



**Annual Audit Report
Of the
Chief Auditor**

for the year ended March 2007

New Delhi Municipal Council

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PREFACE

This Annual Audit Report for the year ending 31 March 2007 has been prepared for submission to the Council in terms of sub-section 17 of Section 59 of the NDMC Act, 1994 which envisaged that the Chief Auditor shall deliver to the Council a report of the entire accounts of the Council for the previous year.

The Report contains comments on the Annual Accounts for the year 2006-07 and the transactions/cases pertaining to the same period which came to notice during the course of audit of different Departments. However, in certain important cases, the position beyond March 2007 was also reviewed and updated position has been incorporated in order to apprise the Council of the latest position.

OVERVIEW

This Report includes one chapter on the state of finances of the New Delhi Municipal Council for the year 2006-07, three chapters containing reviews and ten other chapters containing 22 paragraphs dealing with results of audit of transactions of various Departments of the Council.

Financial Results

Revenue receipts increased from Rs. 1049.71 crore in 2005-06 to Rs.1125.00 crore in 2006-07 constituting an increase of 7.17 per cent over the previous year. The share of tax revenue in total revenue receipts was Rs. 196.47 crore, which constituted 17.47 per cent of total revenues. House tax continued to be the major source of tax revenue, amounting to Rs. 153.27 crore i.e. 78.01 per cent of total tax revenue. Share of non-tax revenue was Rs. 883.73 crore, which constituted 78.55 per cent of total revenue receipts during 2006-07. The non-tax revenue increased by 4.88 per cent in 2006-07 as compared to decline of 2.12 per cent in 2005-06. Major component of non-tax revenue was sale of energy, accounting for Rs.545.59 crore, which constituted 61.74 per cent of total non-tax revenue.

Expenditure of the Council increased by 4.82 per cent from Rs. 970.91 crore in 2005-06 to Rs.1017.69 crore in 2006-07. The share of Economic Services in total expenditure was Rs.686.20 crore, which accounted for 67.43 per cent of total expenditure. As compared to previous fiscal, expenditure on Social & Development Services and Economic Services in 2006-07 increased by 16.58 per cent and 9.25 per cent respectively. Expenditure on General Services decreased by 19.53 per cent.

During 2006-07 as against budget estimates of Rs. 1061.79 crore for revenue receipts the actual receipts were Rs. 1125.00 crore. While at aggregate level the variation between actual receipts and revised estimates was only Rs.4.97 crore, in four cases against revised estimates of Rs. 1.34 crore, the receipts were nil. In another 22 cases, shortfall in receipts against revised estimates ranged from 4.06 per cent to 100 per cent. On the other hand in 13 cases, receipts collected were in

excess of revised estimates with variation ranging from 11.08 per cent to 8840.00 per cent.

The actual expenditure had been consistently below the revised estimates. The savings were relatively more under non-plan. In 92 cases, the revised estimates were not utilized at all. In 43 cases, savings ranged between 50.80 per cent to 99.92 per cent of revised estimates. In 2 cases, persistent savings exceeding 50 cent of revised estimates were noticed during the last three years. In 36 cases, the expenditure was in excess of revised estimates ranging from 1.36 per cent to 2388 per cent. In seven cases of actual expenditure of more than one lakh, the expenditure amounting to Rs. 78.03 lakh was incurred without any budget provision in the revised estimates.

Under plan expenditure in ten heads of accounts, there were substantial savings ranging from 4.60 per cent to 67.78 per cent. In five cases, the revised estimates of Rs.49 lakh remained wholly unutilized.

During 2002-03 to 2006-07 an amount of Rs. 83.60 crore was drawn as Miscellaneous Advances, out of which advances of Rs. 70.49 crore were adjusted against final heads of account, leaving an amount of Rs. 13.11 crore unadjusted at the close of financial year 2006-07.

(Paragraph 1)

Department of Civil Engineering

Contract management of construction and maintenance of Bus-Q-Shelters on BOT (Build, Operate and Transfer) basis

In January 1998, the Council decided to replace old Bus-Q-Shelters (BQS) with new BQS on Build, Operate and Transfer (BOT) basis. Initially Concessionaires were given land on lease for three years period on a predetermined licence fee to build and maintain 28 BQS at their own cost and they were allowed to display glow sign advertisement thereon as per design approved by the NDMC. Subsequently, private participation was sought for operation of 197 BQS and the work was awarded to the Concessionaires in terms of Council Resolution No.8(A-20) dated 15 December, 2005.

Audit of various contracts entered into during the year 1998-2006 for construction of BQS by NDMC on BOT basis under Public Private Partnership (PPP) revealed that absence of appropriate policy framework

resulted in planning failures, delay in award of work/ handing over of site, change of location etc. leading to loss of revenue. In respect of 28 BQS allotted in first phase, delays in reawarding after completion of initial period of three years resulted in loss of Rs. 50.47 lakh in 2003. The subsequent project of 197 BQS awarded in 2006 was delayed by 16 months largely on account of planning failures and poor coordination among different agencies.

Concerned Divisions of Civil Engineering Department in NDMC need to review and improve contract management of BQS constructed under PPP.

(Paragraph 2)

Department of Electricity

Functioning of Building Maintenance Divisions

The Annual Maintenance of Buildings (Electrical) executed by Division-I and Division-II of the Electricity Department during 2001-02 to 2006-07 were reviewed. Delays were observed in approval of estimates for annual repairs and maintenance. Audit also noticed lack of planning in implementation of maintenance works. Works of repair and maintenance, rewiring/rewinding etc. were primarily complaint driven, without any laid down advance action plan. Contract management was deficient as there were large number of cases of splitting of works, violation of delegated powers, award of work to few contractors etc. Functioning of Complaint Centres revealed improper maintenance of basic records of complaints and lack of proper co-relation between complaints attended and staff deployed. Department needs to look into these areas and ensure adherence to codal provisions/norms.

(Paragraph 3)

Department of Public Health

Project management of Toilets built under PPP (Public Private Partnership)

NDMC entered into Public Private Partnership (PPP) in 1998 for construction and maintenance of public toilets on Build, Operate and Transfer (BOT) basis with the twin objectives of providing better services to the public and saving on cost of maintenance of facilities.

As of 31 March, 2007 NDMC had approximately 222 toilets out of which 60 were being maintained by NDMC, 11 by Sulabh, 57 by private

operators on BOT basis and another 94 were handed over to private Concessionaires as Pay and Use Toilets for renovation and maintenance of existing toilets against revenue for advertising charges.

Review of project management of Toilets built under PPP by NDMC during 1998-2007 on BOT (Build Operate and Transfer) basis revealed that in absence of a clearly laid down policy framework the project management was not satisfactory. In the initial phase (1998-2001), the licence fee was fixed on adhoc basis, penalty charges were not recovered from the firms for utilization of excess area for display of advertisements, and there were delays in completion of project.

Implementation of the project of 94 toilets awarded in 2006 got delayed on account of lack of coordination among various agencies, poor planning and delay in approval of drawings for individual toilet blocks etc. There should be a laid down and periodical system of inspections to monitor the project implementation. The Public Health and Engineering Departments of NDMC need to review these areas and improve contract management of toilets for better management of toilets and to generate more revenue.

(Paragraph 4)

Department of Architecture & Environment

Non-recovery of permission charges

The Department failed to check unauthorised erection of temporary pandal by Firm 'X' for holding Exhibition-cum-sale in the lawn of Hotel Janpath during the period 26 November 2005 to 28 February 2006 which resulted in short recovery of permission charges amounting to Rs. 3.41 lakh. Besides, the Department also delayed deposit of demand draft of Rs. 6 lakh in the Council's account by 36 days.

(Paragraph 5.1)

Deficient control over installation of BTS Cellular Towers/Antennas

The Department did not develop appropriate system to ensure that proper permission is obtained by the telecom operators for installation of towers/antennas within the area under the jurisdiction of NDMC. Resultantly, several telecom operators had installed the towers/antennas without the permission of NDMC depriving the Council of revenue of

Rs. 2 lakh per tower/antenna on account of permission charges and penalties thereof besides violation of provisions of the NDMC Act.

(Paragraph 5.2)

Department of Civil Engineering

Avoidable expenditure

Failure of the Department to complete the formalities such as obtaining clearance from the Delhi Urban Art Commission, conducting pre-bid conference of contractors etc. delayed the concurrence of the Finance Department and consequent approval of the competent authority in awarding the work to the contractor within the validity period of his offer which expired on 16 May 2005. Resultantly, tenders had to be re-invited leading to an avoidable excess expenditure of Rs. 11.66 lakh.

(Paragraph 6.1)

Avoidable excess expenditure due to delay in award of work

The Department failed to award work to contractor at its earlier offer rate of Rs 75 lakh which was valid up to 30 November 2005. After re-tendering the work was awarded to the same contractor at higher rate of Rs. 91.51 lakh involving additional avoidable expenditure of Rs. 16.51 lakh.

(Paragraph 6.2)

Avoidable excess expenditure due to failure to award work within the validity period of tender

Failure of the Department to award work to the contractor within the validity period of the offer due to delays in processing the case resulted in re-inviting the tenders. On re-tendering, the offer of the same contractor was found to be lowest which was Rs. 320.66 lakh i.e. more than its earlier bid amount of Rs. 234.66 lakh. The work was awarded to the same contractor in July 2006 at higher rate resulting in avoidable additional expenditure of Rs. 85.94 lakh.

(Paragraph 6.3)

Non-recovery of outstanding dues from Sports Authority of India

Inadequate action of the Department to recover the expenditure incurred on maintenance of a Swimming Pool Complex from Sports Authority of India resulted in accumulation of dues amounting to Rs. 1.52 crore from SAI as of March 2007.

(Paragraph 6.4)

Idle investment on acquisition of land

Failure of the Department to ensure encroachment free land even after incurring expenditure of Rs. 24.15 lakh in December 1999 on cost of land (Rs. 20.63 lakh) and as ground rent (Rs. 3.52 lakh) resulted in idling of investment. Besides, it also failed to provide buildings for up-gradation of sub-station to Electricity Department

(Paragraph 6.5)

Commercial Department

Non-recovery of arrears of electricity charges

The Department failed to enforce recovery of electricity charges from large number of consumers resulting in accumulation of arrears from Rs. 70.70 crore as of March 2002 to Rs. 110.56 crore as of 31 March 2007.

(Paragraph 7.1)

Non-recovery of arrears in respect of disconnected connections of electricity

Lackadaisical approach of the Department to recover arrears in respect of disconnected connections of electricity resulted in accumulation of outstanding dues from Rs. 20.40 crore in 5457 cases as of March 2004 to Rs. 39.40 crore in 12305 cases as of March 2007.

(Paragraph 7.2)

Department of Education

Mis-management of General Provident Fund of Navyug Schools Educational Society

Management of Navyug Schools Educational Society (NSES) failed to evolve system for periodical reconciliation of actual amount available with it on account of GPF of its employees and the amount credited to their GPF accounts. Audit noted that as of 31 March 2006 actual amount available with NSES was Rs. 499.36 lakh (including accrued interest of Rs. 19.53 lakh) whereas the total amount of GPF credited to the employees accounts was Rs.555.58 lakh leaving an un-reconciled difference of Rs. 56.22 lakh. NSES also lost interest of Rs. 6.12 lakh due to its failure to timely invest surplus fund which is indicative of mis-management of GPF balances.

(Paragraph 8.1)

Department of Electricity

Avoidable excess expenditure

The Department failed to place supply order for procurement of distribution pillars with the firm within the validity date of its offer even during extended period due to delay in obtaining approval of the competent authority as the justification for rates/ specification of the pillars had not been made properly. The inordinate and undue delay in finalization of supply order necessitated re-tendering which resulted in procurement of pillars at an additional avoidable cost of Rs. 12.25 lakh

(Paragraph 9.1)

Department of Enforcement

Loss of revenue due to non-allotment of electric poles for advertisement

The Department's failure to take timely decision, absence of clear policy for display of advertisements and non-availability of requisite data resulted in non-allotment of electric poles in Zone-I and Zone-III to advertising agencies between 1 July 2005 and 31 March 2007 causing loss of revenue of Rs. 476.58 lakh to the NDMC.

