OVERVIEW

This Report includes two chapters on the state of finances and the Appropriation Accounts of the Government of National Capital Territory (NCT) of Delhi for the year 2002-03 and five other chapters comprising of nine reviews and 22 paragraphs dealing with the results of audit of selected programmes and schemes and of the financial transactions of Government including its commercial and trading activities. A synopsis of the findings contained in the audit reviews and important paragraphs are presented in the overview.

Accounts of the Government of NCT of Delhi

During 2002-03, the total receipts and expenditure of Government of NCT of Delhi on revenue account were Rs. 6,666 crore and Rs. 4,598 crore respectively which yielded a revenue surplus of Rs. 2,068 crore. The loans and advances disbursed by the Government during the year were Rs. 3,757 crore while the recoveries were merely Rs. 207 crore. The Government of NCT of Delhi borrowed Rs. 3,662 crore from the Union Government during the year.

(Paragraphs 1.4, 1.8, 1.13 & 1.17)

Revenue receipts increased from Rs. 6,254 crore in 2001-02 to Rs. 6,666 crore in 2002-03. The share of tax revenue in total revenue receipts was Rs. 5,324 crore, which constituted 80 *per cent* of the total revenue receipts. Sales tax continued to be the major contributor to tax revenue and constituted 73 *per cent* of the total tax revenue.

(Paragraphs 1.4 & 1.5)

Revenue expenditure decreased by nine *per cent* from Rs. 5,044 crore in 2001-02 to Rs. 4,598 crore in 2002-03. Capital expenditure increased by 49 *per cent* from Rs. 612 crore in 2001-02 to Rs. 914 crore in 2002-03. Loans by the State Government increased by 34.71 *per cent* from Rs. 2,789 crore in 2001-02 to Rs. 3,757 crore in 2002-03.

(Paragraph 1.8 & 1.13)

During 2002-03, interest payments increased by 22 *per cent* and interest receipts decreased by six *per cent* as compared to previous year resulting in 209 *per cent* increase in net burden on revenue.

(Paragraph 1.10)

Outstanding loans given by State Government to local bodies, autonomous bodies, cooperative institutions, Public Sector and other undertakings and Government departments increased from Rs. 14,953.68 crore in 2001-02 to Rs. 18,503.78 crore in 2002-03 which constituted an increase of 24 *per cent*, indicating that the Government agencies relied more on borrowings from Government rather than raising their own resources.

(Paragraph 1.13)

Government of NCT of Delhi made an investment of Rs. 203 crore in 2002-03 in Government Companies, bringing the total investment in Government companies, Statutory Corporations and Co-operative societies at the end of March 2003 to Rs. 1,148 crore. The dividend received however, was only Rs. 5.40 crore.

(Paragraph 1.15)

During 2002-03, nil expenditure was reported in respect of 207 schemes under revenue section and 72 schemes under capital section, which was indicative of poor planning and budgeting.

(Paragraph 1.19.5 & 1.19.6)

Appropriation Accounts

Total expenditure during 2002-03 increased to Rs. 10,815.21 crore from Rs. 9,302.99 crore in 2001-02 registering an increase of 16.26 *per cent*. Charged expenditure increased from Rs. 1,189.19 crore in 2001-02 to Rs. 2,155.27 crore in 2002-03 registering an increase of 81.24 *per cent* and voted expenditure increased from Rs. 8,113.80 crore in 2001-02 to Rs. 8,659.94 crore in 2002-03 registering an increase of 6.73 *per cent*.

(Paragraph 2.3)

During 2002-03, Government of NCT of Delhi was authorised Rs. 9,496.24 crore as Original Grant and Rs 1,903.68 crore as Supplementary Grant. Against the total provision of Rs. 11,399.92 crore, total expenditure aggregated Rs. 10,815.21 crore. Savings of Rs. 584.71 crore accounted for 5.13 *per cent* of the total grant for the year.

