. 1.03 crore remained blocked for a period of over six years besides non-achievement of objective of providing accommodation to the working women and care to elderly people.

### Revenue Department

#### 4.6 Avoidable extra payment of commission charges – Rs. 9.31 crore

**Due to non-conducting of negotiation with other nationalized banks and Post Office, Government failed to effect a saving of Rs. 9.31 crore during 2006-08.**

The Delhi High Court directed (July 2005) the Government of NCT of Delhi (Government) to make arrangements with other institutions so as to see that the judicial as well as non-judicial stamp papers are made available easily. In pursuance of these directions Delhi government notified on 10 December 2005 the sale of judicial and non-judicial stamp papers through 30 branches of the State Bank of India and Post Office located in Delhi High Court premises.

Scrutiny of the records revealed that during discussion (July 2005) the SBI offered to provide service at a commission of 2.5 *per cent*. While examining the proposal for entrustment of sale of judicial and non-judicial stamp papers to SBI, Finance Department, Government had recorded (August 2005) that the State Bank of Mysore was charging 1 *per cent* commission on sale of stamp papers in the State of Karnataka and the rates offered by State Bank of India were on higher side. The revenue department was asked to re-examine this matter with a view to effect reduction in the commission charges. The department should have gone for tendering to have the benefit of competitive rates. However, the work was entrusted to SBI (December 2005) and Post Office at a commission of 2.5 *per cent*. It was also seen that the UCO Bank had vide their communication dated 8 December 2005 offered to sell judicial and non-judicial stamp papers across 41 branches in Delhi at a commission of 2 *per cent* only. Had the offer of UCO Bank been considered they could have saved 0.5 *per cent*.

The State Bank of India and Post office have sold stamp papers worth Rs. 669.31 crore and Rs. 195.64 crore during the financial year 2006-07 and Rs. 639.61 crore and Rs. 358.88 crore during the financial year 2007-08 respectively. The State Bank and Post office were paid commission @ 2.5 *per cent* amounting to Rs. 32.72 crore and Rs. 13.86 crore respectively.

Government stated in August 2008 that SBI and Post Offices were appointed for sale of NJSP/JSP on the direction of High Court, Delhi and the proposal of

UCO Bank was received in January 2006 when all the formalities for selling of stamp papers were completed. The reply of the department is not acceptable as the appointment of SBI and Post Offices were initially for the one financial year i.e. 2005-06. Moreover, the department had ample time (December 2005 to March 2006) to go in for regular procedure of calling the tenders but the same was not done.

Government rules mandate Departmental Authorities to entrust work only after obtaining competitive rates. In the present case no such exercise was carried out. A reduction of even half a *per cent* in the rate of commission as was offered by the UCO Bank would have effected a saving of Rs. 9.31 crore during the years 2006-08.

### Department of Training and Technical Education

#### 4.7 Embezzlement of Government Money

**Failure of the department to ensure proper checks on payments resulted in embezzlement of Rs. 5.66 lakh.**

**Rule 21 of General Financial Rules 2005 (GFR) stipulates that every officer incurring or authorizing expenditure from public moneys should be guided by high standards of financial propriety and is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money. Further, Rule 13 of Receipt and Payment Rules provide that the receipts should be accounted for in the cash book and be deposited into the bank without delay.**

**A test check of records of Delhi Institute of Pharmaceutical Sciences and Research (DIPSAR) revealed the following irregularities:**

**DIPSAR invited open tenders for purchase of computers in May 2006 and in response single tender of M/s ESSCON Integrated Solution (P) Ltd. was received and accepted at the rate of Rs. 20,370/- per computer (including 15" colour monitor) with Sales Tax extra as applicable. DIPSAR issued a purchase order on 23 June 2006 for purchase of 40 P-IV computers @ Rs. 31,570/- against the supplier's quoted price of Rs. 20,370/- including monitor {excluding Value Added Tax (VAT) at the rate of 4 *per cent*}. The matter was referred to the Institute in May 2008. The Institute, while admitting the facts, initiated action by raising bills to recover Rs. 99,427/- from the said firm and Rs. 42,112/- from the pay arrears of the then DDO.**



**Audit noticed that during February-March 2006 an amount of Rs. 39,800/- received on account of fees, etc. against receipt nos. 946 to 1046 from the students by the then DDO, was not found entered in any cash book: Government, Non-Government and QIP<sup>4</sup> Cash Books.**

**In another case, a sum of Rs. 89,250/- (4 entries) was taken as advance during November 2005 to February 2006 from Boys' Fund Account by the Ex-DDO for utilization in the QIP. These were shown as expenditure (Final) in the cash book of Boys' Fund whereas only Rs. 29,250/- were shown in the receipts side of the QIP cash book on 18 November 2005 which resulted into embezzlement of Rs. 60,000/-.**

