

Chapter IV: Municipal Services

Review

4. Development of Rural and Urban Villages

Highlights

Government had not prepared a comprehensive plan containing an exhaustive list of works/projects to be undertaken to fulfill the objectives. Execution of the scheme was essentially works oriented rather than objective oriented. The scheme was not implemented in the background of a finite shelf of works or projects but was implemented in an open ended manner.

(Paragraph 4.6.1)

MCD failed to keep funds not required immediately in an interest bearing account and lost interest of Rs.1.38 crore during the period 2001-04.

(Paragraph 4.7.2)

Rupees 2.56 crore of scheme funds was diverted to other projects without approval of the Government of Delhi in violation of the conditions stipulated in the sanctions.

(Paragraph 4.8)

Only 94 out of 191 rural villages had outfall drains. MCD constructed only 77.84 kms of drains during 1998-2004 against the target of 197 kms. Expenditure of Rs.1.68 crore incurred on construction of 11 outfall drains in Narela zone was rendered unfruitful as they were not connected to the main drains. Failure to provide outfall drains led to stagnation of water and exposed the residents to health hazards arising from stagnating sewage.

(Paragraph 4.9.1)

MCD failed to plan and organize a survey for afforestation of vacant land in rural areas as envisaged under the scheme. Expenditure of Rs.11.02 lakh incurred for this purpose was also rendered unfruitful.

(Paragraph 4.9.3)

Failure on the part of MCD to effectively monitor execution of works resulted in 433 works remaining incomplete despite an expenditure of Rs.11.06 crore representing 91 percent of the total contractual amount.

(Paragraph 4.10.2)

List of Recommendations

- *Government should outline clear objectives of the schemes and carry out a comprehensive survey of the total works required to be undertaken to achieve these objectives and the estimated expenditure required, prioritise them and prepare a shelf of projects to be undertaken during different years. Concurrence to works should be in accordance with this prioritisation and should take into account the approved outlay during the year.*
- *MCD may explore possibilities of short term investment of funds lying in the bank account after cash flow analysis and plough back the interest so earned to the scheme funds.*
- *Government may frame guidelines for utilization of SCP funds before releasing further amounts.*
- *Government of Delhi and MCD should introduce a system of on-line tracking and monitoring of execution of works so as to enable timely action against contractors for delay in execution and completion and ensure the intended impact.*
- *Asset Registers for assets created out of plan funds should be maintained so as to enable verification of assets created under each plan scheme.*

The MCD stated in September 2004 that the recommendations of audit have been noted and shall be followed in future.

4.1 Introduction

Delhi is spread over an area of 1,483 sq. kms of which approximately 1,339 sq. kms falls under the jurisdiction of the Municipal Corporation of Delhi (MCD). Out of this area under the MCD, 1,158 sq. kms is the rural belt while the remaining 241 sq. kms constitute the urban area. According to the 2001 Census, out of a total population of 137.83 lakh in Delhi, 128.20 lakh i.e. *93.01 percent* is urban and 9.63 lakh i.e. *6.98 percent* is rural. There are 135 urban and 191 rural villages under the MCD which is entrusted with undertaking of development works for provision of civic facilities and infrastructure like metalling/cement concrete/brick flooring of pathways, construction of drains, street lighting, outfall drains, parks, community latrines, etc. in these villages.

4.2 Organisational set up

The Government of NCT of Delhi has entrusted the Municipal Corporation of Delhi with the implementation of the plan schemes of “Development of Rural and Urban villages” in the NCT of Delhi. The Development Department and the Department of Urban Development of the Government of Delhi are the nodal controlling departments for the programme in rural and urban villages respectively. The funds for these schemes are released to MCD by the nodal departments under the two plan schemes of development of urban villages and development of rural villages respectively. The execution of development works in the urban and rural villages is carried out by the Engineering Department of MCD headed by the Engineer-in-Chief, assisted by Chief Engineers, Superintending Engineers and Executive Engineers.

4.3 Scope of audit

Performance audit of the implementation of the scheme during 1998-2004 was carried out through test check of the records of the MCD and the related documents in the Development Department and the Department of Urban Development.