(Paragraph 2.4)

The main reasons for savings were slow progress of work (Rs. 45.88 crore), release/ receipt of less grants (Rs. 37.08 crore), non finalization of schemes/ proposals (Rs. 255.87 crore) and non-filling up of vacant posts (Rs. 19.76 crore).

(Paragraph 2.5.1)

Against the total savings of Rs. 584.71 crore, Rs. 222.99 crore was surrendered on the last day of the financial year and the remaining provision of Rs. 361.72 crore was not surrendered thereby depriving the Government of the opportunity of using this fund in other needy sectors.

(Paragraph 2.5.3)

In three grants, the entire amount of supplementary provision of Rs. 3.77 crore proved unnecessary as the final expenditure was less than the original provision.

(Paragraph 2.5.6)

Funds amounting to Rs. 51.55 crore received from the Central Government for implementation of 147 Centrally Sponsored Schemes upto the end of 2002-03 remained unutilized as of March 2003.

(Paragraph 2.5.8)

In 11 grants, 11.92 *per cent* to 55.38 *per cent* of total expenditure of the year was incurred in the month of March 2003.

(Paragraph 2.5.11)

Sports and Youth Services

The various schemes under the sector "Sports and Youth Services" envisaged the promotion of sports and youth welfare programmes in Delhi by providing necessary sports infrastructure and arranging of youth welfare programmes. The Department of Education could however utilize only Rs. 24.97 crore from out of the Rs. 48.99 crore received from the Government of NCT of Delhi during 1998-99 to 2002-03 for such schemes.

There was a delay of over three years in construction of two swimming pools while a sports complex had not been constructed even after five years which deprived the targeted population and the student community of the intended sports facilities. The Department was to open sports centres in each Assembly segment. But not a single sports centre had been opened. The youth hostel at the sports complex, Singhu completed in February 2000 at a cost of Rs. 29.14 lakh had not been put to its intended use till June 2003. Construction of the Delhi School of Sports was pending since 1994. Inadequate planning and co-ordination in setting up the Delhi School of Sports resulted in blockage of Rs. 11.70 crore. Construction of NCC Bhawan at Rohini Complex was yet to be started even though the Department had spent Rs. 1.26 crore between 1987-94 as cost of land, compound wall, etc.

(Paragraph 3.1)

Welfare of the Handicapped

In pursuance of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act 1995, the Government of NCT of Delhi framed the Delhi Persons with Disability (Equal Opportunities, Protection of Rights and Full Participation) Rules 2001 to disseminate information about the rights of persons with disabilities. However, the Department failed to fully achieve the objectives of the Act in extending the benefits envisaged under the Act to persons with disabilities.

Delhi Government had not undertaken separate periodic surveys, investigations and research to identify the causes for occurrence of various types of disabilities with a view to initiating steps for their prevention and early detection. Only six schools were run by the Government of Delhi for 5,269 disabled children in the last five years while there was no progress in the area of non formal education. Special schools to provide non-formal education to the disabled and Teacher Training Institutes had not been set up. No mechanism existed to enforce and monitor employment of disabled persons through the two special employment exchanges run by the Delhi Government. There were delays ranging from 15 days to over four months in issue of notices in seven out of 19 complaint cases received as of May 2003. Ten cases were under process even after lapse of six to twenty nine months. Only 20 disabled persons were given assistance in the last 5 years for purchase of aids and appliance. Delhi Government disbursed grants-in-aid of Rs. 2.35 crore to nine non-governmental organizations but the quantum of grant was not reviewed after every three years. The Government did not initiate action under the National Programme for Rehabilitation of Persons with Disabilities though grants of Rs. 1.47 crore were provided by the Government of India.