(Paragraph 10.1)

Non recovery of arrears of licence fee from the allottees of taxi booths, tehbazari, stalls and PCO booths

Effective and timely action was not taken to recover licence fee from the allottees of taxi booths, tehbazari, stalls and PCO booths etc. Resultantly, arrears of licence fee amounting to Rs. 54.15 lakh were outstanding against the licencees of taxi booths, tehbazari, stalls and PCO booths as of March 2007.

(Paragraph 10.2)

Non-recovery of arrears of licence fee from advertising agencies

Adequate steps were not taken to recover the licence fee from advertising agencies. Resultantly, arrears of licence fee amounting to Rs. 199.89 lakh were outstanding against the two firms as of March 2007.

(Paragraph 10.3)

Department of Estate

Non recovery of arrears of licence fee from the licensees of commercial units

The Department failed to take adequate action for recovery of arrears of licence fee from the defaulting licensees of commercial units which resulted in non-recovery of arrears of licence fee and interest amounting to Rs. 430.28 crore as of March 2007.

(Paragraph 11.1)

Department of Personnel

Unjustified deployment of storm water drain (seasonal) beldars

The Department increased deployment of seasonal SWD beldars from 57 for two months and 67 for three months (294 man months) in 2002-03 to 155 for two months and 153 for three months (769 man months) in

2006-07 without any increase in number or length of storm water drains. Resultantly, it caused additional financial burden of Rs. 57.01 lakh during 2003-04 to 2006-07.

(Paragraph 12.1)

Department of Public Health

Excess payment due to incorrect computation of distances covered by hired trucks

The Department failed to exercise adequate checks over the chargeable distance from Circle I to SLF ground resulting in excess payment of Rs. 7.93 lakh during 2005-06 and 2006-07 to private parties for hiring of trucks for removal and transportation of garbage.

(Paragraph 13.1)

Non-recovery of dues on account of monthly charges of garbage stations

The Department's failure to take into account potential revenue on account of advertisement on garbage station while fixing the monthly charges of Rs. 5000/Rs. 8500 on account of its share of income to be generated by the firm on segregated/recycled material, resulted in unintended benefit to the firm. Besides, the Department also failed to ensure regular recovery of its dues which resulted in accumulation of arrears amounting to Rs. 0.91 crore as of May 2007.

(Paragraph 13.2)

Tax Department

Non- recovery of arrears of property tax

Effective steps were not taken for recovery of property tax from defaulting parties. Resultantly, arrears of property tax and penalty amounting to Rs. 379.12 crore could not be recovered from 5609 parties as of March 2007.

(Paragraph 14.1)

Non-recovery of service charges in respect of Central Government properties

The Department failed to take effective steps for the recovery of service charges in respect of properties of Central Government despite being pointed out in audit earlier. Resultantly, arrears of service charges amounting to Rs. 43.78 crore had accumulated against Central Government properties as of 31 March 2007.

(Paragraph 14.2)

Non- recovery of property tax from Institutes

Effective and timely action was not taken to enforce recovery of property tax from defaulting institutes despite being pointed out in audit earlier. Resultantly, arrears of property tax against institutes accumulated to Rs. 10.98 crore as of 31 March 2007.

(Paragraph 14.3)

Less recovery of property tax on account of non-revision of rateable value

The Department's failure to revise rateable value on the basis of documentary evidence and non-recovery of arrears before allowing mutation of properties resulted in less recovery of tax amounting to Rs. 97.60 lakh in 8 cases as of March 2007.

(Paragraph 14.4)

**FINANCE
&
ACCOUNTS**

Chapter I : Accounts of the NDMC

1.1 Introduction

This chapter depicts the financial position of the New Delhi Municipal Council, based on the analysis of the information contained in the Accounts of the Council for the year 2006-07. The analysis is based on the trends in the receipts and expenditure and the financial management of the Council.

1.2 Financial position of the Council

The accounts of the Council are prepared as per Section 58 of the NDMC Act, 1994. The format for preparation of the Accounts is as prescribed in the Punjab Municipal Act, 1911. Accordingly, the Accounts prepared in form G-4 present head-wise details of revenue and expenditure corresponding to the budget/revised estimates. In the present form, the Accounts do not provide for a Statement of Assets and Liabilities. Consequently, the Statements showing the position of Assets and Liabilities as on 31 March 2007 were not furnished to audit along with the Annual Accounts in spite of the fact that audit has been pointing out the necessity of such Statements in its earlier reports also.

The financial position of the Council is reflected largely through the New Delhi Municipal Fund, maintained by the Council under Section 44 of the NDMC Act, 1994. All receipts and expenditure are booked under this Fund. During the year 2006-07, there was a deficit of Rs.50.74 crore, leading to a closing balance of Rs.31.61 crore as on 31 March 2007.

1.3 Sources and applications of funds

The main sources of funds include the revenue receipts of the Council. These are applied largely on revenue and capital expenditure. The actual revenue receipts increased from Rs.1049.71 crore in 2005-06 to Rs.1125.00 crore in 2006-07 registering an increase of 7.17 per cent.

The revenue expenditure increased from Rs.928.89 crore in 2005-06 to Rs.937.60 crore in 2006-07. The capital expenditure in respect of works relating to NDMC increased from Rs.34.86 crore in 2005-06 to Rs.73.21 crore in 2006-07 excluding deposit works.

1.4 New Delhi Municipal Fund

In terms of Section 44 of the Act, a Fund known as ‘The New Delhi Municipal Fund’ is being maintained by the Council. All the money received by the Council or on behalf of the Council from any source forms part of the New Delhi Municipal Fund. Expenditure on behalf of the Council is to be incurred out of this Fund as per provisions of the NDMC Act, 1994. The total receipts and expenditure under this Fund for the year 2006-07 were as under:

Table 1.1: New Delhi Municipal Fund

	(Rs. in crore)	
	2006-07	2005-06
Opening Balance as on 1 April	82.35	65.71
Add		
Receipts during the year	1971.18	2066.11
Total	2053.53	2131.82
Less		
Expenditure during the year	2021.92	2049.47
Net surplus (+)/deficit(-) during the year	(-)50.74	(+)16.64
Closing Balance as on 31 March	31.61	82.35

It would be seen from the table above that there was a deficit of Rs.50.74 crore during 2006-07. The closing balance at the end of 2006-07 based on G-4 Statement of Annual Accounts was Rs.31.61 crore.

The receipts of Rs.1971.18 crore included total ordinary receipts (actual) amounting to Rs.1125.89 crore, Deposits of Rs.13.80 crore and Reserve Fund/General Fund Investment of Rs.831.49 crore. The total receipts on account of interest on investment were Rs.158.77 crore.

The expenditure of Rs.2021.92 crore included total ordinary expenditure amounting to Rs.1017.69 crore, Reserve Fund of Rs.997.40 crore and Suspense Stock and Advances amounting to Rs. 6.83 crore.

1.5 Revenue Receipts

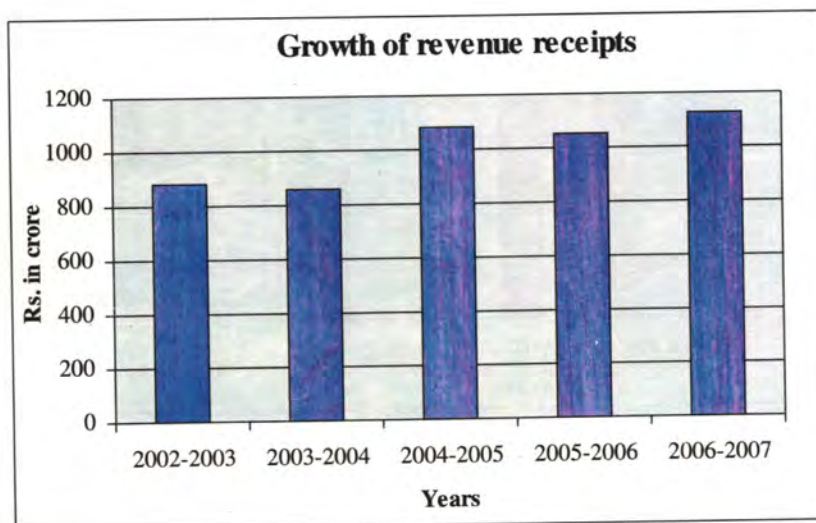
1.5.1 Growth of revenue receipts

The revenue receipts of NDMC consist mainly of tax and non-tax revenue, besides grants-in-aid from Government of NCT of Delhi. Trend of revenue receipts, including grants-in-aid received during the last five years, was as under:

Table 1.2 : Growth of revenue receipts

(Rs. in crore)

Year	Actual revenue receipts	Percentage increase (+) / decrease(-) over previous year
2006-07	1125.00	(+)7.17
2005-06	1049.71	(-) 02.62
2004-05	1077.91	(+) 25.05
2003-04	861.97	(-)0 2.28
2002-03	882.11	(+) 14.65



The increase of 7.17 per cent in revenue receipts in 2006-07 over the previous year was due to increase in tax revenue receipts particularly on account of House Tax and Duty on Transfer of Property and increase in non-tax revenue receipts, particularly on account of sale of energy and deposit works.

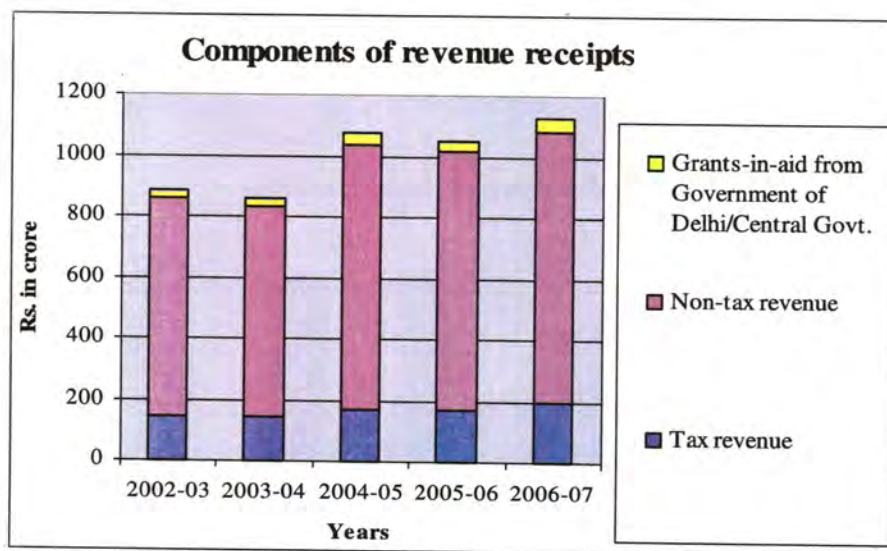
1.5.2 Components of revenue receipts

The main components of revenue receipts are tax and non-tax revenue and grants-in-aid. The details of the components of revenue receipts during the last five years were as under:

Table 1.3 : Components of revenue receipts

Components	(Rs. in crore)				
	2006-07	2005-06	2004-05	2003-04	2002-03
Tax revenue	196.47 (17.47)	173.07 (16.49)	172.27 (15.98)	142.31 (16.51)	144.71 (16.40)
Non-tax revenue	883.73 (78.55)	842.59 (80.27)	860.85 (79.86)	690.49 (80.11)	713.59 (80.90)
Grants-in-aid from Government of Delhi/ Central Government	44.80 (3.98)	34.05 (3.24)	44.79 (4.16)	29.17 (3.38)	23.81 (2.70)
Total	1125.00 (100.00)	1049.71 (100.00)	1077.91 (100.00)	861.97 (100.00)	882.11 (100.00)

* Figures given in brackets indicate percentage with respect to total receipts



Non-tax revenue continued to be the predominant component of the revenue receipts. However, as a percentage of total revenue receipts, the non-tax revenue decreased from 80.90 per cent in 2002-03 to 78.55 per cent in 2006-07. Grants-in-aid from Government of NCT of Delhi/Central Government, which accounted for a very small proportion of total resources, increased from 2.70 per cent in 2002-03 to 3.98 per cent in 2006-07. Share of tax revenue, however, increased from 16.40 per cent to 17.47 per cent during the same period.