**Hence, embezzlement of Rs. 5.66 lakh has taken place due to insufficient internal control of cash management in the department.**

### **Transport Department**

#### **4.8 Bus Rapid Transport Corridor (BRTC) Project**

**Transport Department went ahead with the construction of BRTC ignoring the advice of large number of agencies on design of the Project as a result of which the concept got unpopular because of the traffic congestion it brought about.**

Government of National Capital Territory of Delhi (GNCTD) had identified High Capacity Bus System (HCBS) as the appropriate Road-based Public Transport System for Delhi. High Capacity Bus Systems were to run on a dedicated lane, which was to be carved out of the existing road network in Delhi. These dedicated lanes are referred to as the Bus Rapid Transport Corridor (BRTC).

Government of Delhi in January 2003 entrusted a study to be carried out by the M/s RITES in association with IIT Delhi to identify High Density Traffic Corridors. The study identified seven corridors<sup>5</sup> and the Government of NCT of Delhi decided to take up the work of Ambedkar Nagar-ISBT corridor (19 km) in the first phase. The work awarded to a contractor in September 2006 and the work was started on 4<sup>th</sup> October 2006. We carried out an audit of this corridor and our audit brought out the following issues:

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<sup>4</sup> Quality improvement programme.

<sup>5</sup> Nangloi to Shivaji Terminal, Azad Pur to Nehru Place, Jahangir Puri to Old Delhi Railway Station, Ambedkar Nagar to ISBT, Kashmere Gate, Anand Vihar to Shivaji Terminal, Hari Nagar to Central Secretariat, Badarpur to Pragati Maidan.

**4.8.1 Creation of an exclusive bus lane shrunk road size and created congestion**

As mentioned earlier the corridor was to be carved out from the existing road network. As per the design there would be two central bus lanes each of 3.3m width, one for each direction of travel and separated by a dividing strip of 0.6-1.1m width, replacing the existing median. These are abutted by two lanes for other motorized vehicles (MV) of a minimum of 6.75 meter width for each direction of travel. Segregated non-motorized vehicle (NMV) lanes of 2.5m width and footpaths of 1.2m width have been provided for each side along with the entire corridor and service road wherever space was available.

It would be seen that BRT corridor would make the existing road much smaller for all kinds of vehicles other than buses. No study was carried out regarding the congestion problem that such restricted space would entail. In fact the Planning Department as well as the Delhi Traffic Police had raised their concern on this issue while the proposal was being considered. The Planning Department had recorded their views as under while the proposal came up during the 6<sup>th</sup> meeting of the Expenditure Finance Committee (EFC) held on 13<sup>th</sup> August 2004:

(a) The net availability of road space will get reduced after taking away the road space from the existing road space for constructing specific corridor for HCBS. In Delhi in most of the major roads, there are 3 lanes for up journey and 3 lanes for down journey separated by a central verge, sometime of adequate width but mostly by a road divider of very smaller width. It is obvious that if one has to leave space for constructing specific corridor for HCBS at the central verge of the road then the availability of road space for other vehicles will get reduced. As result instead of 3 lane road, it will become practically 2 lane or 1 & ½ lane road which would be ultimately left available for the existing vehicles that is other than HCBS.

(b) It is understood that one of the basic aim of the HCBS is to attract private vehicle owner to shift to HCBS. Whether there has been any study for such is not known.

The Delhi Police had also raised their concern in a note sent to the Transport Commissioner during February 2006. The note interalia stated:

(i) We have carefully examined the proposal of Transportation Research and Injury Prevention Programme (TRIPP) regarding introduction of High Capacity Bus System on corridor from Ambedkar Nagar to Delhi Gate. The system totally changes the concept/practice of existing movement of vehicles in Delhi. It appears that TRIPP has only designed the infrastructure requirements for introducing the system without addressing the management

issues and problems that would arise after its implementation and some of those can be anticipated even today in view of the field experience. Unless a massive change is brought about in the behaviour of all types of road users, this scheme would create many management issues. These problems/management issues have been brought to the notice of Transport Department, Govt. of N.C.T. of Delhi, but have not been given due consideration and have been given only theoretical treatment. Some of the apprehension and anticipated problems of traffic management are listed here again to be addressed before the implementation of the scheme. This scheme has been conceived and prepared by a group of Experts from I.I.T. We have a set of Transport planners in the city like C.R.R.I, School of Planning and Architecture and other private Consultants. It would be worth consideration if this scheme is also evaluated by an independent group of Transport Planners.