(Paragraph 3.2)

National AIDS Control Programme

The National AIDS Control Programme was aimed at controlling Acquired Immuno Deficiency Syndrome (AIDS) by spreading public awareness regarding transmission of Human Immuno Deficiency Retro Virus (HIV). Implementation of the programme in Delhi requires strengthening in view of the steady increase in the number of AIDS cases from 359 in 1999 to 862 in October 2003.

The Society could finalise the first batch of NGOs for targeted intervention for groups at high risk only by September 2001 viz. after 3 years of its formation. Supply of condoms fell short of requirement during all the five years (1998-2003). Society could set up only one clinic for Sexually Transmitted Diseases

(STD) against a target of 30 during the last 5 years. The percentage of respondents who were aware of the linkage between HIV and STD was only 23.9 percent as per a Baseline Behavioural Surveillance Survey 2002. The Sero positivity rate of HIV infection in Delhi increased from 3.81 per thousand in December 1999 to 18.87 per thousand by December 2002 in the cases surveyed under sentinel surveillance. No training in blood transfusion practices was imparted to blood bank officers and laboratory technicians by the Society till March 2003.

(Paragraph 3.3)

Irregular drawal of Abstract Contingent Advance

An abstract contingent advance of Rs. 7.58 crore was drawn by the Education Department in March 2002 in violation of the financial rules for payment of 25 *per cent* of the construction cost of school buildings to the Delhi State Industrial Development Corporation. The advance remained unadjusted till March 2003.

(Paragraph 3.4)

Non-utilisation of funds released for Indira Mahila Yojana Scheme

Lackadaisical approach of the Department of Social Welfare of Government of NCT of Delhi, in implementing the Indira Mahila Yojana resulted in non-utilisation of funds of Rs. 12.20 lakh for six years and its ultimate refund to the Government of India.

(Paragraph 3.5)

Delay in implementation of the project due to poor planning

Department of Health and Family Welfare purchased 94.27 acres of land in December 1997 for establishing the Institute of Indian Systems of Medicine and Homeopathy, without ensuring conformity with the land use norms. Due to inadequate planning and lack of proper conceptualization and co-ordination, the project could not be implemented despite an expenditure of Rs. 8.70 crore.

(Paragraph 3.6)

Delay in installation/ repair of medical equipment

Guru Teg Bahadur Hospital purchased medical equipment worth Rs. 61.80 lakh during January 1989 to June 1990. Failure of the hospital authorities to take effective action to install/repair the equipment and to ensure its proper maintenance resulted in the equipment remaining uninstalled or non-functional since their purchase or shortly thereafter.

(Paragraph 3.7)

Avoidable expenditure due to delayed installation of shunt capacitor

Failure to ensure timely installation of a shunt capacitor in Lal Bahadur Shastri Hospital resulted in avoidable payment of Rs. 15.18 lakh towards low power factor surcharge.

(Paragraph 3.9)

Non-functioning of a mortuary

Inordinate delay by the Director of Health Services in sending the proposal for issue of mandatory notification for starting a mortuary at Rao Tula Ram Hospital resulted in the mortuary remaining non-functional despite incurring of an expenditure of Rs. 17.43 lakh on procurement of equipment and pay and allowances of staff.

(Paragraph 3.10)

Avoidable expenditure and under utilization of Air-Conditioning Plant

Rao Tula Ram Hospital installed three Air-Conditioning Plants of 80 tonnage rating capacity in 1991 at a cost of Rs. 50.46 lakh. However, lack of proper assessment of air conditioning requirements coupled with inadequate co-ordination between the hospital and Public Works Department authorities led to under utilization of the AC plants as well as avoidable expenditure of Rs. 2.92 lakh on purchase of individual air conditioners which would be rendered redundant.

(Paragraph 3.11)

Sewerage System in Delhi

Delhi Jal Board provides sewerage facilities in the area under the jurisdiction of the Municipal Corporation of Delhi. It constructs and maintains sewer lines so that sewage is conveyed to sewage treatment plants for treatment before it enters the river Yamuna.