4.4 Audit objectives

The primary objective of the performance audit was to ascertain whether the implementation of the schemes actually resulted in creation of civic facilities

and infrastructure for the local public in the designated areas. This was sub-defined to ascertain whether:

- the schemes were being taken up in a planned manner and effectively executed;
- the funds allocated for the purpose were being fully utilised for the intended purposes keeping in view the imperatives of economy and efficiency;
- the infrastructure so created was commensurate with the expenditure and in conformity with the stated objectives of the scheme and the felt needs; and
- a system of effective monitoring and periodic review of the progress of implementation of the projects existed and performed satisfactorily.

4.5 Audit methodology

MCD carried out development works in urban and rural villages through its 26 divisions. Audit test checked the implementation of the scheme in eight divisions in five zones*, covering an expenditure of Rs.112.39 crore which constituted 54 percent of the total expenditure of Rs.207.36 crore during 1998-2004. The audit methodology included:

- (i) direct examination of records of the executing divisions;
- (ii) check of the connected records maintained by the Plan Cell of MCD and in the offices of the E-in-C; and
- (iii) joint physical inspection of the sites along with officials of the MCD.

4.5.1 Acknowledgement

The audit findings were discussed with the officers of the Corporation as well as the nodal departments and their views as expressed in the meeting held in September 2004 and written replies received in the same month have been taken into account and incorporated where required. The executing officers provided information and documents and facilitated the conduct of audit.

* West, Civil Lines, Rohini, Nazafgarh and Narela

4.6 Planning and fixation of targets

4.6.1 Target and achievements

As pointed out in the review on development of SC/ST bastis included as paragraph 3.1 of this report, the Government and the executing agency were executing these programmes also without a comprehensive survey of the improvements required in the urban and rural villages and without preparation of a shelf of projects/works required to be undertaken, their total estimated cost, prioritisation and phasing of the development works. Instead, the annual targets were framed and works undertaken solely on the basis of the recommendations of area Councillors/MLAs and the works programme prepared by the executing divisions of the MCD. As a result, the programme was being run in an open-ended manner without milestones to be achieved from year to year and without any periodic assessment/review of the extent of achievement of the objectives. Thus, the works and not the objectives became the guiding factor in this programme.

The details of physical targets and achievements for the periods 1998-99 to 2003-04 under the plan schemes were as follows:

Table 4.1: Targets and achievements – development of urban villages

Item/Unit	1998-99		1999-00		2000-01		2001-02		2002-03		2003-04		Total	
	T	A	T	A	T	A	T	A	T	A	T	A	T	A
Road/MP*/path/dense (Kms.)	60.00	53.49	50.00	51.53	45.00	36.53	31.00	46.70	37.00	14.28	32.00	28.01	255.00	230.54
Drain (Kms.)	30.00	25.21	30.00	43.73	40.00	37.44	22.00	49.75	27.00	36.20	42.00	33.09	191.00	225.42
Brick pavement (Kms.)	15.00	7.50	15.00	-	8.00	8.82	3.00	13.05	5.00	4.34	5.00	0.90	51.00	34.61
C.C.** pavement (Kms.)	30.00	29.15	30.00	10.99	40.00	47.03	23.00	68.94	27.00	29.58	35.00	57.40	185.00	243.09
Parks (Nos.)	15.00	2.00	15.00	1.00	15.00	12.00	8.00	9.00	10.00	7.00	10.00	8.00	73.00	39.00
Street lighting points (Nos.)	250.00	-	105.00	-	50.00	-	20.00	-	20.00	-	-	-	445.00	-

* Metalling/premixing

T: Target

A: Achievement

** Cement concrete

While there has been good performance in respect of construction of drains and cement concrete pavements against the target, there has been consistent

under-performance in respect of brick pavements, parks and street lights.