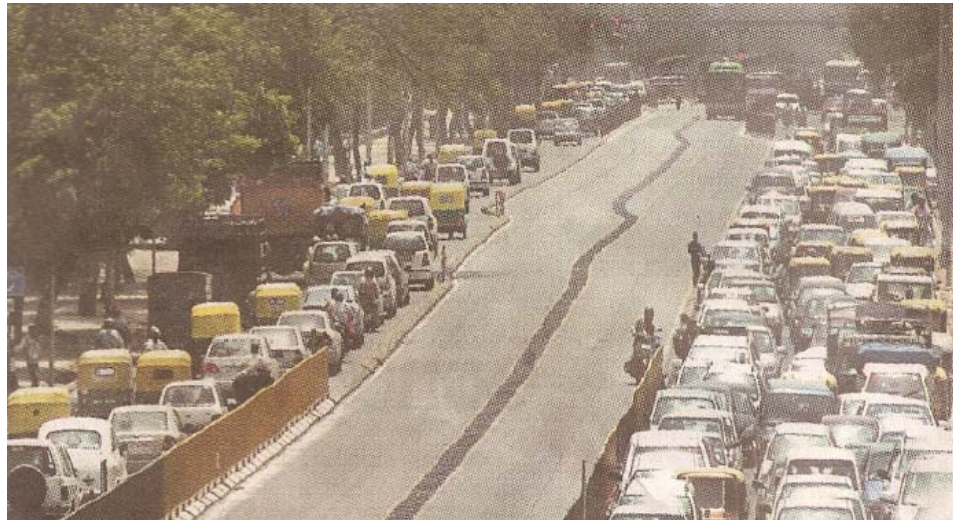
(ii) 1/3<sup>rd</sup> of the present ROW will be given to buses, which comprise only about 2.5% of the modal share, whereas the remaining motorized traffic will be squeezed into a ROW of approx 6.5 metres (less than two lanes), which is bound to increase the congestion and other related problems on the roads.

(iii) IIT Delhi has proposed signal cycle plan of 180 seconds for major intersections. According to field experience, the signal cycle plan would not be able to handle the traffic volume and discharge it at various intersections in the corridors. The role of traffic signal would be of the utmost importance for fast clearance of traffic at the intersection.

(iv) Free 'U' turns facilities under all the flyovers now available will have to be stopped thereby causing problem to the enhanced traffic accessing other side of the road.

(v) The HCBS scheme should be got vetted through traffic and transportation and Management experts from institutions like Central Road Research Institute, New Delhi, School of Planning and Architecture or other reputed traffic engineering/management consultants of India or abroad, keeping in view the existing traffic scenario, road user behaviour, heterogeneity of traffic and other key factors. Any scheme of the magnitude of BRT corridor (HCBS scheme of Delhi) should have total solutions to all the issues pertaining to the design and management and likely future impact on traffic and transportation scenario of the city.

Government went ahead with the construction of corridor without addressing such concerns. When the first stretch of BRT was opened on 20<sup>th</sup> April 2008, it resulted in severe traffic congestion which continues till today on account of such concerns not having been addressed.



(Congestion in MV lanes of BRT Corridor)

#### ***4.8.2 Corridors made in concrete changed mid way as it was expensive***

The work of construction of BRTC from Ambedkar Nagar to Delhi Gate was awarded by M/s RITES in September 2006. The design approved for the corridor envisaged construction of bus lane, MV lane and NMV lane and footpath in concrete pavement. The concrete road was preferred for better strength, longer life and less periodic maintenance. When the proposal came up for consideration in the 12<sup>th</sup> meeting of the EFC held on 28<sup>th</sup> December 2005, the Chief Engineer PWD had stated 'that the scheme of RITES envisages construction of cement concrete pavement. In other countries like Indonesia and China, rigid pavements have not been provided. Cities like Jakarta, Beijing as well as Kunning, the HCBS corridor system were using the existing lanes. Only one lane has been segregated by providing a detachable railing. It is therefore felt that in Delhi also we should go for existing flexible pavements for High Capacity Bus Corridors. This would not only reduce the cost of the project but would save great inconvenience to the road users during the period of construction'. Despite such strong reservations from the PWD department, Government went ahead with cement concrete construction. However, it will not be out of place to mention that as per the information furnished by Transport Department (December 2008), the expenditure on laying of C.C. pavement in Bus and MV lanes was Rs. 2320/- per sq. meter and the same was Rs. 1608/- per sq meter in Bituminous pavement. The department incurred an excess expenditure of Rs. 4.29 crore on construction of bus and M.V. lane of 110815 sq. meters in concrete from Ambedkar Nagar to Chirag Delhi.