The Board failed to trap the sewage of unsewered areas covering approximately 40 per cent of the population. The sewage from these area is discharged untreated into the river Yamuna through open drains which were meant originally for carrying storm water. Further, sewerage system of sewered areas was also not functioning properly. 18 out of 28 main trunk sewers were either not functioning at all or functioning only partially during the last five to ten years due to collapsed/silted sewers. Fifty urban villages and 154 unauthorised regularised colonies out of 135 urban villages and 567 unauthorised regularised colonies either had no sewerage system or the sewerage system was not functioning at all. Despite adequate funds, the Board failed to implement various works due to administrative inefficiency, deficient planning, non-synchronisation of works and non-finalisation of tenders in time. Consequently, there was a sharp deterioration in the water quality of the river Yamuna at the point of its leaving Delhi.

The Board incurred extra expenditure of Rs. 17.46 crore due to delay in processing of proposals and award of works. There was also avoidable expenditure of Rs. 10 crore due to execution of works at higher rates. In addition, poor utilisation of departmental resources led to avoidable expenditure of Rs. 1.58 crore.

(Paragraph 4.1)

Providing of Parking Facilities in MCD and NDMC areas

The Municipal Corporation of Delhi and the New Delhi Municipal Council are responsible for providing parking facilities in their respective areas. The agencies failed to prevent running of unauthorised parking operations and overcharging of parking fees. The allotment of parking lots in MCD and NDMC was marked by numerous instances of violation of terms of contracts coupled with failure to enforce the terms of the contracts which resulted in undue benefit to contractors. They were allowed to run parking lots even after expiry of the contractual periods without regular payment of licence fee.

Improper maintenance of basic records like Demand and Collection Registers and failure to effectively defend the interest of MCD/NDMC in the cases of litigation benefited defaulting contractors. The accumulated dues and loss to both MCD and NDMC were Rs. 13.25 crore and Rs. 4.59 crore respectively.

(Paragraph 4.2)

Revenue Receipts

Revenue receipts increased from Rs. 3,277 crore in 1998-99 to Rs. 6,154 crore in 2002-03. Sales tax continued to be the major contributor to tax revenue and constituted 72.9 per cent of total tax receipts.

(Paragraph 5.1)

Total Sales Tax demand awaiting recovery increased from Rs. 6,987.15 crore at the end of the year 2001-02 to Rs. 8,327.83 crore in 2002-03.

(Paragraph 5.3)

Irregular exemption of export turnover of Rs. 1,231.01 crore allowed to 117 dealers on the basis of deficient/incomplete certificates from chartered accountant resulted in non-levy of tax along with interest of Rs. 115.58 crore.

(Paragraph 5.8.5)

Irregular exemption allowed on export turnover of Rs. 720.06 crore to 29 dealers without production of certificate from chartered accountant or of export documents resulted in non-levy of tax along with interest of Rs. 76.30 crore.

(Paragraph 5.8.6)

Irregular exemption on exported goods of Rs. 157.47 crore allowed to 11 dealers on goods loaded on ship prior to the date of invoice resulted in non-levy of tax along with interest of Rs. 1.47 crore.

(Paragraph 5.8.7)

Misutilisation of H-form and F-form in purchases resulted in short realization of tax and interest of Rs. 2.83 crore.

(Paragraph 5.8.11)

Short accountal of purchase/sale resulted in under-assessment of sales tax amounting to Rs. 1.04 crore. In addition, interest and penalty amounting to Rs. 3.28 crore were also leviable.

(Paragraph 5.9)

Irregular grant of exemption on tax paid sale/ purchase resulted in short levy of sales tax amounting to Rs. 2.45 crore and interest of Rs. 1.69 crore.

(Paragraph 5.10)

Irregular grant of exemption on defective form resulted in non-levy of sales tax amounting to Rs. 7.49 crore and interest of Rs. 4.83 crore.