1.6 Tax revenue

1.6.1 Growth of tax revenue

The tax revenue of the Council consists of house tax, duty on transfer of property, advertisement tax etc. The trend of growth of tax revenue during the years 2002-03 to 2006-07 was as under:

Table 1.4 : Growth of tax revenue

(Rs. in crore)			
Year	Actual tax revenue	Percentage increase over the previous year	Tax revenue as percentage of total revenue receipts
2006-07	196.47	13.52	17.47
2005-06	173.07	0.46	16.48
2004-05	172.27	21.05	15.98
2003-04	142.31	(-)-1.66	16.51
2002-03	144.71	19.89	16.40

The tax revenue had been showing a consistently rising trend over last five years except for the year 2003-04. In the year 2006-07 tax revenue receipts increased by 13.52 per cent in comparison to previous year. This was due to increase in collection of House Tax and Duty on Transfer of Property. The receipts under tax revenue increased from Rs.144.71 crore in 2002-03 to Rs.196.47 crore in 2006-07. The rate of growth of tax revenue had been fluctuating between (-)1.66 and 21.05 per cent over last five years.

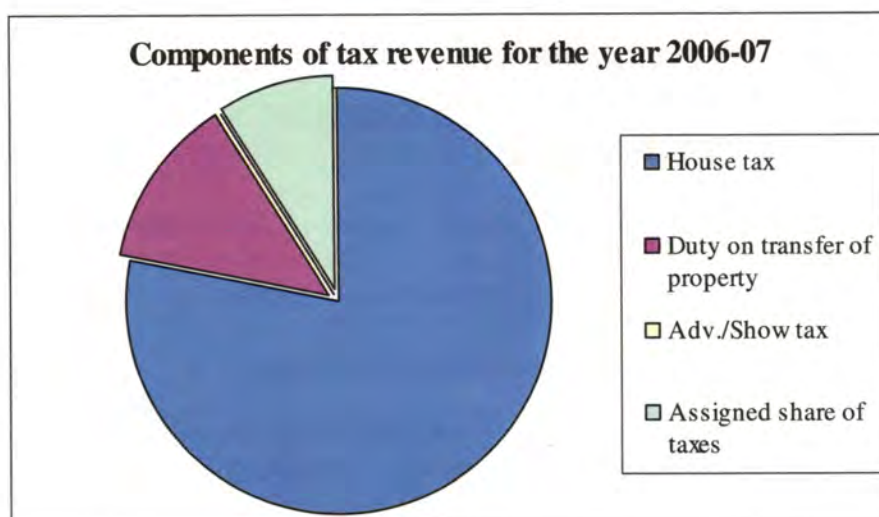
1.6.2 Components of tax revenue

The growth pattern of different components of tax revenue over last five years is detailed below:

Table 1.5 : Components of tax revenue

(Rs. in crore)					
Components	2006-07	2005-06	2004-05	2003-04	2002-03
House tax	153.27 (78.01)	147.10 (84.99)	147.60 (85.68)	127.89 (89.87)	132.81 (91.78)
Duty on transfer of property	25.90 (13.18)	13.15 (7.60)	13.28 (7.71)	7.94 (5.58)	5.58 (3.85)
Advertisement/show tax	0.03 (0.02)	0.14 (0.08)	0.10 (0.06)	0.09 (0.06)	0.04 (0.03)
Assigned share of taxes	17.27 (8.79)	12.68 (7.33)	11.29 (6.55)	6.39 (4.49)	6.28 (4.34)
Total	196.47 (100.00)	173.07 (100.00)	172.27 (100.00)	142.31 (100.00)	144.71 (100.00)

- Figures given in brackets indicate percentage with respect to total receipts



House tax continued to be the major contributor to the tax revenue. Its share was between 78.01 per cent and 91.78 per cent of total tax revenue during 2002-03 to 2006-07. The receipts under duty of transfer of property increased from Rs.5.58 crore in 2002-03 to Rs.25.90 crore in 2006-07. The receipts on account of assigned share of taxes, however, increased both in absolute and relative terms during 2006-07.

1.7 Non-tax revenue

1.7.1 Growth of non-tax revenue

The growth of non-tax revenue during 2002-03 to 2006-07 was as under:

Table 1.6 : Growth of non-tax revenue

Year	Actual non-tax revenue	Percentage increase(+)/decrease (-) over the previous year	(Rs. in crore)
			As a percentage of total revenue receipts
2006-07	883.73	(+)4.88	78.55
2005-06	842.59	(-)02.12	80.27
2004-05	860.85	(+)24.67	79.86
2003-04	690.49	(-)03.24	80.11
2002-03	713.59	(+)14.14	80.90

The non-tax revenue constituted 78.55 per cent of the total revenue receipts of the Council during 2006-07. Its share declined from 80.90 per cent in 2002-03 to 78.55 per cent in 2006-07. The rate of

non-tax revenue has been fluctuating between (-)3.24 per cent and 24.67 per cent over the last five years. However, it increased by (+)4.88 per cent in 2006-07 as compared to decrease of (-)2.12 per cent in 2005-06. This was due to increase in sale of energy and deposit works.

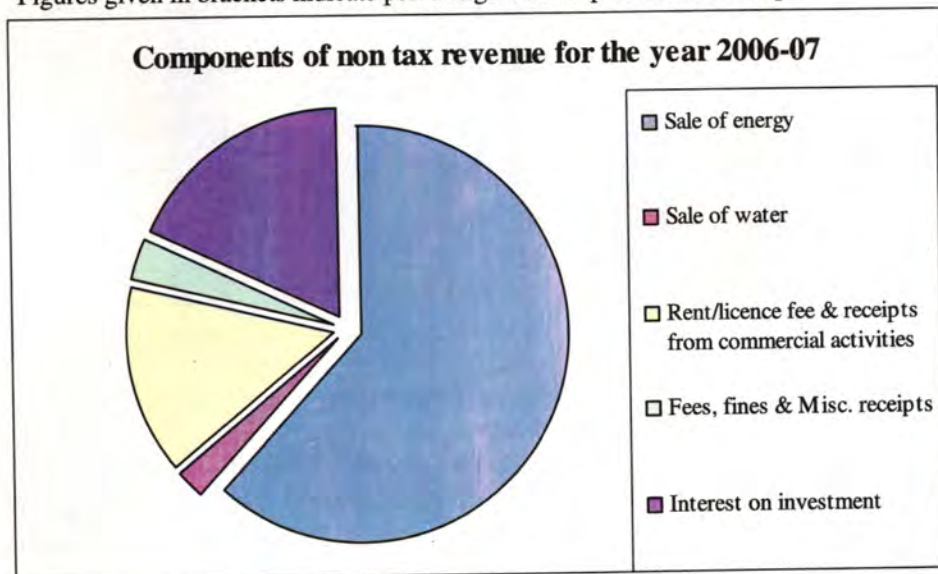
1.7.2 Composition of non-tax revenue

Non-tax revenue of the Council consists of sale of energy/water, rent/licence fee, interest on investments and other miscellaneous receipts. Growth pattern of various components of non-tax revenue is detailed below:

Table 1.7: Components of non-tax revenue

(Rs. in crore)					
Components	2006-07	2005-06	2004-05	2003-04	2002-03
Sale of energy	545.59 (61.74)	515.17 (61.14)	533.99 (62.03)	532.50 (77.12)	531.85 (74.53)
Sale of water	20.07 (2.27)	23.50 (2.79)	14.32 (1.66)	15.00 (2.17)	0.001
Rent/licence fee and receipts from commercial activities	129.06 (14.60)	124.58 (14.79)	110.76 (12.87)	97.77 (14.16)	115.55 (16.19)
Fees, fines and misc. receipts	30.42 (3.44)	23.61 (2.80)	23.04 (2.68)	17.94 (2.60)	33.899 (4.75)
Interest on investment	158.59 (17.95)	155.73 (18.48)	178.74 (20.76)	27.28 (3.95)	32.29 (4.53)
Total	883.73 (100.00)	842.59 (100.00)	860.85 (100.00)	690.49 (100.00)	713.59 (100.00)

* Figures given in brackets indicate percentage with respect to total receipts



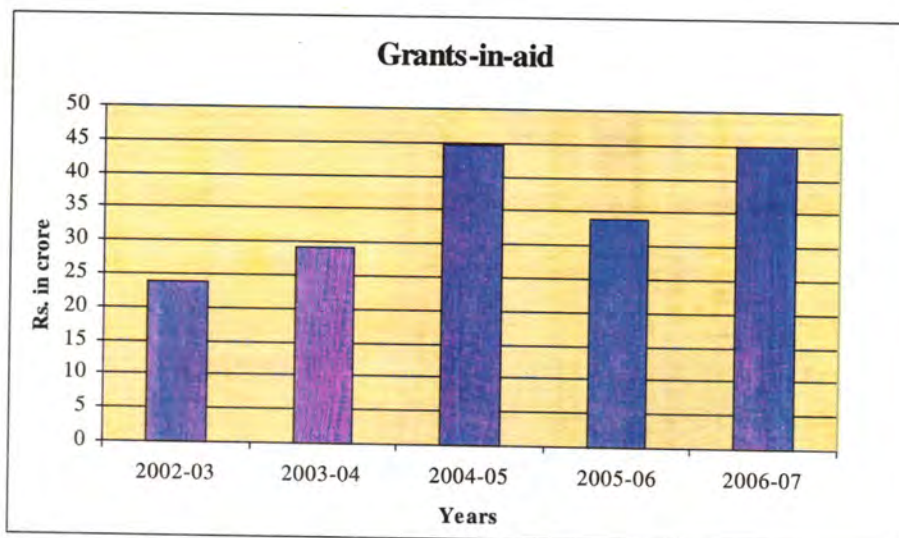
Major sources of non-tax revenue were receipts on account of sale of energy, rent/licence fee, receipts from other commercial activities and interest on investment. Receipts on account of sale of energy had been fluctuating between 61.14 per cent and 77.12 per cent in terms of share of total tax revenue over last five years.

1.8 Grants-in-aid

The Council receives assistance from the Government of NCT of Delhi in the form of grants-in-aid. Trend of assistance from the Government of Delhi during the last five years was as under:

Table 1.8 : Grants-in-aid

Year	Grants-in-aid	(Rs. in crore)
		As percentage of total receipts
2006-07	44.80	3.98
2005-06	34.05	4.04
2004-05	44.79	4.16
2003-04	29.17	3.38
2002-03	23.81	2.70



The assistance from Government of NCT of Delhi increased from Rs.23.81 crore in 2002-03 to 44.80 crore in 2006-07. As a percentage of total receipts, it increased from 2.70 per cent in 2002-03 to 3.98 per cent during 2006-07. The Council did not take any loan from the Government of NCT of Delhi during 2002-03 to 2006-07.

1.8.1 Non-adjustment of grants-in-aid of the previous year

There were unspent balances of grants-in-aid received from Government of NCT of Delhi at the close of financial year 2005-06 in respect of some schemes. Normally, unspent balances need to be taken into account before further release of grants in-aid. Audit scrutiny revealed that in respect of five schemes the unspent balances were not adjusted against the releases for 2006-07. Details are given below:

Table 1.9 : Non-adjustment of grants-in-aid

(Rs. in lakh)					
S. No.	Scheme	Amount of unspent balance as on 01.04.2006	Amount of Grants-in-aid sanctioned during 2006-07	Actual amount received	Amount of unspent balance as on 31.03.2007
1	Anti flood and covering of nallah (Plan)	42.67	125.00	125.00	42.67
2	Mid day meal (Non-Plan)	31.28	33.11	Nil	64.39
3	Mid day meal (Plan)	33.06	100.00	100.00	33.06
4	MLA Fund	262.47	399.00	310.68	350.79
5	Statistical Unit	1.25	Nil	Nil	1.25

1.9 Arrears of revenue receipts

During 2006-07, NDMC earned revenue through sale of energy (48.50 per cent), house tax (13.62 per cent) and rent/licence fee (11.47 per cent). In respect of Estate Department, the details of the amount of arrears recovered during 2006-07 were not available. Year-wise break up of the arrears was also not indicated in the Accounts. This was pointed out in Audit Reports earlier also but corrective steps were yet to be taken by the Department.