As mentioned earlier, BRT corridor is a dedicated lane carved out of an existing road which has bituminous surface. Thus adoption of concrete surface for the BRT would result in same stretch of road having two different pavement structures part of it concrete while the remaining part is bituminous. Half way through the construction, the agencies realized (July 2007) that there was difficulty in going ahead with a concrete surfacing as the deployment of heavy mechanical pavers were posing serious problems and the cost on account of concrete was working out much higher than the estimates. The matter was placed before the Cabinet and its approval obtained (July 2007) for switch over to Bituminous surfacing of MV lanes and bus lanes beyond Chirag Delhi and cycle track & footpath only will be in concrete. There was no recorded justification for retaining cycle track and footpath across the entire length of corridor in concrete pavement against the bituminous surfacing which was cost effective.

It would thus be seen that there was no consistency in the bus design parameters of this project. Government invested heavily in creating concrete structures for the BRT corridor, which was later on abandoned after construction of only three Kms.

#### ***4.8.3 Work assigned to Transport Department who had no expertise***

As per allocation of business, road maintenance and construction of roads are the responsibility of the Public Works Department. The BRT corridor is a dedicated lane within the existing road network, its construction and maintenance should have legitimately been allocated to the PWD. It is, however, seen that the entire work of design construction and supervision was entrusted to the Transport Department which had no technical expertise or experience in taking up this kind of work. The Transport Department in the Cabinet note dated 04.07.2006 stated 'the primary responsibility for implementation and coordination of HCBS project has been entrusted to the Transport department, which has limited experience and expertise in dealing with engineering matters as it did not have manpower and skill to undertake such tasks.' Cabinet approval was obtained for assigning the entire work relating to implementation of the BRT corridor by DIMTS on payment of consultancy fee of Rs. 1.50 crore, out of which a sum of Rs. 44.97 lakh had been paid as of June 2008 for monitoring/supervision of the BRT corridor. This was indeed a unique project with two sets of Consultants M/S RITES who were the project management Consultant and DIMTS who were the supervision consultants. Rupees 6 crore were to be paid to RITES and Rs 1.5 crore were to be paid to DIMTS. It transpired from the agreements entered into between Government of NCT of Delhi and the consultants (RITES & DIMTS) that functions assigned to the consultants were overlapping. The DIMTS shall with regard to the project (1) provide project conceptualization, design, facilitation, advisory and bid management services (2) provide

project development and management service and (3) provide management services for Government owned assets. The functions at (1) and (2) above were already covered under the functions assigned to RITES (Details in **Appendix-4.2**) and the question of providing service as mentioned at (3) above would arise only after construction of corridor.

There is nothing on record as to why the work was not entrusted to PWD, which had the necessary expertise to carry out such work. In fact, non association of the PWD in the construction of the BRT corridor on an asset, which is otherwise owned by the PWD, would pose serious maintenance problems in the future.

#### ***4.8.4 Allignment of the corridor changed from right side to left side mid way***

The BRT was designed to be on the right side of the road with Bus Queue Shelters in the Central media. While reviewing the estimates the Chief Engineer PWD had expressed his concern regarding the provision of Bus shelters in the Centre which is before road intersections, facility for pedestrian crossing. The Delhi Traffic Police had also raised similar concern since passengers who leave the buses will have to cross the entire width of the road before they can go to the footpath meant for pedestrian. As F.O.Bs (Foot Over Bridges) had not been planned, the passengers will be conflicting with motorized vehicles and non-motorized vehicles, thus causing serious traffic problems and increase the red light duration for other motorized vehicles at an already congested MV corridor.

Such legitimate concerns were brushed under the carpet and the project went ahead with the BRT corridor being on the right side of the road with bus shelters in the centre median. During trial runs in April 2008, there was huge traffic jam on account of such design as a result of which in a review meeting held on 6<sup>th</sup> May 2008 under the Chairmanship of Chief Secretary, Government of NCT of Delhi, it was decided that the bus lane henceforth will be from the left side of the road beyond Defence Colony.

Thus the road design providing two central dedicated bus lanes for each direction of travel and separated by 0.3m Kerb stone from other lanes was ab-initio wrong which surfaced during trial run and eventually led to change in design locating the bus lane on the left side of the road. Even the present design is not free from infirmities as the same route will now have three forms of design-mixed traffic, bus lanes on the central verge and finally bus lanes along the left lane. This shows serious deficiencies in Planning and design.

It would thus be seen that there were large number of agencies, which had cautioned the Government about the dangers of going ahead with a project

without sufficiently investigating certain areas and issues, which had been identified. Government in its hurry to implement this project brushed aside such concerns as a result of which a sound concept got unpopular because of the traffic congestion it brought about.