(Paragraph 5.11)

Irregular grant of concessional rate of tax on defective statutory forms submitted in support of inter-State sale resulted in incorrect exemption of tax of Rs. 89 lakh and interest of Rs. 59 lakh.

(Paragraph 5.16)

Non-levy of tax on the sale of tradeable licences for Rs. 12.85 crore by 40 dealers resulted in revenue loss of Rs. 1.10 crore inclusive of interest.

(Paragraph 5.19)

Government Commercial and Trading Activities

As on 31 March 2003, there were nine government Companies with total investment of Rs. 6,125.69 crore (equity: Rs. 383.07 crore, share application money: Rs. 3,265.25 crore, long-term loans: Rs. 2,477.37 crore) and two statutory corporations with total investment of Rs. 2,223.12 crore (Capital: Rs. 142.64 crore, long-term loans: Rs. 2,080.48 crore).

The accounts of all nine working Government companies were in arrears for periods ranging from one year to 10 years as of September 2003. Both the statutory corporations viz. Delhi Transport Corporation and Delhi Financial Corporation had however finalized their accounts for the year 2002-03. While the Delhi Transport Corporation had accumulated losses aggregating to Rs. 1,874.16 crore which far exceeded its paid-up capital of Rs. 117 crore, the Delhi Financial Corporation earned a profit of Rs. 4.29 crore.

(Paragraph 6.1 to 6.11)

Delhi State Industrial Development Corporation Limited

Review on Re-location of Industries

The Delhi State Industrial Development Corporation Limited (the Company) was declared as the land development agency for the purpose of re-location of industries operating in residential and non-conforming areas of the National Capital Territory of Delhi in pursuance of directions (April 1996) of the Supreme Court in order to decongest Delhi and reduce environmental pollution in the national Capital.

Out of 27,028 units declared eligible for allotment of plots/factories under the scheme, only 16,410 allotments (for entire re-location scheme including Bawana) could be made (March 2003) due to shortage of plots. Of the 16,410 units, only 9,766 units (59.51 per cent) have made 100 per cent payment.

Possession letters have been issued to 3,882 units (39.75 per cent) and of these, 3,503 units have since taken possession.

Out of 14,924 allottees of plots at Bawana, only 350 allottees had started construction of buildings and ten could commence operations by 31 October 2003 thereby resulting in non-achievement of the objective of re-location of industries by 30 September 2002 as per the orders of the apex Court.

The Company paid interest amounting to Rs. 25.16 crore on the Earnest Money Deposits (EMD) for the period when the amount was utilized by the Office of the Commissioner of Industries which not only lacked justification but also overburdened the re-location scheme.

Acquisition of 28,935.04 sq. m. of unsuitable land resulted in unfruitful expenditure of Rs. 3.18 crore.

Grant of interest free mobilisation advances of Rs. 12.19 crore to contractors in contravention of generally accepted Central Public Works Department norms resulted in undue favour to contractors and loss of interest of Rs. 1.04 crore.

The cost of 220 KV and 66 KV lines and sub-stations amounting to Rs. 107.22 crore which is normally to be borne by the electricity company was included in the costing of the electrification of the industrial estate thereby unnecessarily burdening the allottees.

Recovery at the rate of Rs. 4,200/- instead of Rs. 4,246/- per sq. m. resulted in short recovery of Rs. 14.06 crore from the allottees. Further, enhanced compensation of Rs. 10.69 crore though paid had not been recovered from the allottees.

(Paragraph 6.12)

Delhi Tourism and Transportation Development Corporation Limited

Review on the working of Delhi Tourism and Transportation Development Corporation Limited

The Delhi Tourism and Transportation Development Corporation Limited (Company) was incorporated in December 1975 with the main objective of promotion of tourism in the National Capital Territory of Delhi. Subsequently, the retail sale of liquor, Indian Made Foreign Liquor (IMFL) and Country Liquor (CL) was entrusted to the Company in 1979 and 1989 respectively.