Table 4.2: Targets and achievements - development of rural villages

Item/Unit	1998-99		1999-00		2000-01		2001-02		2002-03		2003-04		Total	
	T	A	T	A	T	A	T	A	T	A	T	A	T	A
Road/path/lane (Kms.)	100.00	110.77	60.00	22.59	90.00	80.49	60.00	85.46	60.00	79.16	75.00	112.27	445.00	490.74
Brick pavement (Kms.)	50.00	40.33	23.00	20.41	39.00	19.15	22.00	37.74	22.00	16.49	15.00	26.92	171.00	161.04
Dense Phirni Road (Kms.)	40.00	40.50	28.00	18.53	36.00	30.45	30.00	6.32	30.00	5.99	10.00	8.74	174.00	110.53
Drains (Kms.)	80.00	59.93	48.00	39.04	63.00	114.24	45.00	118.02	45.00	67.25	70.00	121.76	351.00	520.24
CC kota stone (Kms.)	20.00	29.54	22.00	11.49	45.00	33.74	30.00	102.87	30.00	39.38	35.00	102.77	182.00	319.79
Lavatory Blocks (Nos.)	25.00	-	22.00	-	23.00	-	-	-	-	-	-	-	70.00	-
Street lighting points(Nos.)	8.00	-	15.00	-	16.00	-	-	-	-	-	50.00	1202.00	89.00	1202.00
Outfall drains (Kms.)	40.00	44.89	4.00	0.19	9.00	13.08	50.00	1.70	50.00	9.21	44.00	8.77	197.00	77.84
Reclaimed ponds (Nos.)	4.00	1.00	4.00	-	3.00	1.00	-	-	-	-	-	-	11.00	2.00
Development of plots allotted to harijan/landless labour (Nos.)	8.00	-	5.00	-	5.00	-	-	-	-	-	-	-	18.00	-
Preparation of development plans (No. of villages)	5.00	-	3.00	-	3.00	-	-	-	-	-	-	-	11.00	-
Improvement of parks (Nos.)	8.00	-	6.00	-	3.00	1.00	-	-	3.00	1.00	-	-	20.00	2.00

T: Target A: Achievement

While construction of lavatory blocks, development of plots and preparation of development plans were not taken up at all, targets for dense carpeting, outfall drains, reclaiming of ponds and the improvement of parks were achieved to the extent of only 64, 40, 18 and 10 percent respectively.

The Corporation confirmed in September 2004 that the targets were fixed on the actual achievements of the previous year and on the projected requirement of its 12 zones.

4.6.2 Failure to award development works after receipt of tenders

Development works of Rs. 1.43 crore were not awarded despite availability of sufficient funds.

The CPWD Manual stipulates that works should normally be awarded within sixty days of opening of tenders. MCD had invited tenders for 73 works valued at Rs.1.43 crore during 1998-99 to 2003-04. However, these works were not awarded for execution as of April 2004.

The Corporation stated in September 2004 that the works were not awarded as the priority changed on the request by the elected representatives. It added that instructions had since been issued to close those tender cases where the works could not be awarded due to paucity of funds.

The reply is not tenable as sufficient funds were available with the MCD during the period in question.

Recommendation

Government may set clear objectives of the programmes, carry out a comprehensive survey of the total works required to be undertaken to achieve these objectives and the estimated expenditure, prioritise them and prepare a shelf of projects to be undertaken during different years.

4.7 Financial management and funding

4.7.1 Non-utilisation of funds

Government of NCT of Delhi released funds for the schemes of development of rural and urban villages in the form of loans and grants to MCD in quarterly installments. The year-wise details of funds released and expenditure incurred were as follows:

Table 4.3: Funds received and expenditure incurred

(Rupees in crore)

Year	Funds received for development of		Urban Villages	Expenditure incurred by MCD		Unspent amount	
	Rural Villages			Rural	Urban	Rural	Urban
	General	SCP					
1998-1999	15.00	5.00	8.00	19.58	7.55	0.42	0.45
1999-2000	14.77	-	10.00	13.31	9.47	1.46	0.53
2000-2001	18.50	4.00	12.52	22.21	12.11	0.29	0.41
2001-2002	18.00	4.50	12.41	20.77	8.67	1.73	3.74
2002-2003	25.73	6.00	15.74	29.38	15.01	2.35	0.73
2003-2004	29.92	5.08	15.00	34.76	14.35	0.24	0.65

4.7.2 Loss of interest

MCD lost interest of Rs.1.38 crore in three years due to retention of excess funds in current account.