1.10 Expenditure

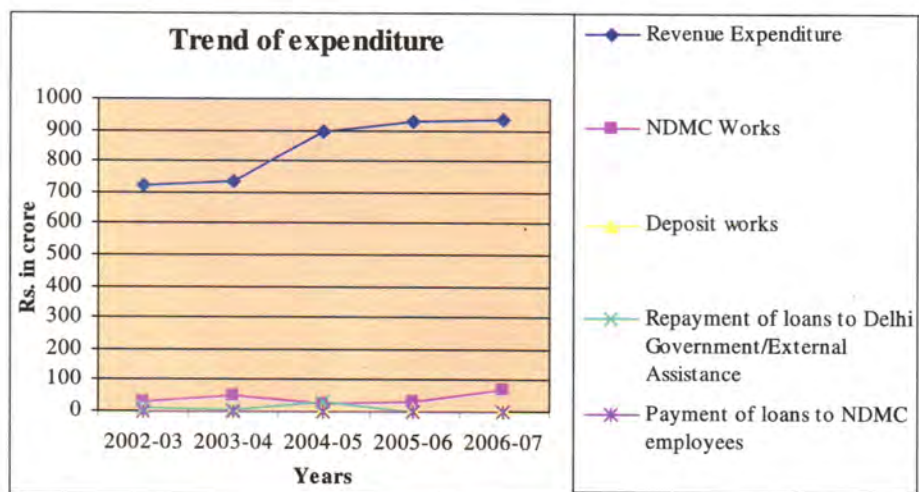
1.10.1 Trend of expenditure

In this report, total expenditure denotes all expenditure including revenue and capital, external assistance and disbursement of loans to NDMC employees. The Council spent a total of Rs.1017.69 crore in

2006-07. The trend of expenditure during 2002-03 to 2006-07 was as under:

Table 1.10: Trend of expenditure

Year	Revenue expenditure	Capital expenditure		Repayment of loans to Delhi Govt./external assistance	Payment of loans to NDMC employees	Total
		NDMC works	Deposit works			
2006-07	937.60	73.21	6.36	Nil	0.52	1017.69
2005-06	928.89	34.86	6.24	0.33	0.59	970.91
2004-05	899.20	27.10	5.74	33.83	0.62	966.49
2003-04	738.10	48.99	6.11	7.34	0.94	801.48
2002-03	723.16	33.01	8.03	10.46	1.04	775.70



- (1) Total expenditure increased from Rs.775.70 crore in 2002-03 to Rs.1017.69 crore in 2006-07. Expenditure during 2006-07 increased by 4.82 per cent over the previous year.
- (2) Capital expenditure in respect of works relating to NDMC increased from Rs.33.01 crore in 2002-03 to Rs.73.21 crore in 2006-07 and it increased by 110.01 per cent in comparison to previous year. The revenue expenditure increased by 0.94 per cent over the previous year.

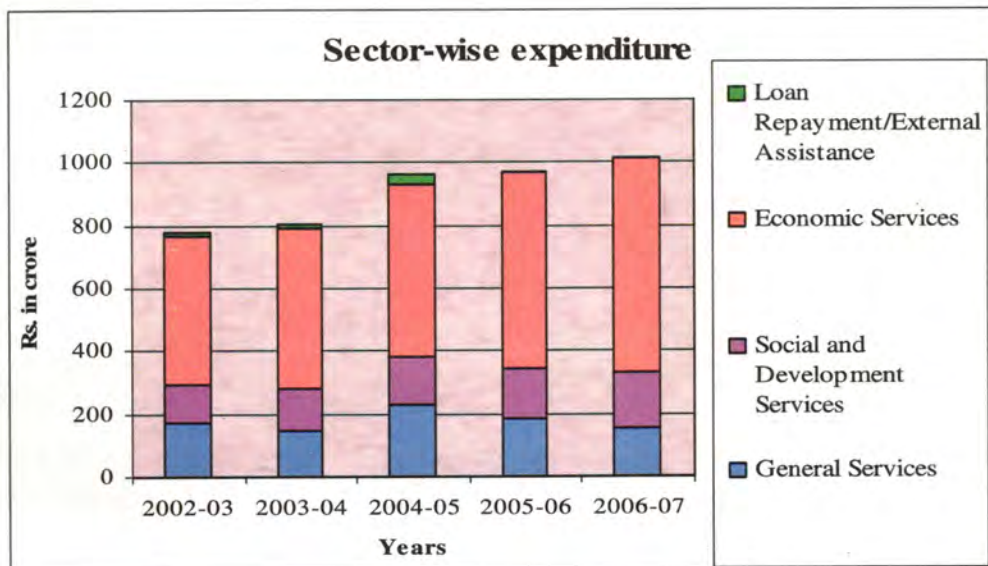
1.10.2 Sector-wise expenditure incurred during last five years

Table 1.11 shows the movement of expenditure on General, Social, and Economic Services over last five years:

Table 1.11 : Sector-wise expenditure

(Rs. in crore)						
S. No.	Sector	2006-07	2005-06	2004-05	2003-04	2002-03
1	General Services	151.03 (14.84)	187.68 (19.33)	231.58 (23.96)	145.52 (18.16)	174.65 (22.52)
2	Social and Development Services	180.46 (17.73)	154.80 (15.95)	148.69 (15.38)	136.24 (17.00)	121.65 (15.68)
3	Economic Services	686.20 (67.43)	628.10 (64.69)	552.39 (57.16)	512.38 (63.93)	468.94 (60.45)
4	Loan repayment/refund of unspent balance	Nil	00.33 (0.03)	33.83 (3.50)	7.34 (0.91)	10.46 (1.35)
	Total	1017.69 (100.00)	970.91 (100.00)	966.49 (100.00)	801.48 (100.00)	775.70 (100.00)

* Figures given in brackets indicate percentage with respect to total expenditure



The component of General Services indicated fluctuating trend over the period 2002-03 to 2006-07. There was an increase in share of expenditure on Social and Development Services from 15.68 per cent in 2002-03 to 17.73 per cent during 2006-07. In the Economic Services, there was an increase in expenditure from 60.45 per cent in 2002-03 to 67.43 per cent during 2006-07. However, the expenditure increased during 2006-07 on Social and Development Services (16.58 per cent), Economic Services (9.25 per cent), and decreased in General Services (19.33 per cent) and Loan Repayment/External Assistance (100 per cent) in comparison to the expenditure incurred during previous year i.e. 2005-06.

1.11 Financial assistance to Non-Government Organizations

The Council provides grants-in-aid to NGOs/ schools etc. The quantum of grants-in-aid provided by NDMC to different NGOs/schools during the last five years was as follows:

Table 1.12: Grants-in-aid by the Council

(Rs. in lakh)						
S. No.	Name of body	2006-07	2005-06	2004-05	2003-04	2002-03
1	Navyug School Society	1010.84	824.54	800.00	716.95	635.55
2	R.M. Arya Primary School	23.51	30.32	25.18	14.29	24.20
3	Nirmal Primary School	25.88	16.60	26.00	12.73	12.34
4	R.M. Girls Primary School	40.34	13.90	14.85	25.13	15.43
5	Khalsa Boys Primary School	-	8.49	13.00	5.71	15.98
6	Social and Cultural Organization/Non-Government Organization	5.50	2.40	3.80	7.45	11.40
7	Samaj Kalyan Samiti	100.43	0.32	1.58	0.88	22.52
8	Palika Service Officers Institute	17.71	-	-	-	10.70
	Total	1224.21	896.57	884.41	783.14	748.12

The amount of grants-in-aid increased from Rs.896.57 lakh to Rs.1224.21 lakh in 2006-07, due to increase in the amount of grants-in-aid released to Samaj Kalyan Samiti.

Under Rule-212 of GFR, the Department was required to obtain Utilization Certificate of the institution concerned within 12 months after the close of the financial year. Department did not produce any Utilization Certificate in respect of grants released by the NDMC for previous years as well as for the current year.

1.12 Surplus & Reserve Funds

Section 54 of the NDMC Act provides for creation of Special Funds. The Council is maintaining number of such Funds as detailed below:

Table 1.13 : Surplus & Reserve Funds

(Rs. in crore)

Name of Fund	Opening Balance as on 01.04.06	Addition during 2006-07	Total	Expenditure during 2006-07	Balance as on 31.03.07
DRF Electrical	297.83	30.00	327.83	1.50	326.33
DRF Water	211.04	20.00	231.04	0.65	230.39
DRF Building	294.63	30.00	324.63	-	324.63
DRF Pension & Gratuity	991.75	110.00	1101.75	53.94	1047.81
Social Welfare Fund	0.63	0.47	1.10	0.43	0.67
Compassionate Fund	0.21	0.02	0.23	-	0.23
General Reserve Fund	(-)300.53	580.00	279.47	940.00	(-)660.53
General Fund (Blds./Market Fund)	48.99	60.00	108.99	-	108.99
GPF Interest (Deficit)	6.45	1.00	7.45	-	7.45
House Tax (Investment Account)	-	-	-	0.88	(-)0.88
Total	1551.00	831.49	2382.49	997.40	1385.09

Following audit observations are made:

1. As prescribed in Section 54 of the NDMC Act, 1994, the constitution and disposal of Special Funds shall be effected in the manner laid down by regulations. But no such regulations were produced to audit.
2. As per the Statement above, closing balance of Surplus & Reserve Funds as on 31 March 2007 worked out to Rs.1385.09 crore, whereas Department had shown the closing balance of Reserve Fund as Rs.2781.80 crore in Statement II of the Budget Book. Thus there was a difference of Rs.1396.71 crore. Reasons for this discrepancy were not explained to audit.
3. Similarly, difference of Rs. 870.80 crores between closing balance of Rs. 1551.00 crores as on 31 March, 2006 and Rs. 2421.80 crores appearing in Statement-II of Budget Book 2008-09 (Depreciation & other funds) and difference of Rs. 472.86 crores between closing balance of Rs. 1634.94 crores as on 31 March, 2005 and Rs. 2107.80 crore as appearing in Statement-II of Budget Book 2007-08 and difference of Rs. 35.17 crores between closing balance of Rs. 1758.20 crore as on 31 March 2004 and Rs. 1723.20 crore as appearing in Statement-II of Budget Book 2006-07 as per "Depreciation Reserve Fund Statement" for the year 2003-04, 2004-05 & 2005-06 respectively remained unexplained.

4. During 2006-07 an amount of Rs.831.49 crore was added to Depreciation Reserve Fund. The basis and method for determining percentage for addition to the Funds during the year were not on record. The method of addition to Depreciation Reserve Fund needs to be placed on record.
5. Rs. 0.88 crore have been shown under Investment Account-House Tax. There was no opening balance under this head. Reasons for investment under this head were not on records. It is also not clear to audit whether this head is authorized head of account.
6. The actual totals of Depreciation and other Reserve Funds pertaining to years 2004-05, 2005-06 and 2006-07 as reflected in G-4 Statement of Annual Accounts were also at variance with actuals for these years in the Budget Book for the year 2006-07, 2007-08 and 2008-09 respectively as detailed below;

Table 1.14 : Depreciation & Reserve Funds

(Rs. in crore)

Budget Book	Actuals for the year	Figures as per Statement-II- Ways & Means Estimates under the head Depreciation and other funds (Budget Book)	Figures as per Statement No. II A-2-Position of Depreciation and Other Funds (G-4 Statement of Annual Accounts)	Difference
2008-09	2007-08	2781.80	1991.50	790.30
2007-08	2005-06	2421.80	1796.53	625.27
2006-07	2004-05	2117.80	1566.47	551.33

The reasons for difference of Rs.551.33 crore, Rs.625.27 crore and Rs.790.30 crore in two statements as reflected above were not available on record.