**4.8.5 *Rs. 45.33 crore withdrawn in the year 2004-05 to avoid lapse of budget***

During the test check of records for construction of above HCBS corridor, it has been observed that an amount of Rs. 45.33 crore approved in the Expenditure Finance Committee (EFC) in its meeting dated 15 February 2005 was withdrawn by the Transport Department in the financial year 2004-05 and kept in fixed deposit. The amount of Rs. 45.33 crore was released to concerned agencies between August, 2006 to January, 2007 (Rs. 15 crore to RITES and Rs. 30.33 crore to DIMTS). Thus, the amount was withdrawn in the year 2004-05 to avoid lapse of budget.

**4.8.6 *Undue benefit to RITES and DIMTS (NG)***

Clause 5 of the agreement executed between Transport Department and M/s RITES Ltd. stipulates that the Government or its authorized agency DIMTS shall accord sanctions and replenish revolving fund timely so that the work progress is not hampered. Accordingly, Rs. 30 crore as revolving fund was sanctioned (October, 2006) and payment was made to RITES in November 2006. There is no enabling provision in General Financial Rules to empower State Government to advance crore of Rupees to a Public Sector Undertaking for maintaining a revolving fund, thus keeping large funds out of Consolidated Fund.

Further, amounts (details in **Appendix-4.3**) were released to DIMTS for further release to RITES for replenishment of revolving fund.

Out of Rs. 100.33 crore released to DIMTS during October 2006 to October 2007, DIMTS released only Rs. 48.00 crore during August 2007 to May 2008. Funds ranging from 10.00 crore to 90.33 crore were lying with DIMTS for the period ranging from 7 days to 7 months 2 days in excess of the requirement. Even if the DIMTS had kept the spare funds in saving account it could have earned interest of Rs. 2.32 crore. GNCTD should take measures to recover the interest amount from DIMTS. Release of funds in excess of requirements tantamount to undue financial assistance to DIMTS.

**4.8.7 *Conclusion***

- Transport Department ignored the concerns expressed by stake holding agencies on design and went ahead with the construction of BRTC

creating exclusive bus lane, which shrunk road size and created congestion for other motorized vehicles.

- The Department preferred Cement Concrete pavement instead of bituminous and incurred excess expenditure of Rs. 4.29 crore on carving a 3.00 Km. stretch of Bus and MV lanes from Ambedkar Nagar to Chirag Delhi.
- Transport Department engaged two consultants namely RITES and DIMTS whose functions were overlapping.
- Due to severe traffic congestion in MV lanes during trial runs on first stretch of BRTC, the design of the corridor was changed midway and bus lanes were shifted on left side of the corridor. Even the present design is not free from infirmities, as the same route will now have three forms of traffic design.
- Due to weak financial management funds were released to consultants in excess of requirements.



## Department of Urban Development

### 4.9 Functioning of Trans Yamuna Area Development Board

**Trans Yamuna Area Development Board did not identify the deficiencies in the existing infrastructure and formulate unified area plan for accelerated growth of the Trans Yamuna Area. Instead, it was allocating adhoc funds to MLAs and recommending works of routine nature falling under the designated responsibilities of executing agencies. The mechanism for monitoring of implementation of works was not in place.**

The Government of NCT of Delhi established the Trans Yamuna Area Development Board (Board) in March 1994 to give a fillip to the developmental process in Trans Yamuna Area (TYA) as it was plagued with problems of phenomenal population density, haphazard growth of unplanned building activities, absence of gradient causing water logging and drainage problems etc. The main objective of setting up of the Board was to remove the disparity between TYA and other parts of Delhi by securing a planned and accelerated growth of TYA.

The Board recommends works to the Government for execution by various agencies viz Municipal Corporation of Delhi (MCD), Delhi Jal Board (DJB) Irrigation & Flood Control Department (I&FCD) and Public Works Department (PWD). A total of Rs. 446.44 crore was provided during 2002-08 and Rs. 424.05 crore were spent for executing works recommended by the Board.

The performance audit of the functioning of the Board for the period 2002-08 revealed:

#### **4.9.1 Non-formulation of area plan**

One of the functions of the Board was to study and identify the drawbacks in existing infrastructure and formulate a unified and coordinated Area Plan. The Board recognized the need for an integrated approach to the problems of TYA. The Chief Minister also emphasized in February 1999 on the need to concentrate on systematic and planned development of the area.

The Board, however, did not carry out any study to identify the drawbacks in the infrastructural facilities in TYA even after 14 years of its constitution and incurring a total expenditure of Rs. 837.47 crore upto March 2008. The Department of Urban Development (DUD) accepted the facts in March 2008 stating that an area plan for the year 2007-08 has been prepared. However

that was only an annual plan for 2007-08. In the absence of a unified area plan the Board had been allocating funds on adhoc basis to MLAs and recommending works of small and routine nature which did not address the deficiency in infrastructure in a structured and systematic manner.