MCD retained funds released quarterly by the Government of Delhi in its current account. Test check of the records for the period 2001-04 revealed that the minimum monthly balances from the tenth day to the last day of the month varied between Rs.0.20 crore to Rs.17.26 crore. Had this money been kept in an interest bearing account, the Corporation could have earned an interest of Rs.1.38 crore during 2001 to 2004 at the savings bank rate of 4.5 percent per annum.

The Corporation stated in September 2004 that the funds were kept in current account due to restriction in transactions in respect of savings account as there were a large number of transactions even in a single day.

The reply of the Corporation is not tenable as proper financial planning and analysis of monthly outflow or requirements should have enabled MCD to plan its release of funds while retaining the balances not required in an interest bearing account or in short term deposits.

4.7.3 Irregular booking of SCP funds

Government of Delhi released Rs.24.58 crore under the Special Component Plan (SCP) during the period 1998-2004. It neither issued any guidelines for its utilisation nor was the area/works on which the amount was to be spent identified. The expenditure out of such SCP funds was booked along with the general expenditure by MCD which was not commensurate with the purpose of the separate allocation.

Recommendations

- *MCD may explore possibilities of short term investments of funds lying in the bank account after cash flow analysis and plough back the interest so earned to the scheme funds.*
- *Government may frame guidelines for utilization of SCP funds before releasing further amounts.*

4.8 Diversion of funds

Government of NCT of Delhi released funds in the shape of grants-in-aid for development of urban villages and as loans for the development of rural villages which were to be exclusively spent on the projects for which these were sanctioned. No diversion of funds from one scheme to another was to be made without the specific prior approval of the Government of Delhi.

Audit scrutiny revealed irregular utilization or diversion of funds amounting to Rs.2.56 crore for purposes not covered under the schemes or for routine municipal activities as detailed below:

MCD spent Rs.1.98 crore of the scheme funds for other programmes.

- (i) MCD made payment of Rs.1.98 crore in 2000-01 for works executed under the MLA fund from the head of account of development of urban villages (Rs.0.36 crore) and development of rural villages (Rs.1.62 crore). The details of works which were originally processed under the MLA fund and

subsequent payments made from the head of accounts of urban and rural villages were as under:

Table 4.4: Diversion of funds

(Rupees in lakh)

Sl. No.	Name of the Division	No. of works	Amount of payments made from head of account meant for development of		Total
			Urban villages	Rural villages	
1.	VI	22	12.15	18.97	31.12
2.	XVI	11	12.61	-	12.61
3.	Project (Rural)	33	-	47.94	47.94
4.	Narela	44	-	82.47	82.47
5.	Rohini II	7	11.45	12.68	24.13
Total		117	36.21	162.06	198.27

The Corporation stated in September 2004 that due to non-release of funds by Delhi Government under the MLA fund, works were executed from the funds of the schemes of rural and urban villages with the prior approval of the competent authority.

The reply did not address the basic issue of unauthorised diversion of the scheme funds to other programmes.

(ii) MCD spent Rs.57.59 lakh on 26 works executed by two divisions of the Corporation in areas which did not fall under the jurisdiction of urban or rural villages as detailed below:

Table 4.5: Works in areas outside jurisdiction of urban/rural villages

(Rupees in lakh)

Division	Development of Urban villages		Development of Rural villages		Total	
	No. of works	Amount	No. of works	Amount	No. of works	Amount
VI	3	9.12	3	8.73	6	17.85
XVI	20	39.74	-	-	20	39.74
Total	23	48.86	3	8.73	26	57.59

Out of the 26 works, three were executed in regularized unauthorized colonies and six in approved colonies. MCD made payments for these works from the head of account of development of urban villages.

The Corporation stated in September 2004 that funds were not diverted as works were executed on the roads approaching urban and rural villages from

other areas; viz. regularized/unauthorized colonies and approved colonies on public demands.

The reply is not tenable as MCD is not authorized to utilize the funds under the plan schemes for expenditure on works beyond the area of urban and rural villages.

Recommendation

Government of NCT of Delhi should establish procedures through which it is ensured that the funds released to executing agencies are utilized only for the purpose for which these are released and take appropriate action for adjustment of the amounts booked unauthorisedly against the scheme funds.