The contribution from activities other than liquor trade in the net profit during the last five years ending 2002-03 ranged between negative to 25.57 per cent whereas the share of net profit from the liquor trade in the total profit generated ranged from 74.43 per cent to 209.73 per cent indicating that the focus of the Company had shifted from its primary objective of promotion of tourism in Delhi to liquor trade.

Catering Division incurred loss of Rs. 1.97 crore during the last five years ending 2002-03. All the 5 Coffee Homes and 2 canteens except the Connaught Place Coffee Home were incurring losses due to excessive expenditure on groceries and establishment as compared to total sales. The expenditure ranged between 84 per cent to 159 per cent of the total sales.

Tourism Division incurred a loss of Rs. 1.29 crore despite a grant of Rs. 1.16 crore during last five years ending 2002-03 due to less number of tours operated.

Transportation and Adventure Division also incurred loss of Rs. 1.16 crore on account of lower utilisation of vehicles, less generation of business and non-closure of loss making boating sites.

(Paragraphs 6.13)

Department of Power

Privatisation of Electricity Distribution in Delhi

The Delhi Vidyut Board (DVB) was unbundled into five Companies which were responsible for generation, transmission and distribution of power in the NCT of Delhi. In addition, there was one Holding Company. While the generation and transmission of power remained with the three Government companies, the distribution of power was privatised with three distribution companies with effect from 1 July 2002.

Requirements and scope of work not defined prior to selection and appointment of consultants. Hence, all offers received could not be evaluated on a transparently comparable basis.

There was a difference of Rs. 3,107.62 crore between the figure of total receivables depicted in the Balance Sheet ending 31 March 2002 of DVB and that worked out by the Consultant due partly to arrears due from Large Industrial Consumers not being fully taken into account. The Holding Company failed to recover any amount from the arrears of Bulk Supply consumers.

Modifications were carried out in the Transfer Scheme without the approval of the competent authority.

TRANSCO raised bill for Rs. 77.47 crore for stores transferred to DISCOMs but could not realize any amount so far. Further, Rs. 2.06 crore worth of scrap/dead items recoverable from DISCOMs was not taken into account.

Excess rebate was deducted by the DISCOMs in respect of payments to be made to TRANSCO under the Bulk Supply Agreement resulting in short payment of bills. The excess rebate recoverable was Rs. 33.31 crore of which Rs. 5.54 crore is still to be recovered. TRANSCO also failed to levy LPSC amounting to Rs. 6.80 crore for the period from August 2002 to September 2003 for such short payment of dues.

There was significant dilution of the targets of reduction of AT&C losses from that envisaged in the Request for Proposal (RFP) which may have an adverse impact on tariffs.

(Paragraph 6.14)

Delhi Financial Corporation

Non-demarcation of collateral security and failure to verify vacant premises, coupled with laxity on the part of Corporation to dispose of mortgaged assets and invoke personal guarantees of directors resulted in non-recovery of Rs. 2.03 crore.

(Paragraph 6.15)

Improper appraisal of a project report coupled with failure to invoke personal guarantee of loanee in time resulted in non-recovery of Rs. 1.31 crore

(Paragraph 6.16)

Disbursement of loan against faulty appraisal of the loanee project resulted in non recovery of Rs. 55.85 lakh.

(Paragraph 6.17)

Internal Audit System in the Government

A total of 40,853 internal audit paras were outstanding as on 31 March 2003 including cases of recoveries of Rs. 5.68 crore to be effected by various departments. Compliance and consequent settlement of paras ranged from a minuscule 1.10 per cent to 3.19 per cent of the total pendencies.

(Paragraph 7.6)

Arrears in audit ranged between 19.1 to 35.4 per cent. Audit planning was poor and staff posted for internal audit were not imparted the necessary training so as to equip them to discharge their responsibilities effectively.

(Paragraph 7.4 & 7.5)