#### ***4.9.2 Adhoc approach to locality specific problems***

Instead of following an integrated approach for the redressal of locality specific problems, the Board was allocating funds to each MLA every year under “MLA Discretionary Fund Scheme”. Under the scheme, Rs. 60 lakh per MLA per year (Rs. 50 lakh upto 2003-04) was allocated to be utilized at the discretion of 16 MLAs in their respective constituencies for the execution of works by MCD. The Board allocated Rs. 54.40 crore during 2002-08 on lump-sum basis under this scheme. Another Rs. 94.40 crore were also allocated on adhoc basis equally among 16 MLAs for works in approved/unauthorized regularized colonies, environment improvement works, dense carpeting of roads , street lighting and replacement of old waterlines during same period. Thus, the Board allocated on lump sum basis Rs. 148.80 crore for utilization in TYA , which was 35.09 *per cent* of the total expenditure of Rs. 424.05 crore incurred during the same period. Such an adhoc allocation for each constituency cannot be construed as good management practice for removing regional disparity and ensuring sustainable development.

#### ***4.9.3 Recommendation of works of routine nature***

Compilation and analysis of works revealed that the works recommended by the Board during 2002-08 included works of routine nature such as improvement of roads, drains, parks, street lights, remodeling of nullahs, replacement of water lines etc. which fall under the designated responsibility of the implementing agencies (MCD, DJB and I&FCD). Out of 5680 works recommended for execution by MCD, 3773(66 *per cent*) works were of small and routine nature. Similarly, 511 (72 *per cent*) out of 704 works allotted to nine divisions of DJB for execution, and 22 (38 *per cent*) out of 58 works allotted to I&FCD were of small and routine nature.

#### ***4.9.4 Construction of a socio cultural complex***

In February 1999 the Board decided to have an auditoria, library, cultural centres etc. The DUD engaged Delhi State Industrial Development Corporation (DSIDC) to build a Socio Cultural Complex at Laxmi Nagar with the facilities of auditorium, conference hall, art gallery, food court, restaurant, health club, car parking etc. even before the proposal was approved by the Planning or Finance Departments of Government of NCT of Delhi.

The Department of Planning in September 2001 noted that (i) the proposal had a negative net present value, (ii) public expenditure on such an activity was uncalled for, (iii) the project should be remunerative and undertaken on BOT basis (iv) neither DUD nor DSIDC had the mandate to construct such a complex and most importantly (v) the aspect of operating and maintaining the Complex was not thought of. The DUD, however, pursued the plan and consequently, deficiencies notwithstanding, the Expenditure Finance Committee approved it in October, 2001 as a special case. The complex was finally completed in November 2004 at a cost of Rs. 14.64 crore. Thus, public resources to the tune of Rs. 14.64 crore were invested in a project which was never discussed/ approved by the Board so far as the issues relating to its location, estimated expenditure, facilities to be provided to the public and its model of operation and maintenance were concerned.

Further, the Government of NCT of Delhi created (March 2004) a Society namely "Poorva Sanskritik Kendra (PSK)" for operating and maintaining the complex which in turn entrusted (December 2004) this task to an operator (private firm) for nine years through an agreement. The salient features of the agreement were: (1) the operator shall offer a performance guarantee of Rupees one crore (2) the operator will pay to the Society a yearly Guarantee License Fee of Rs. 24 lakh (3) the operator will deposit with the Society a Goodwill Fund of Rs. 3 lakh at the beginning of each year to be returned without interest at the end of every three years and (4) the operator will pay 14 *per cent* of gross receipts to the Society monthly before 15<sup>th</sup> of subsequent month. Entrustment of running and maintenance of complex to an operator by the Society was against the objective of constitution of society. It was seen in audit that the operator did not remit the 14 *per cent* of the actual gross receipts regularly as required under the terms and conditions of the agreement. He also indulged in prohibited activities such as unauthorized construction, setting-up of shops for selling sarees and fabrics by M/s Bengal Handicraft, tutorial classes by M/s Institute of Systematic Studies etc. As of December 2008, Rs. 9.38 lakh were recoverable from the operator on account of 14 *per cent* of gross receipt due upto 31 October 2007.

#### **4.9.5 Monitoring of implementation of the schemes/works**

Test check of records revealed that the monitoring of implementation of schemes/works by the Board was deficient as would be evident from the following cases.

- The Board approved during 2002-08, seven works relating to the construction of bridges, roads and streetlight, bathing ghats, parapet, drains, chhat ghats on Hindan Cut Canal. The funds were to be routed through PWD and the works were to be executed as deposit works by the U.P. Irrigation Department. The Executive Engineer, Division-

M212, PWD released Rs. 6.61 crore during 2002-07 for these works to U.P. Irrigation Department without signing any MoU or entering into any agreement with them. Further, U.P. Irrigation Department did not submit any status report to PWD as to whether the works had been completed/ in progress/ abandoned, indicating that the system of monitoring and evaluation was weak. On this being pointed out, department stated (May, 2008) that as the amount was released on recommendation of the Board and that execution was done by a department of an other state, they did not monitor their work. The reply is not tenable as PWD should have monitored the utilization of funds routed through their budget.