4.9 Management of works

4.9.1 Construction of outfall drains in rural villages

Prior to 1988, rural drainage work done by MCD was restricted to draining the sewage water to the village pond from where its outfall was the responsibility of the Irrigation & Flood Control Department of the Government of Delhi. In the absence of outfall drains, the sewage water stagnated in the village ponds and posed serious health hazards to the local inhabitants. Government of Delhi decided in November 1988 that all rural drainage schemes should include connecting the drainage system to the outfall drain by MCD.

97 out of 191 rural villages did not have outfall drains. MCD missed the target for outfall drains by 60 percent.

Out of 191 rural villages, outfall drains were available in only 94 villages as of March 2004. Against the target of construction of 197 kms of outfall drains in rural areas at an estimated expenditure of Rs.39.40 crore*, MCD constructed only 77.84 kms of outfall drain at an estimated expenditure of Rs.15.57 crore during 1998-2004; i.e. a shortfall in achievement of 60 percent of the target.

Test check of the Narela zone disclosed that 23 outfall drains constructed during 1988-2003 in 22 villages by MCD were not connected with the Flood Control Department's main drains and sewage water from these villages was stagnating in open land/ponds exposing the residents to the possibility of diseases like malaria, typhoid, etc. The entire expenditure on construction of these 23 outfall drains was thus rendered unfruitful. Out of the 23 drains, MCD made available expenditure of Rs.1.68 crore on the construction of only 11 outfall drains.

* At the budgeted rate of Rs.20 lakh per kilometer of outfall drain

The Corporation stated in September 2004 that the targeted length of outfall drains could not be constructed due to different sections required as per site conditions. The Corporation added that out of the 23 outfall drains, nine had since been connected with the Flood Control Department's drains while the work could not be started in two cases due to delay in demarcation of land. It added that immediate action in respect of the remaining 12 cases was being taken.

4.9.2 Development of plots allotted to harijans/landless persons and construction of lavatory blocks

No work was undertaken for development of plots allotted to harijans/landless under 20 point programme and for construction of lavatory blocks.

Government of Delhi operates a scheme for allotment of plots to the landless and other weaker sections of society under the 20 Point Programme. Under the scheme, MCD is to provide civic amenities like roads, brick pavements and drains in these sites where plots had been allotted. In August 1992, the Development Department handed over to MCD a list of 114 sites comprising of 27,300 plots for provision of civic amenities. MCD decided in September 1992 that civic amenities would be provided in those sites where at least 50 *per cent* of the plots had been built up. For this purpose, a survey was to be conducted. MCD did not conduct any survey despite a lapse of 12 years as of March 2004 and consequently no work was undertaken in any of these sites.

Further, MCD was to construct lavatory blocks in rural villages to improve public hygiene. The Corporation did not do so despite having adequate budget provision for this purpose, thus, depriving the intended beneficiaries of the facilities.

The Corporation stated in September 2004 that though the plots allotted to harijans/landless persons were to be developed as per the Plan, no specific requirement arose. In so far as lavatory blocks were concerned, MCD stated that they could not be constructed due to public resistance.

The reply is not tenable as MCD had not even conducted any survey to ascertain the sites where 50 *percent* plots were built up. In so far as the lavatory blocks were concerned, MCD should have assessed the requirement for these works deciding suitable locations acceptable to the local inhabitants and intended beneficiaries.

4.9.3 Afforestation of vacant land in rural areas

Government of Delhi decided in April 1991 that afforestation of vacant land in rural areas earmarked for community facilities, such as schools, community halls, barat ghars, parks, health centers, etc. should be taken up. Plans for this purpose were to be prepared by MCD after a survey. Though the MCD initiated a proposal for conducting the survey of rural/urban villages through

Afforestation of vacant land in rural villages were not taken up.

Government of NCT of Delhi of 2005

private agencies in 1995, no survey was actually completed as of March 2004. MCD spent Rs.11.02 lakh on survey during 1994-95 to 1998-99 against the allotted fund of Rs.1.30 crore for the period during 1992-93 to 1999-2000.