1.13 Non-accountal of expenditure

During 2002-03 to 2006-07, an amount of Rs.83.60 crore was drawn as Miscellaneous Advances, out of which advances to the tune of Rs.70.49 crore were adjusted against final heads of account, leaving an amount of Rs 13.11 crore unadjusted at the close of financial year 2006-07. However, as per G-4, the total amount pending for adjustment as on 31 March, 2007 was Rs. 21.30 crores. While the accounts reflected amount of Miscellaneous Advance adjusted in a particular year, it did not

reflect the year to which the advance pertained. Year-wise details of drawal and adjustments of advances were as under:

Table 1.15 : Miscellaneous Advances

(Rs. in crore)

Year	Amount of advance released	Amount of advance adjusted	Amount remaining unadjusted
2006-07	7.38	0.13	7.25
2005-06	3.44	17.60	(-)14.16
2004-05	15.21	10.40	4.81
2003-04	24.90	24.92	(-)0.02
2002-03	32.67	17.44	15.23
Total	83.60	70.49	13.11

1.14 General comments on Annual Accounts

Audit scrutiny of Accounts revealed certain discrepancies/shortcomings in the existing accounting system. These were also reflected in earlier Annual Audit Reports and Local Audit Reports but the Department did not take any corrective steps in this regard. Discrepancies/shortcomings are discussed below:

1. Expenditure should remain within the sanctioned budget allocation. But in many cases actual expenditure had exceeded the budget provision. Records to watch the control of expenditure in the respective heads of accounts were not furnished. Accordingly, it could not be ascertained whether there was any mechanism in place for exercising budgetary control over the expenditure.
2. NDMC undertakes commercial activities like sale of energy and water, renting out of commercial shops/units and production and sale of compost manure. Proforma Accounts in respect of these commercial activities were not prepared and as such profits or loss to the NDMC on these accounts could not be assessed.
3. The existing form of the Annual Accounts did not reflect the arrears of taxes, duties, other revenue and licence fee recoverable at the beginning of the year and the arrears liquidated during the year. Hence, NDMC was not aware of the actual quantum of all such outstanding arrears with year-wise break up.
4. Every year heavy expenditure was reflected in the Annual Accounts under different Suspense Heads, which were not cleared

subsequently, Annual Accounts did not reflect year-wise opening balances, closing balances and settlement of Suspense Accounts and as such final position of the huge expenditure booked under Suspense Heads and its clearance could not be ascertained.

- 5 The Annual Accounts of NDMC did not show the opening and closing balances of various Debt, Deposits and Remittance Heads and as such did not present a true and correct picture of the financial position of NDMC.
- 6 Statement showing the amount of cheques deposited in the bank account but not credited during the financial year was not enclosed with the Annual Accounts. Similarly, list of cheques issued by the Council during the year but not presented to Bank for payment was also not enclosed with the Annual Accounts.
- 7 Opening and closing balances with the Bank as per "Cash Book" and as per "Bank Account" were not reflected with necessary explanatory note to elucidate the discrepancy, if any, in these balances.
- 8 Advances were liberally and frequently allowed to be drawn from the General Fund and normally remained unadjusted for fairly long duration. Statements showing opening and closing balances and adjustments made during the year did not reflect year-wise break up.
- 9 Department recovered Cess charges under Cess Act, 1996, which were required to be deposited/remitted to Construction Workers Welfare Board within 30 days. NDMC did not deposit the amount within the specified period. Resultantly, the receipts were overstated to that extent.
- 10 As per accounting rules minus entry should not be reflected in the final accounts. It was observed that in the following four heads of account, Department had reflected minus balance in the G 4 statements:

Table 1.16 : Minus entries

(in Rupees)			
S. No.	Head of A/c	Description	Amount
1	D.1.4.7.51	Improvement to NP Primary School, Pandara Park, EC-III	(-)679315
2	D.2.2.A.4.70	50 beded Maternity Centre at Kitchner Road EC-III	(-)109693
3	G.1.1.1	Civil Works Annual Repairs-Sew. Maint.	(-)222256
4	D.2.21.7	Strengthening of Health Education (Non-Plan)	(-)285582

1.15 Analysis of budgetary projections

The budget presents three sets of figures: (a) actuals for the preceding year, (b) revised estimates for the current year and (c) budget estimates for the forthcoming financial year. This section discusses the variations in different components of the finances of the Council with reference to the budgetary projections.

1.15.1 Actual collection of revenue vis-a-vis estimates

The actual collection of revenue receipts against budget estimates during the last five years was as under:

Table 1.17 : Actual collection of revenue vis-à-vis estimates

(Rs. in crore)					
Year	Budget estimates	Revised estimates	Actual revenue receipts	Increase(+)/decrease(-) of actual revenue receipts over budget estimates	Percentage increase(+)/decrease(-) over budget estimates
2006-07	1061.79	1120.03	1125.00	(+)63.21	(+)5.95
2005-06	1035.50	1030.83	1049.71	(+) 14.21	(+) 1.37
2004-05	997.54	1060.86	1077.91	(+) 80.37	(+) 08.06
2003-04	885.13	884.99	861.97	(-) 23.16	(-) 02.62
2002-03	860.78	879.77	882.11	(+) 21.33	(+) 02.48

The revenue receipts during 2006-07 were Rs.63.21 crore above the budget estimates. However, the increase with reference to revised estimates for 2006-07 was Rs.4.97 crore. The major contribution towards increase in receipts was from House tax, Duty on Transfer of Property and increase in non-tax revenue receipts particularly on account of sale of energy and deposit works.

A detailed head-wise, comparison of actual receipts with the revised estimates, revealed as under:

- (a) Under the following four heads of accounts, receipts remained 'Nil' as against the revised estimates of Rs.134.00 lakh:

Table 1.18 : Nil Receipts

Sl. No.	Head of Account	Description	(Rs. in lakh)		
			BE 2006-07 Revenue	RE 2006-07 Revenue	Actual 2006-07
1.	A.VIII.4	Dhobi Licence –Health	0.05	0.50	Nil
2.	D-VI	Cattle Pond Feeding and watering charges	1.00	0.50	Nil
3.	E.(ii)	Meter Rent –Electricity	120.00	120.00	Nil
4.	F.(ii)	Meter Rent-water supply	13.00	13.00	Nil
		Total	134.05	134.00	Nil

As the revised estimates were prepared at the fag end of the financial year, nil receipts against revised estimates indicated poor budgeting.

Reasons for head-wise variations between budget estimates/revised estimates and actuals were not provided to audit.

- (b) In respect of the following 22 heads of account, the shortfall in receipts as compared to revised estimates ranged from 4.06 per cent to 100 per cent. Reasons for same were not available on record:

Table 1.19 : Shortfall in receipts

S.No.	Head of Account	Description	(Rs. in lakh)				
			BE 2006-07	RE 2006-07	Actual 2006-07	Shortfall	Percentage variation
1.	A.I.(a)	Current House Tax	1000.00	1000.00	677.67	322.33	32.23
2.	A.I.(c)	Arrear House Tax	3500.00	3500.00	2836.62	663.38	18.95
3.	A.V	Duty on transfer of property	1500.00	2700.00	2590.21	109.79	4.06
4.	A.VII.(b)	Betterment charges	25.00	25.00	23.48	1.52	6.08
5.	A.VII.(e)	Levy on additional FAR	15.00	12.00	9.72	2.28	19.00
6.	A.VIII.(i)	Fine	25.00	34.00	13.80	20.20	59.41
7.	A.VIII.(3)	Hawking License	2.00	2.00	0.11	1.89	94.50
8.	A.VIII.(10)	Sewer connection fees	55.00	70.00	39.72	30.28	43.26
9.	D.(I).C.(xi)	Grih Kalyan Kendra	20.00	55.00	13.64	41.36	75.20
10.	D. III	Public Health- Accounts New Medical Scheme	-	85.00	29.70	55.30	65.06
11.	D. IV	Animal Husbandry/Veterinary charges	9.00	9.00	3.30	5.70	63.33
12.	E.VIII	Receipts from Compost Plant	40.00	4.00	0.19	3.81	95.25
13.	E.(ii)	Meter Rent (Electricity)	120.00	120.00	Nil	120.00	100
14.	E.(iii)	New Connection/Re-connection fee	28.00	38.00	21.31	16.69	43.92
15.	E.(vi)	Other receipts-(Petty items) Commercial	-	14.00	1.70	12.30	87.86
16.	F.(ii)	Meter Rent (Water Supply)	13.00	13.00	Nil	13.00	100
17.	H.(x)	Tehbazari – Other Municipal works- Estate	75.00	75.00	0.13	74.87	99.83
18.	H.(xiii).(a)	Departmental Charges on deposit works	-	4.00	1.64	2.36	59.00
19.	H.(xv).(b)	Other Receipts Civil Engg. Department water supply CR-V	-	6.00	2.37	3.63	60.50
20.	H.(xv).(d)	Other Department (Auto)	-	93.00	0.21	92.79	99.77
21.	H.(xvii)	Display charges for advertising on electrical poles	650.00	500.00	317.84	182.16	36.43
22.	J.3.B	Sarojini Nagar Constituency	190.00	190.00	100.00	90.00	47.37

Under the heads of account A.VIII(2)-Plumbing License, A.III(10) Sewer Connection Fee and A.VIII(14)-Funeral Van Charges, the shortfall in receipts with reference to revised estimate was more than 50 per cent even in 2003-04 and 2004-05. Similarly during 2005-06, short fall under the head of account A.VIII (10) Sewer Connection fee, F.(ii) Meter Rent Water Supply, B.(ii) Interest on advance etc. were also more than 50 percent.

Under the heads of account, A.I.(a) Current House Tax, A.I.(c) Arrears House Tax, A.V Duty on transfer of property, E.(ii) Meter Rent (Electricity) and H.(XVII) display charges for advertising on electrical poles, short fall is more than Rs. 1.00 crore in each case.

Table 1.20 Excess collection of receipts

(Rs.in lakh)

S. No	Head of Account	Description	BE 2006-07	RE 2006-07	Actual 2006-07	Variation	Percentage variation
1	A.I.(a)	Arrears of House Tax	100.00	100.00	226.29	126.29	126.29
2	A.I.(b)	Current House Tax	200.00	300.00	377.92	77.92	25.97
3	A.I.(c)	Current House Tax	9000.00	10000.00	11108.00	1108.00	11.08
4	E-vi	Other Receipts (Petty Items) 33 KV	-	0.10	8.94	8.84	8840.00
5	H.xv.(a)	Other receipts of Estate Deptt.	15.00	15.00	46.51	31.51	210.06
6	H.xv.(b)	Other receipts CC-V	-	0.20	2.59	2.39	1195.00
7	H.xv.(b)	Other receipts CR-II	-	1.10	9.32	8.22	747.27
8	H.xv.(b)	Other receipts Civil Water Supply	-	15.00	39.20	24.20	161.33
9	H.xv.(b)	Other receipts QCTA	-	7.00	18.11	11.11	158.71
10	H.xv.(b)	Other receipts CBM-III	-	2.00	3.58	1.58	79.00
11	K-II	Deposit works Capital CR-II	-	10.00	16.10	6.10	61.00
12	K.II	Deposit Works-Capital CW Supply	-	0.20	1.46	1.26	630.00
13	G.I	Misc. Receipts	50.00	100.20	277.51	177.31	176.96

Receipts with reference to revised estimates were more than hundred percent under most of the above heads. Departures from the budget estimates could be on account of unanticipated and random external events or on account of methodological inadequacies. As the revised estimates are prepared at the fag end of the financial year, reasons for such major deviations from revised estimates enumerated in the table above need to be analyzed.

1.15.2 Actual collection of tax revenue vis-à-vis estimates

The actual collection of tax revenue vis-à-vis budget estimates during the last five years was as under:

Table 1.21 : Actual collection of tax revenue vis-à-vis estimates

(Rs. in crore)					
Year	Budget estimates	Revised estimates	Actual tax revenue	Increase(+)/decrease (-) of tax revenue receipts over budget estimates	Percentage increase(+)/decrease (-) over budget estimates
2006-07	168.77	194.28	196.47	(+)27.70	(+)16.42
2005-06	148.60	157.73	173.07	(+) 24.47	(+) 16.47
2004-05	132.02	156.36	172.27	(+) 40.25	(+) 30.49
2003-04	126.34	134.33	142.31	(+) 15.97	(+) 12.64
2002-03	106.20	112.44	144.71	(+) 38.51	(+) 36.26

The increase of 16.42 per cent during 2006-07 in the actual collection of tax revenue with reference to budget estimates was mainly due to higher collection of House Tax by 9.48 per cent, Duty on Transfer of Property by 72.67 per cent and assigned share of taxes by 25.87 per cent over and above the budget estimates.