- There was unauthorized deviation of Rs. 95.82 lakh in five building construction works under the Executive Engineer (Project South), Shahadra, MCD as given in **Appendix-4.4**. On being pointed out, EE (Project South) stated (June 2008) that there were changes in plans and elevations as desired by dignitaries and quantities were executed in public interest. The contention, however, was not supported by any documentary evidences and hence not acceptable.
- As per General Financial Rules and CPWD Manual-II, no work of any kind should be commenced without prior execution of contract and there should be no delay in executing the agreement as soon as tenders have been accepted. Test-check of records in Division (Project South), Shahadara of MCD disclosed violation of these provisions as in 28 cases, agreements for works having tendered cost of Rs. 59.44 lakh were executed after the start of the works. Of the 28 cases, in 14 cases, agreements for works having tendered cost of Rs. 19.20 lakh were signed after the completion of the works. In the absence of formal written agreement, the possibility of fraud/corruption cannot be ruled out. Further, it was difficult to comprehend as to how the department, in the absence of written agreements, ensured compliance to terms and conditions mutually agreed upon with the contractors.
- One of the conditions in the Notice Inviting Tender form (available on DJB website) stipulated “the contractor shall submit an irrevocable performance guarantee of five *per cent* of the tendered amount within 15 days of issue of letter of intent. The award letter is to be issued to the contractor only after the performance guarantee in the prescribed form is received from him. The performance guarantee initially remains valid up to the stipulated date of completion, which is extendable up to 60 days”. A performance guarantee provides adequate safeguard to the department against any breach or non-performance by the contractor in fulfillment of contract. However, the EE (NE-II), DJB awarded eight works valuing Rs. 1.49 crore as given

in **Appendix-4.5** between 2002 and 2007 without obtaining performance guarantees from the successful contractors. Awarding contracts without obtaining performance guarantees indicated deficient internal control in DJB in the administration and management of contracts.

- CPWD Manual envisages that notice inviting tender should not be issued till such time as drawings, designs as well site free from encroachments, are available. Scrutiny of records of Director of Environment and Management Services (North), MCD revealed that two works of improvement to nallahs in Shahadara were awarded without ensuring sites free from encroachment. Two works could not be commenced even after 47 months of issue of work orders as given in **Appendix-4.6** due to encroachments on sites.

#### **4.9.6 Public perception regarding development in TYA**

To ascertain whether the development process has received any acceleration after the constitution of the Board, audit sent a detailed questionnaire to all the 307 RWAs of TYA. The questions sought information on quality of roads, drainage system, street lights, health services, sufficiency of water, availability of schools and parks. The responses received from 145 RWAs (47 per cent) indicated that the infrastructural facilities in TYA were poor and needed to be upgraded to the satisfaction of the people. 46 per cent of RWAs thought overall performance of the Board was good, 41 per cent rated it as poor and only 3 per cent gave it excellent rating.

#### **4.9.7 Conclusion**

The performance audit of the functioning of the Board disclosed non-realisation of the objective of planned and accelerated growth in TYA in the absence of a unified and coordinated Area Plan. Even after 14 years of the constitution of the Board, only ad-hoc schemes and works falling within the designated responsibilities of the executing agencies continue to be recommended and undertaken. The selection of works was not essentially based on priorities and their implementation did not always lead to realization of the intended objectives in a timely and cost-effective manner.

**Municipal Services**

**Delhi Jal Board**

**4.10 Unintended benefit to a contractor**

**Executive Engineer (W) C-IV failed to ensure inclusion of the clause for charging interest at the prescribed rates on mobilization advance paid to a contractor in the contract agreement. This had resulted in undue benefit of Rs. 0.50 crore coupled with excess payment of mobilization advance by Rs. 1.63 crore to the contractor.**

Provisions contained in the CPWD Manual stipulate, that mobilization advance of a maximum of 10 *per cent* of the tendered value or upto a maximum of Rs. one crore could be paid at 10 *per cent* simple interest. According to provisions contained in GFR, standard form of contract should be adopted wherever possible, with such modifications as are necessary in respect of individual contracts. Power of acceptance of tender conditions not in line with the standard conditions vests with DG Works or equivalent competent authority.