The Chief Town Planner stated in May 2004 that though five private agencies were awarded the work in 1997, only three actually started the work. Immediately on starting the work, they submitted bills for part payment as per their terms and conditions. Due to delay on the part of the Finance Department of MCD in making the payment, the private agencies refused to do further work and asked for enhancement of their rates. Subsequently, the survey was discontinued.

Thus, failure of the MCD to plan and organize the survey stalled any progress in afforestation and rendered the expenditure of Rs.11.02 lakh on survey unfruitful.

The Corporation stated in September 2004 that action was being taken for conducting the survey for afforestation of vacant land in rural areas.

Recommendation

Government of Delhi should institute systems to monitor execution of planned works and to ensure the intended impact. An exercise may be undertaken to assess the actual need for lavatory blocks and for convincing the local population as to the health and environmental benefits of good hygiene.

4.10 Contract management

4.10.1 Delay in completion of works

Expenditure of Rs. 41.24 lakh was rendered unfruitful due to failure to ensure hindrance free sites.

(a) Sample checks disclosed that contrary to the rules, two divisions of the MCD awarded eight works notwithstanding the fact that the sites on which these were to be executed had either been encroached upon or were disputed. Consequently, these works could not be completed despite lapse of periods ranging from one to two years from the stipulated dates of completion. MCD had spent Rs.41.24 lakh as tabulated in *Annex-I* on these works.

The Corporation stated in September 2004 that five works had since been completed, while two were in progress and one was not yet started due to non-demarcation of land by the Revenue Department. The Corporation did not, however, furnish evidence in support of its assertion for verification by audit despite specific request.

There were delays ranging from 14 to 375 days in completion of 175 works attributed to

(b) Test check of the records for the period from 1998 to 2004 pertaining to four divisions revealed that there were delays ranging from 14 to 375 days in completion of 175 works valued at Rs.3.94 crore. In 170 cases, the delay was attributable to departmental causes like failure to provide cement and encroachment-free sites. The delays had to be regularised without levy of penalty. In the remaining five cases, MCD paid the final bills to the contractors without imposition of penalty of Rs.4.10 lakh leviable under the agreements.

While accepting the audit observations, the Corporation stated in September 2004 that instructions had been issued to Executive Engineers to follow the provisions of the CPWD Manual and to impose penalty against the defaulting contractors.

4.10.2 Incomplete works

The normal time allotted for completion of a particular work under the scheme is one to six months. During 1998-2004, 433 works for Rs.12.08 crore which were to be completed during May 1998 to August 2003 remained incomplete as of March 2004, even after delays of six to 73 months as under:

Table 4.6: Range in months of incomplete works

Sl. No.	Period (in months)	No. of Works
1.	1-12	61
2.	13-24	96
3.	25-36	118
4.	37-48	68
5.	49-60	31
6.	61-72	58
7.	73-84	1
	Total	433

The contractors had neither reported completion of work nor submitted final bills though they had already drawn Rs.11.06 crore constituting 91 percent of the total contractual amount of these works through running account bills. The

year-wise details of incomplete works are given below:

Table 4.7: Details of incomplete works

(Rupees in lakh)

Year	No. of incomplete works	Tendered Amount	Contractual amount	Expenditure incurred
1998-99	64	92.32	148.48	156.94
1999-2000	30	70.48	83.69	76.35
2000-01	133	317.80	370.10	336.63
2001-02	116	323.51	360.56	308.90
2002-03	82	191.21	216.09	200.18
2003-04	8	29.07	29.07	27.45
Total	433	1024.39	1207.99	1106.45

433 works valued at Rs.11.06 crore remained incomplete for six months to six years.

Failure to monitor the execution of the works and ensuring their completion resulted in unfruitful expenditure of Rs.11.06 crore as of March 2004 since the intended benefits did not accrue from the works. In addition, penalty of Rs.1.02 crore was also leviable from the contractors for failure to complete the works in time.

The Corporation stated in September 2004 that instructions had been issued to the Executive Engineers to initiate action against the contractors who failed to execute the works within the stipulated time.

4.10.3 Development works not started

MCD did not forfeit earnest money of Rs. 5.76 lakh on works not started by the contractors.