1.15.3 Actual collection of non-tax revenue vis-à-vis budget estimates

The actual collection of non-tax revenue vis-à-vis budget estimates during the last five years was as under:

Table 1.22: Actual collection of non-tax revenue vis-à-vis budget estimates

(Rs. in crore)					
Year	Budget estimates	Revised estimates	Actual non-tax revenue	Increase(+)/decrease(-) of non-tax revenue receipts over budget estimates	Percentage increase(+)/decrease(-) over budget estimates
2006-07	853.10	879.68	883.73	(+)30.63	(+)3.59
2005-06	827.24	845.57	842.59	(+) 15.35	(+) 1.86
2004-05	833.41	857.21	860.85	(+) 27.44	(+) 03.29
2003-04	728.16	719.76	690.49	(-) 37.67	(-) 05.17
2002-03	724.28	736.74	713.59	(-) 10.69	(-) 01.48

Non-tax revenue during 2006-07 was Rs.30.63 crore more than the budget estimates.

1.15.4 Actual expenditure vis-à-vis revised estimates

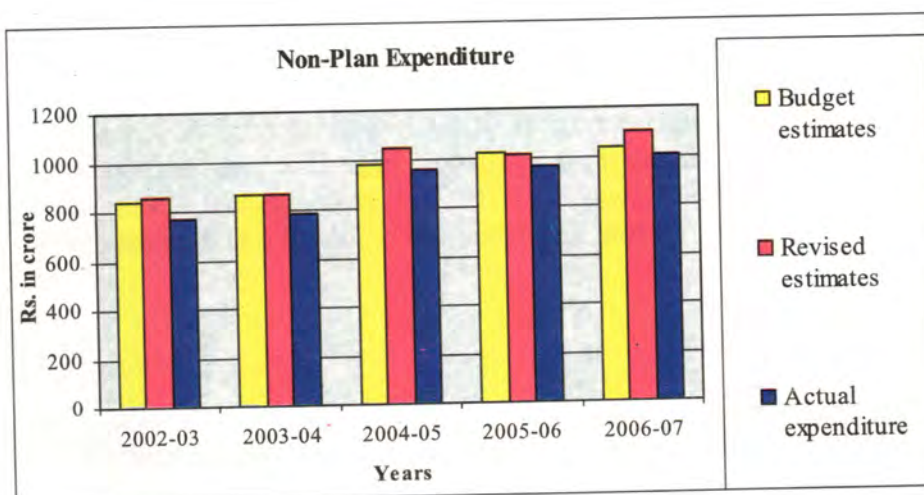
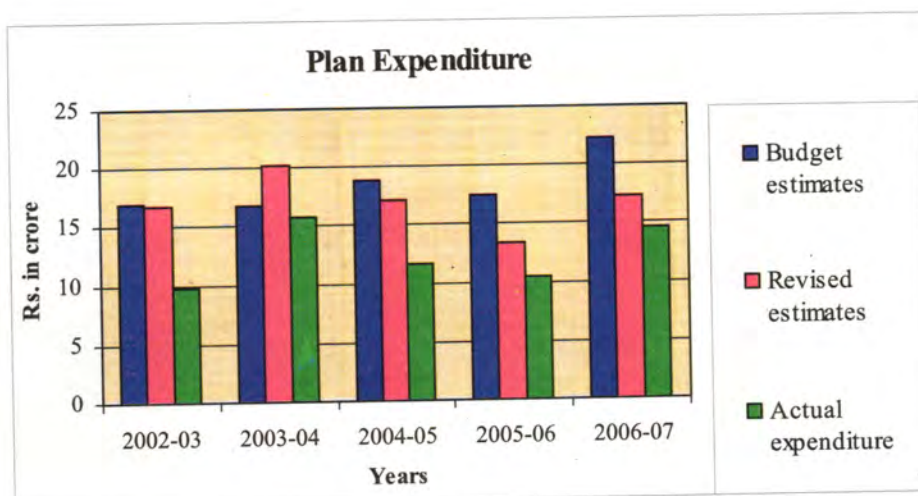
The actual expenditure had been consistently below the revised estimates in all the five years and also below the budget estimates.

Table 1.23 : Actual expenditure vis-à-vis revised estimates

(Rs. in crore)

Year	Budget estimates			Revised estimates			Actual expenditure			Excess(+)/savings(-)		
	Plan	Non-plan	Total	Plan	Non-plan	Total	Plan	Non-plan	Total	Plan	Non-plan	Total
2006-07	22.20	1038.24	1060.44	17.35	1101.40	1118.75	14.47	1003.22	1017.69	(-)2.88 *16.60	(-)98.18 *8.91	(-)101.06 *9.03
2005-06	17.40	1017.48	1034.88	13.31	1015.58	1028.89	10.37	960.54	970.91	(-)2.94 *22.09	(-) 55.04 *5.42	(-)57.98 *5.64
2004-05	18.90	977.20	996.10	17.19	1043.96	1061.15	11.64	954.85	966.49	(-)5.55 *32.29	(-) 89.11 *8.54	(-)94.66 *8.92
2003-04	16.84	867.42	884.26	20.14	863.64	883.78	15.80	785.68	801.48	(-)4.34 *21.55	(-) 77.96 *9.03	(-) 82.03 *9.31
2002-03	16.90	844.00	860.90	16.80	858.23	875.03	9.80	765.90	775.70	(-)7.00 41.67	(-) 92.33 *10.76	(-)99.33 *11.35

* Indicates percentage excess/savings



An analysis of data above indicates that the Council had been over estimating the expenditure.

1.15.5 Savings in comparison to revised estimates

The actual expenditure had been considerably below the revised estimates in 2006-07 and there were huge savings in the following heads of accounts :

Table 1.24 : Less expenditure incurred against revised estimates

(Rs. in crore)						
S.No.	Head of account	Description	BE 2006-07	RE 2006-07	AE 2006-07	Saving
1.	C	Administrative Department	153.80	159.55	149.33	10.22
2.	D.1	Education	58.05	62.17	56.76	5.41
3.	D.2	Medical and Public Health	121.53	114.52	92.74	21.78
4.	D.4.4	Garden, Parks & Fountains	27.57	25.02	19.13	5.89
5.	D.4.12	Housing	6.92	5.26	3.76	1.50
6.	E	Electricity Supply	430.67	447.97	413.92	34.05
7.	F	Water Supply	57.43	63.84	60.68	3.16
8.	G	Roads	27.93	38.15	33.39	4.76
9.	H.1	Other Municipal Work(Civil Engg. Deptt.)	124.21	153.68	150.79	2.89
10.	H.4	M.L.A. Constituency Fund	9.60	4.50	4.02	0.48
11.	-	Others-Remaining Head of A/cs	42.73	44.08	33.17	10.91
		Total	1060.44	1118.74	1017.69	101.05

Though the budget estimates of Rs.1060.44 crore was revised to Rs.1118.74 crore at the revised estimates stage, the total expenditure during the year 2006-07 was Rs. 1017.69 crore against the revised estimates of Rs. 1118.74 crore and much lower than the budget estimates also.

1.15.6 Nil expenditure

In the following 11 cases, revised estimates for salary & allowances were made but no expenditure was incurred during 2006-07.

Table 1.25 : NIL expenditure against salary and allowances

(Rs in lakh)				
S.No.	Head of account	Description	RE 2006-07	AE 2006-07
1.	C.16.1	Engineer-in-Chief	5.28	Nil
2.	D.1.4.9(ii)A	Cultural Education	9.23	Nil
3.	D.1.7.6(A)(I)	Staff for Population Reserch and material	7.84	Nil
4.	D.1.7.7.1	Work Experience Prog. & Hobby Centre	1.53	Nil
5.	D.1.8.I	Public Reading Rooms	1.35	Nil
6.	D.1.19.1	Social Welfare Worker	19.40	Nil
7.	D.2.2.12.1	Strengthening of Thalassemia unit	20.99	Nil
8.	D.2.11.1	Collection of vital statistics	13.85	Nil
9.	D.2.20.1	Birth Control of Stray Dogs	8.35	Nil
10.	D.4.3.1	Funeral Van Service	14.07	Nil
11.	D.4.5.1	Cattle Pound	71.41	Nil

Reasons for the same were not available on record.

1.15.7 Plan

The plan expenditure accounted for a very small percentage of total expenditure. Overall savings under plan heads remained at 34.82 per cent of budget estimates during 2006-07 i.e. Rs.7.73 crore.

A comparison of actual expenditure with reference to revised estimates revealed that:

- (a) Under five heads of account, Rs.49.00 lakh remained wholly unutilized as detailed below:

Table 1.26 : Heads of account with Nil expenditure

(Rs. in lakh)				
S. No.	Head of accounts	Description	RE 2006-07	Actuals 2006-07
1	D.2.17.11.A. 88(3)	Improvement of Drainage Systems Connaught Place/Middle Circle(Cap)	5.00	Nil
2	D.2.17.11.(A) 88(9)	Improvement to Drainage System in type-II Quarters Peripheral Road at Laxmi Bai Nagar CR-II	5.00	Nil
3	D.2.17.11.A 93(2)	Improvement and Desilting of SWD Systems in NDMC area under R-I Division	19.00	Nil
4	D.2.17.11.A. 93(2)	Desilting of SWD systems in NDMC area CR-V	10.00	Nil
5	D.2.17.11.A 93(3)	Survey of SWD Systems in NDMC area for GIS mapping CR-III	10.00	Nil

- (b) Under the following ten heads of account, savings with reference to revised estimates ranged between 4.60 per cent and 67.78 per cent:

Table 1.27 : Heads of account with substantial savings

(Rs. in lakh)						
S. No.	Head of account	Description	RE 2006-07	AE 2006-07	Savings	Shortfall in terms of percentage
1.	D.1.4.5.(ix)	Supply of free wool/woolen sweater	9.00	7.77	1.23	13.67
2.	D.1.19.4	Other charge-Plan	3.00	2.86	0.14	4.67
3.	D.1.7.7.7.A	Work experience Programme and hobby centre	0.50	0.26	0.24	48.00
4.	D.1.10.9(i)	Food Articles Purchase (Rev) Plan	100.00	55.90	44.10	44.10
5.	D.2.17.11.A 87(4)(a)	Moti Bagh (Plan)	10.00	9.54	0.46	4.60
6.	D.2.17.11.(A) 87(4)(9)(d)	Laxmi Bai Nagar and Kidwai Nagar (Plan)	4.50	1.45	3.05	67.78
7.	D.2.17.11.A. 87(9)	P/F SFRC/Gratings over open drain of Bengali Market Area	2.50	1.52	0.98	39.20
8.	D.2.17.11.A 87(10)	Augmentation and improvement to drainage system at SAC	3.00	1.82	1.18	39.33
9.	D.2.17.11.A 88(5)	Augmentation and improvement to drainage system Sector I,II,III D-12	26.00	15.75	10.25	39.42
10.	D.2.17.11.A. 93(2)	Desilting of SWD Systems in NDMC area CR-IV	10.00	8.70	1.30	13.00
Total			168.50	105.57	62.93	-

- (c) Under the following two heads of account, expenditure incurred was in excess of revised estimates ranging between 11.20 per cent and 13.08 per cent.

Table 1.28: Heads of account of excess expenditure

(Rs. in lakh)							
S. No.	Head of account	Description	BE 2006-07	RE 2006-07	Actuals 2006-07	Excess	Excess in terms of percentage
1	D.1.4.5(III)	Free Uniform	25.00	25.00	28.27	3.27	13.08
2	D.1.26	Educational Vocational Guidance	2.00	2.50	2.78	0.28	11.20

The reasons for such substantial deviations from revised estimates were not available on record. The excess expenditure was required to be regularized by the competent authority.