A test check of records revealed that Executive Engineer (W) C-IV/EE (E&M) WC-II of Delhi Jal Board (DJB) awarded the work of design, construction, supply, installation, testing, commissioning and trial run of 11 MGD (50 MLD) water treatment plant at Wazirabad to a contractor M/s Degremont Limited in December 2005 at a cost of Rs. 27.80 crore. The division paid mobilization advance of Rs. 1.48 crore on 2<sup>nd</sup> January 2006 and Rs. 1.15 crore on 3<sup>rd</sup> June 2006 respectively for Civil and E&M works against separate bank guarantees as per clause 3.51.1 of the agreement. It was, however, seen that no interest was charged on such advance in contravention of the codal provisions mentioned above. Besides this mobilization advance in excess of Rs. 1.63 crore was paid. Further, DJB has been short of funds for meeting its expenditure on various project works. It has been implementing those projects by taking loan from the Govt. of NCT of Delhi every year since its establishment. Thus, it is a serious lapse on the part of DJB that on one side DJB was making huge payment towards interest on loans taken from the Government and on the other hand not charging interest on mobilization advance paid to contractors.

DJB stated (July 2008) that they had taken a conscious decision to insert the relaxed condition of grant of mobilization advance in NIT for encouraging participation of competent bidders. Moreover, firms quoted their rates after going through the condition laid in the bid documents. As the relevant

condition of mobilization advance was not specified, contractors quoted their rates accordingly and eventually after due negotiation, work was awarded to L-1 contractor i.e. M/S Degremont for a total cost of Rs. 27.80 crore. In case the condition of mobilization advance was not relaxed, then there was a likelihood that the contractor would have built this into his quote which would have been then on higher side.

The reply is not acceptable as the lowest firm (Degremont) had willingly reduced the total cost by allowing three *per cent* discount after negotiation with the Technical Committee of DJB. Thus, question of rates being received on the higher side is incorrect. Further, the tendered document was silent regarding the condition/clause for charging or not charging interest on mobilization. The matter relating to the mobilization advance was not discussed in the Board Resolution vide which it was decided to award the works to L-1 firm (Degremont) but was inserted in the agreement as an annexure as special terms and conditions which was approved by Chief Engineer who was not the competent authority.

Thus, DJB failed to ensure inclusion of the clause on charging of interest at the prescribed rates on mobilization advance paid to contractor resulting in undue benefit of Rs. 0.50 crore coupled with excess payment of mobilization advance by Rs. 1.63 crore to the contractor.

The DJB stated (December 2008) that in future grant of mobilization advance would be as per provision of the GFR and CPWD Manual and where deviation from this is considered necessary in the interest of work, approval of the Chief Executive Officer, DJB would be obtained.

The matter was referred to Government in May 2008, reply is awaited as of December 2008.

#### **4.11 Premature revision of rates of raw water resulted in excess payment of Rs. 3.21 crore**

**DJB failed to comply with the conditions of revision of rates as stipulated in the Memorandum of Understanding (MOU) agreed upon between the Govt. of NCT of Delhi and the Govt. of Uttar Pradesh. The payments were released to U.P. Govt. by revising the rates of raw water charges prematurely from 1 April 1988 instead of 1 April 1989 resulting in excess payment of Rs. 3.21 crore.**

A Memorandum of Understanding was signed between the Govt. of NCT of Delhi (DJB) and the Government of U.P. on 7 December 2007, for regulating

the receipt of raw water for Bhagirathi Treatment Plant at Delhi. The date of commencement of supply of non-potable water into Delhi was 1 April 1983.

The DJB (Board) as per the agreement was required to pay to the Govt. of U.P. charges at the rate of Rs. 2.00 per one thousand cubic feet (cft) of water supplied. It was stipulated in the MOU that this rate was to be operative for the financial year in which the supply of water commenced (i.e. 1 April 1983 in this case) and shall continue to apply for the subsequent five financial years (namely 1 April 1984 to 31 March 1989). These rates were required to be revised from first day of April of the sixth year and thereafter every five years.

During scrutiny of records (March 2008) of the office of the Executive Engineer, Electrical and Mechanical Division of Bhagirathi Water Treatment Plant revealed that the Board had released excess payment of Rs. 3.21 crore to the U.P. Govt. for supply of water between 1 April 1988 and 31 March 2004 due to premature revision of rates of raw water by one year (i.e. on 1 April 1988 instead of 1 April 1989).

Member (Water Supply) Bhagirathi Treatment Plant in his response dated June 2008 admitted the observation made by Audit and stated that the lapse was apparently inadvertent as the revision of rate was permitted to be carried out in the absence of signing of the MOU and that this matter was proposed to be taken up for necessary correction with the U.P. Irrigation authorities of Government of Uttar Pradesh.

Government in its reply stated (January 2009) that the matter is being pursued with Delhi Jal Board.