Sample checks revealed that the contractors did not commence 69 development works like improvement of roads/path/lanes, cement concrete and drainage systems, etc. costing Rs.2.30 crore during 1998-99 to 2002-03 as of April 2004. MCD failed to invoke the provisions of the contract for forfeiture of the earnest money aggregating Rs.5.76 lakh.

The Corporation stated in September 2004 that instructions had been issued to close the works which were not started even after a lapse of six months.

Recommendation

Government of Delhi and MCD should strengthen the system of monitoring and review all works included in the annual targets and introduce a system of on-line tracking and monitoring of execution of works so as to enable timely action against contractors for delay in execution and completion.

4.11 Non-adherence to conditions governing the release of grants/loans for the plan schemes

Audit scrutiny revealed non-adherence by MCD to the conditions governing release of funds as follows:

(i) MCD did not maintain a Register of Assets in the prescribed form GFR-19 as envisaged in the terms and conditions of the grant. In the absence of the register, the location and existence of assets were not verifiable. The Corporation stated in September 2004 that with the introduction of the double entry system of accounting in MCD, all the assets created through capital works would be reflected in the balance sheet as a whole.

The reply fails to address the basic question as the asset registers for the assets created out of funds provided under the two schemes were required to be maintained with complete details.

(ii) A test check of the plan cash books maintained by MCD for 2001-04 revealed that there were differences between the unspent balances as per the utilization certificates furnished to the Government of Delhi and the unspent balances as per the cash books, at the end of each year ranging from Rs. 0.16 crore to Rs. 3.07 crore under the scheme of development of urban villages and Rs. 3.23 crore to Rs. 8.12 crore under the scheme of development of rural villages as shown in the *Annex-II*.

Recommendation

Asset Registers for assets created out of plan funds should be maintained so as to enable verification of assets created under each plan scheme.

Annex-I

(Referred to in paragraph 4.10.1 (a))

Details of works lying incomplete due to non-availability of hindrance-free sites

(Rupees in lakh)

Sl. No.	Name of work	Date of award of work	Stipulated date of completion	Tendered amount	Expenditure	Reasons
1.	Construction of outfall drain of village Bajeetpur from main road to outfall.	17.2.03	25.6.03	7.79	4.14	Work was held up from October 2003 due to encroachment
2.	Construction of outfall drain of Village Alipur from Sh. Naryan Singh House to the existing drain.	13.3.02	21.9.02	16.67	10.86	Work was held up from August 2002 due to non-demarcation of land.
3.	Construction of road from Dada Mandu to Sultanpur turning.	27.5.03	5.9.03	3.43	-	Work was held up from July 2003 due to non-demarcation of land.
4.	Construction of drain from Dada Mandu to Sultanpur.	10.9.03	2.12.03	4.96	-	Work was held up from October 2003 due to encroachment as well as non-demarcation of land.
5	Construction of remaining portion of OFD in Village Kherakalan.	13.3.02	21.9.02	17.67	10.74	Due to non-demarcation of land.
6.	Construction of OFD on Satish chowk towards Hirnaki side in village Bhakhtawarpur.	21.3.02	29.7.02	8.48	7.21	-do-
7.	Construction of drain along Phirini road of village Singhola.	5.3.03	13.7.03	11.02	6.17	Due to non-shifting of line by DJB.
8.	Imp. of lane by providing C.C. pavement in village Daryapur.	6.2.2002	14.6.2002	3.24	2.12	Work was held up due to encroachment.

Annex-II
(Referred to in paragraph 4.11 (ii))
Details of unspent balances

(Rupees in crore)

Year	Funds received from Government of Delhi		Expenditure as per utilization certificates furnished to the Government of Delhi		Funds released by MCD for making payment as per cash books		Unspent balances as per utilization certificates		Unspent balances as per cash books		Differences	
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural
2001-02	12.41	22.50	8.67	20.77	7.83	17.54	3.74	1.73	4.58	4.96	0.84	3.23
2002-03	15.74	31.73	15.01	29.38	12.13	23.40	0.73	2.35	3.80	8.33	3.07	5.98
2003-04	15.00	35.00	14.35	34.76	14.51	26.64	0.65	0.24	0.49	8.36	0.16	8.12