1.15.7.A Non-Plan

During 2006-07 actual expenditure under non-plan was less than the revised estimates. Overall savings were Rs.98.18 crore i.e. 8.91 per cent. Further, a detailed head-wise comparison of actual expenditure with reference to revised estimates revealed that:

- (a) Under some heads of account, budget estimates and revised estimates remained wholly unutilized. Details of 51 cases with revised estimates exceeding one lakh are given in Annexure-I.
- (b) In 41 cases, there was no budget provision. However, provision was made for revised estimates, but no expenditure was incurred. Details are given in Annexure-II
- (c) Under 43 heads of account, the savings ranged between 50.80 per cent and 99.92 per cent of revised estimates. Details are given in Annexure-III.
- (d) Persistent savings exceeding 50 per cent of revised estimates were noticed during the last three years in two cases, as shown in the table, are indicative of deficient budgeting:-

Table 1.29: Heads of account with persistent savings above 50 per cent of RE and above Rs. 1 lakh during last three years

							(Rs. in lakh)
S. No.	Head of Account	Year	BE	RE	Actuals	Savings	Savings in terms of percentage
1	D.4.4.4.B Civil	2004-05	30.00	30.00	9.42	20.58	68.06
		2005-06	80.00	66.50	19.89	46.61	70.09
		2006-07	60.00	30.50	11.77	18.73	61.41
2	D.1.5.4 Other charges	2004-05	4.50	1.90	0.32	1.58	83.15
		2005-06	2.50	2.50	1.07	1.43	57.20
		2006-07	11.50	12.00	2.82	9.18	76.50

- (e) Expenditure under 36 heads of account was incurred in excess of budget provisions. The excess expenditure ranged between 1.36 per cent and 2388.00 per cent of revised estimates. Details of 36 heads of account having actual expenditure more than

Rs. one lakh are given in Annexure-IV. The excess expenditure was required to be regularized by the competent authority.

- (f) Expenditure under 36 heads of account was incurred without any revised budget provision. Details of fourteen heads of account are given below:

Table 1.30: Expenditure incurred without any budget provision in RE

(Rs. in lakh)					
S. No.	Head of account	Description	BE 2006-07	RE 2006-07	Actuals 2006-07
1.	E.9	Honorarium/OTA	15.00	Nil	3.46
2.	F.6(ii)	Maintenance of Booster Pumps(Civil) Water Supply	50.00	Nil	34.23
3.	D.2.16.16	Honorarium/OTA	Nil	Nil	0.51
4.	D.2.21.1	Heath Education Salary and Allowances	14.45	Nil	4.60
5.	D.2.21.12	Honorarium/OTA	Nil	Nil	0.19
6.	D.4.2.18	Honorarium/OTA	Nil	Nil	0.05
7.	D.4.4.14	Honorarium/OTA	2.00	Nil	0.66
8.	D.7.6	Other charges	5.00	Nil	1.11
9.	D.7.9	Honorarium/OTA	0.50	Nil	0.06
10.	F.6(i)	Maintenance of Booster Pumps(Electrical) Water Supply	Nil	Nil	20.82
11.	F.15	Honorarium/OTA	Nil	Nil	5.98
12.	H.1.7	Other Charges(Civil) Palika Parking S.M. S.P. W.S.	Nil	Nil	0.02 7.83 0.65 0.53
13.	H.2.11	Bonus	Nil	Nil	0.15
14.	H.2.12	Honorarium/OTA	Nil	Nil	0.20

Reasons for such substantial deviations with revised estimates were not available on record. The excess expenditure was required to be regularized by the competent authority.

1.16 Rush of Expenditure

1.16.1 Rush of Expenditure

As per Rule 56(3) of General Financial Rules, rush of expenditure particularly in the closing months of financial year shall be regarded as a breach of financial regularity and should be avoided. Contrary to this,

large expenditure was incurred in the month of March and in the last quarter of the financial year. A few instances are given below:-

Table 1.31: Rush of expenditure in March

(Rs. in crore)

Department	2004-05			2005-06			2006-07		
	Exp. during year	Exp. during March	Percentage exp. in March	Exp. during year	Exp. during March	Percentage exp. in March	Exp. during year	Exp. during March	Percentage exp. in March
Water Supply	33.63	4.96	14.75	34.74	9.19	26.45	60.68	14.94	24.62
Roads (Civil plus electric)	15.58	2.41	15.47	14.67	2.98	20.31	33.39	8.85	26.50
Deposit works of various Departments	5.42	0.74	13.66	6.12	0.67	10.95	6.36	1.10	17.30

Table 1.32: Rush of expenditure in the last quarter of the year

(Rs. in crore)

Department	2004-05			2005-06			2006-07		
	Exp. during year	Exp. Jan to March	Percentage exp. in last quarter	Exp. during year	Exp. Jan to March	Percentage exp. in last quarter	Exp. during year	Exp. Jan to March	Percentage exp. in last quarter
Water supply	33.63	10.69	31.79	34.74	19.24	55.38	60.68	32.53	53.61
Roads	15.58	4.74	30.42	14.67	5.95	40.56	33.39	16.62	49.78
Deposit work of various Departments	5.42	1.22	22.51	6.12	1.58	25.82	6.36	3.00	47.17

1.17 Follow up on Audit Reports

1.17.1 Local Audit Reports

Each Department, Branch/Office and Grants-in-Aid Institution of the New Delhi Municipal Council is audited by the Office of the Chief Auditor. Audit observations raised during audit and not replied/settled during the course of audit are communicated to Heads of Departments/Office through Local Audit Reports. The Heads of Departments/Offices are required to furnish replies to the Local Audit Reports within four weeks of receipt of the Local Audit Report. Due to lack of compliance, 789 Local Audit Reports containing 3564 audit paras were pending as on 31 March 2007.

Department-wise details of outstanding paras of LAR as on 31 March 2007 are given below:

Table 1.33: Department-wise details of outstanding paras of LAR

S. No.	Name of Department	No. of outstanding paras as on 31 March, 2007
1	Accounts	204
2	Architect & Environment	69
3	Civil Engineering	720
4	Commercial	61
5	Education	374
6	Electricity	694
7	Enforcement	63
8	Estate	101
9	Fire Maintenance	59
10	General Administration	110
11	Medical Services /Public Health	311
12	Horticulture	71
13	Property tax	92
14	I.T.	20
15	Law	15
16	Personnel	239
17	PRO	44
18	Security	53
19	Welfare	264
	Total	3564

In order to improve compliance, a mechanism has been introduced to expedite the settlement of paras of Local Audit Report vide Council's Resolution dated 3 March 2005. An Adhoc Committee consisting of representatives from Audit, Finance and the concerned Departments has been set up to settle outstanding paras. During 2006-07, 96 paras were settled.

1.17.2 Annual Audit Reports

Council had approved constitution of Standing Committee on Audit vide Council Resolution dated 3 March 2005 under section 9 of the NDMC Act to consider the Annual Audit Report of Chief Auditor and submit its report thereon to the Council. During the year 2007-08, four meetings were held in which Standing Committee on audit considered the response of the Department to outstanding paragraphs pertaining to 101 paragraphs, settled 45 audit paras and issued appropriate directions to the concerned Departments.

Resultantly, position of outstanding Action Taken Notes on paragraphs and reviews included in the Annual Audit Reports of New Delhi Municipal Council as on 31 March 2008 was as under:

Table 1.34 : Paragraphs included in AAR and outstanding

Year of report ended 31 March	No. of paragraphs included in the report	No. of paragraphs outstanding
1997	124	46
1999	98	66
2000	45	23
2001	42	21
2002	38	12
2003	36	14
2004	36	19
2005	37	22
2006	42	32
Total	498	255

SECTION – A

REVIEWS

DEPARTMENT OF CIVIL ENGINEERING

**Contract management of construction
and maintenance of Bus-Q-Shelters on
BOT (Build, Operate and Transfer) basis**

CHAPTER-II : DEPARTMENT OF CIVIL ENGINEERING

2. Contract management of construction and maintenance of Bus-Q-Shelters on BOT (Build, Operate and Transfer) basis

Audit reviewed the contract management of construction of Bus-Q-Shelters (BQS) by NDMC on BOT (Build, Operate and Transfer) basis under Public Private Partnership (PPP) initiative. Initially, in the year 1999 the Department awarded contract for construction and maintenance of 28 BQS on BOT basis for a period of three years. Subsequently in the year 2006 the construction and maintenance work of all the 197 BQS was awarded to a private firm with concession period of 15 years. Planning failures were evident in delays in award of work, selection of design and sites for BQS, change of locations etc. resulting in loss of revenue. There was no clear policy whether to construct all the BQS departmentally or on BOT basis. Resultantly, there were frequent changes in decision on this issue and considerable delays in award of contract. Terms and conditions of tenders were also relaxed in favour of Concessionaire. Undue benefit was granted to the Concessionaire by extending the concession period to operate project facilities for 15 years against stipulated period of concession of 10 years in the tender documents. There was delay of more than 16 months in completion of construction of 197 BQS resulting in revenue loss of Rs. 3.20 crore calculated at minimum of fees to be paid by the Concessionaire. Adequate checks were also not exercised over the project accounts to ensure correctness of share of NDMC of 16 per cent of the total revenue generation.

Highlights

- Failure of the Department to provide drawings/facilities for construction of 28 BQS to the firms in the year 1999 resulted in deferment of date of license fee causing loss of revenue of Rs. 1.04 crore
- Allowing pre-mature surrender and delay in award of BQS resulted in loss of Rs. 42.02 lakh between September 2001 and October 2002.

- **Delay in re-awarding of 21 BQS in the year 2003 resulted in loss of revenue of Rs. 50.47 lakh.**
- **Non-awarding of BQS on BOT basis resulted in loss of Rs. 75.24 lakh during 2004 to 2006 in-respect of 11 BQS constructed by NDMC out of its own funds.**
- **There was no policy in place regarding the construction of BQS on BOT basis or out of NDMC funds. Resultantly frequent changes in decision caused delay in commencement of project for over five years.**
- **Failure to select sites and obtain clearance from local authorities prior to commencement of work delayed handing over clear site to the Concessionaire. Consequently, there was over all delay of more than 16 months in completion of project causing loss of revenue of Rs. 3.20 crore to NDMC.**
- **Concessionaire was allowed undue benefit by granting excess concession for a period of five years in violation of tendered terms and conditions.**
- **Liquidated damages were also not levied on the Concessionaire for the period of delay attributable to him in completion of project.**
- **Appointment of Independent Engineer was made without call of tenders.**
- **Adequate checks were not exercised by the Department over the project accounts furnished by the Concessionaire to ensure its share of 16 percent revenue generation of all the 197 BQS.**

2.1 Introduction

As per section 12(W) of NDMC Act, 1994 the construction and maintenance of garages, sheds and stands for vehicle and cattle biers is discretionary function of the Council. Accordingly, the Council takes up construction and maintenance of Bus Q Shelter (BQS) within its jurisdiction.

The council decided to replace old BQS with new BQS on BOT basis to improve the quality of BQS vide Council Resolution No. 3(xii)

dated 29 January 1998. Accordingly, initially participation of private sector for construction of 28 BQS on BOT basis as per the sample constructed/ developed by the Department was sought and ultimately all BQS were to be replaced under the BOT Scheme. As per new concept Concessionaires were given land on lease for three years period to build and maintain BQS at their own cost. They were allowed to display glow sign advertisement thereon as per design approved by the NDMC. The revenue generated by the Concessionaire was to be shared with NDMC as per agreed upon arrangement. Subsequent private participation was sought for operation of 197 BQS and the work was awarded to the Concessionaire in terms of Council Resolution No. 8(A-20) dated 15 December 2005.

2.2 Scope of Audit

The Review has been conducted to examine the contract management for 197 BQS awarded on BOT basis between 1998 to 2007 with reference to the records maintained by R-I, II & III Divisions of Civil Engineering Department of NDMC.

2.3 Objectives of Audit

The objectives of audit were to examine:

- i) Policy for award of work on BOT basis under Public Private Partnership (PPP);
- ii) Efficiency of contract management and implementation of schemes of construction and maintenance of BQS on BOT basis;
- iii) Whether an efficient Concessionaire had been selected for fulfillment of the objectives;
- iv) Whether provisions of contracts were enforced.
- v) Whether the contracts were completed within the time schedule;
- vi) Whether the concession fee was reasonable and was being deposited by the Concessionaire to NDMC in time appropriately.

2.4 Audit Methodology

Civil Engineering Department (R-I,II and III Divisions) of NDMC is responsible for planning, implementation and monitoring of BQS on BOT basis under PPP. Audit examined the records related to policy and execution of these BQS on BOT basis with specific emphasis on:

- i) Tendering procedure adopted in award of contract agreements
- ii) Pre-construction activities like availability of sites etc.

- iii) Timely completion of schemes
- iv) System evolved to ensure correct and timely deposit of concession fees.
- v) Monitoring of Project

2.5 Contracts Awarded

According to the decision of the Council, the Department in 1999 awarded contract for construction and maintenance of 28 BQS on BOT basis for a period of three years which was further modified/re-awarded from time to time. In the meantime, the Council decided in December 2002 to further modify the design of BQS and awarded all the 197 BQS on BOT basis in March 2006. Details of 28 BQS initially awarded between February and August 1999 and 197 BQS awarded in 2006 are given in Annexure 'V'.

2.6 Audit findings

2.6.1 Award of contract of 28 BQS

(i) Loss of Rs. 1.04 crore due to deferment of date of licence fee

Contract for construction of 27 BQS on BOT basis as also for operation and maintenance and one sample BQS (in all 28 BQS) were awarded to three firms between February and August 1999. The bid amount of licence fee for these BQS varied from Rs. 18650 to Rs. 94975 per month. The BQS were to be constructed within one month of the award of the contract and were to be maintained by the bidder for a period of three years.

As per clause 6 of the terms and conditions, the liability for payment of licence fee was to commence from the seventh day of the issue of allotment letter or from the date of occupation of site by the licensee whichever was earlier. Subsequently, when the firms took up the actual construction, they faced various difficulties such as shadows of structural ribs of poly-vinyl sheet roofing, requirement of strengthening of false ceiling to take the load of workmen, change in location of the BQS etc. were observed. Further, during execution, improvements in workmanship were necessitated. As the progress of construction and also the quality of work done was found to be unsatisfactory, notices were issued to all the three firms. Thereafter, in October, 1999 in the meeting with the Chairman, the representatives of the firms explained their difficulties and requested for reduction and deferment of licence fee from the date of commissioning/displaying advertisement on BQS. However, the firms

were asked to first complete the BQS. Their representatives agreed to complete the BQS by 30 November 1999 but failed to do so. Again notices were issued. Subsequently, the Chairman reviewed the position on 25 January 2000 when Secretary and Financial Advisor were also present. After due deliberations, it was decided that payment of licence fee should commence w.e.f. 1 January 2000 for a period of three years.

Audit noticed that failure of the Department to provide proper drawings/facilities to the firms and non-enforcement of terms and conditions of contract resulted in loss of revenue of Rs.1.04 crore as detailed below :-

(Amount in Rupees)

Sr. No	Location	No. of BQS	Date of allotment/ 7 th day	Date of occupation	Date from which licence fee actually recovered	Period of short recovery	Licence fee per month	Amount of licence fee less recovered
A.	Firm 'A'							
i.	Willingdon Crescent Road	1	02.02.99/ 08.02.99	07.04.99	01.01.2000	08.02.99 to 31.12.99	76505	822429
ii.	---do---	1	01.07.99/ 07.07.99	10.08.99	01.01.2000	07.07.99 to 31.12.99	51400	298452
iii.	Teen Murti Marg	2	16.08.99/ 22.08.99	23.08.99	01.01.2000	22.08.99 to 31.12.99	38000 (19000x2)	164258
iv.	Satya Marg	2	07.06.99/ 13.06.99	17.07.99	01.01.2000	13.06.99 to 31.12.99	37300 (18650x2)	246180
v.	S.P. Marg	7	07.06.99/ 13.6.99	17.07.99	01.01.2000	13.06.99 to 31.12.99	345002 (49286 x7)	2277013
vi.	Ferozshah Road	1	18.05.99/ 24.05.99	28.06.99	01.01.2000	24.05.99 to 31.12.99	28300	205403
B.	Firm 'B'							
i.	Peshwa Road	2	28.04.99/ 04.05.99	08.06.99	01.01.2000	04.05.99 to 31.12.99	103020 (51510 x2)	814190
ii.	B.K.S Marg	2	28.09.99/ 04.10.99	29.09.99	01.01.2000	29.09.99 to 31.12.99	103020 (51510 x2)	315928
iii.	Shaheed Bhagat Singh Marg	4	28.04.99/ 03.05.99	08.06.99	01.01.2000	03.05.99 to 31.12.99	206040 (51510x4)	1635027
iv.	Brig. Hoshiar Singh Marg	2	21.07.99/ 27.07.99	28.07.99	01.01.2000	27.07.99 to 31.12.99	43620 (21810x2)	225135
C.	Firm 'C'							
i.	Tilak Marg	4	30.03.99/ 05.04.99	09.05.99	01.01.2000	05.04.99 to 31.12.99	379900 (94975x4)	3368447
	Total	28						10372462

(ii) Loss of revenue of Rs. 50.47 lakh on account of delay in re-awarding Bus-Q-Shelters in 2003

The Council had allotted 28 Bus-Q-Shelters (BQS) on different roads to three agencies on BOT basis between February and August 1999 for reconstruction, management and display of advertisement for a period of three years. The validity of these contracts was, however, further extended up to December 2002.

Subsequently, 21, BQS out of total 28 were clubbed in three groups and fresh tenders for display of advertisements on them for three years were invited in December 2002. Five offers were received and the highest rates received were Rs.2.11 lakh, Rs. 2.49 lakh and Rs. 2.10 lakh per month for Group 'A' 'B' and 'C' respectively.

Initially, in December 2002, the Department recommended acceptance of the highest offers but later on in January 2003 decided to re-invite the tenders on the ground that the rates offered by the highest bidders were lower than the existing rates. Accordingly, tenders were rejected and fresh tenders were invited in February 2003. The rates received for all the three groups in the second call were lower than the existing rates. The rates for Group 'A' and 'C' were higher than the rates received in the first call. The rates received for Group 'B' in the second call were, however, lower than the existing rates as well as rates received in the first call. The position of the existing rates, rates received in first call and in second call was as under:-

S.No.	Group	Name of highest tenderer in the second call	Highest rates received			Total contract value	
			Old rates (Rs P.M.)	First call (Rs.P.M.)	Second call (Rs .P.M.)	First call (Rs.P.M.)	Second call (Rs P.M.)
1.	A	Firm 'X'	271640	210500	235000	7578000	8460000
2.	B	Firm 'Y'	301060	248913	154000	8960868	5544000
3.	C	Firm 'Z'	320716	210000	253000	7560000	9108000
		Total	893416	669413	642000	24098868	23112000

The Department recommended acceptance of rates in respect of Group 'A' and 'C' and negotiations of rates in respect of Group 'B' in March 2003. Finance concurred with Department's proposal in April 2003.

The contracts for BQS in group A & C were awarded to the highest tenderers only in August 2003. The negotiations in respect of group 'B' were also conducted in August 2003 wherein the firm agreed to enhance their offer of Rs. 1.54 lakh per month to Rs. 1.65 lakh per month. The contract for BQS in group 'B' was therefore awarded to them in September 2003.

Though, the Department was aware that the existing contracts were valid up to December 2002, fresh tenders were opened in December 2002 only and contracts for these BQS were finally awarded in August/September 2003 i.e after a delay of 7 to 8 months. The abnormal delay in allotment of these revenue earning contracts resulted in revenue loss of Rs. 50.47 lakh as detailed below:

S. No.	Group	Period	Rates (Rs. P.M.)	Total period	Amount (in Rs.)
1	A	01.01.03 to 11.08.03	235000	7 months 11 days	1728387
2	B	01.01.03 to 25.09.03	165000	8 months 25 days	1457500
3	C	01.01.03 to 11.08.03	253000	7 months 11 days	1860774
Total					5046661

(iii) Loss of Rs. 42.02 lakh on account of pre-mature surrender and delay in award of BQS

As per clause 26 of the Agreement, the licensees being desirous of surrendering the licensed premises before the expiry of the term of the license can do so by giving 3 months license fee in lieu of notice given provided the outgoing licensee before surrendering the occupation clears all municipal dues including damage charges, if any.

Audit scrutiny revealed that 3 licensees applied for surrendering the 8 BQS awarded to them. NDMC authority with the approval of competent authority allowed all these firms to surrender the BQS between September 2001 and March 2002. These 8 locations of BQS had been kept unattended till 31 October 2002 as explained in the table below. NDMC could not earn revenue from these 8 BQS as the BQS were surrendered prior to completion of period and re-awarded in November 2002.

Thus, NDMC had suffered loss of Rs. 42.02 lakh as detailed below:

(in Rs.)

Sl. No.	Location	No. of BQS	Date of surrender/ re-award	Licence fee per month	Loss of Licence fee from the date of surrender to re-award
1	Willingdon Crescent Road	1	07.09.01/01.11.02	76505	1055769
2	Tilak Marg	2	12.10.01/01.11.02	94975	1200974
3	---do---	2	31.01.02/01.11.02	94975	857839
4	S.P. Marg	1	07.09.01/01.11.02	49286	680147
5	Teen Murti Marg	1	07.09.01/01.11.02	19000	262200
6	---do---	1	12.03.02/01.11.02	19000	145258
	Total				4202187

(iv) Loss of revenue of Rs. 75.24 lakhs

The Council vide its resolution No. 3 (xix) dated 27 August 2002 resolved to get the Bus-Q-Shelters constructed out of its funds and then invite tenders for advertisement and maintenance. Accordingly, 11 BQS were constructed by NDMC in 2004-05 through private agencies at an approximate cost of Rs. 55 lakh.

Audit scrutiny revealed that no advertisements were displayed in the 11 Nos. BQS. Therefore, no revenue was generated on these BQS during 2004 to 2006. Had these 11 Nos BQS been got constructed from private agencies on BOT basis, the Council would have saved Rs. 55 lakh spent on construction of these 11 BQS besides earning licence fee of Rs. 75.24 lakh worked out on the minimum revenue generated from other BQS allotted on BOT basis. However, the cost of construction was recovered subsequently from the Concessionaire who was awarded project of 197 BQS in March 2006 but the fact remains that NDMC suffered revenue loss of Rs. 75.24 lakh as tenders for advertisement on these BQS were not invited.

2.6.2 Award of contract of 197 BQS**(i) Deficiencies in policy planning and implementation of project****(a) Policy frame work**

Good project development includes developing clear project specifications and characteristics of policy viz a viz Government objectives, focus on implementability, financing, identification of risk and development of risk management framework.

Scrutiny of records revealed that there was no policy in place facilitating decision regarding the construction of BQS on BOT basis or

out of NDMC funds. Macro policy framework regarding taking up of the projects under PPP initiative was also missing. The policy regarding designs of BQS, site selection and the involvement of various other stakeholders including Government agencies was not visualized despite the difficulties faced by the Department in 1999 while initially awarding 28 BQS on BOT basis under PPP.

(b) Frequent changes in decision

In February 2001, the Council decided to award the re-construction of 177 BQS on BOT basis. Tender process was initiated in March 2001. However, the Department failed to award the work because of delay in final decision on selection of agency, design of BQS, time of completion, contract period, reserved licence fee and grouping of BQS. Subsequently, the Council changed its policy and decided in August 2002 to get all the BQS constructed out of NDMC funds and thereafter, awarded the same for advertisement on licence fee basis. However, since the cost involved in construction of 175 BQS alone was estimated at Rs. 7.13 crore, the Council again reverted its decision and resolved in December 2002 to get these BQS constructed on BOT basis under PPP. The frequent changes in decision resulted in avoidable delay of nearly 5 years in awarding the contract for construction of BQS on BOT basis.

(c) Delay in processing tenders

Though, the Council decided in December 2002 to award the work of construction/re-construction of all the BQS on BOT basis as per the model BQS constructed at BKS Marg near RML Hospital with slight modifications, the Department failed to finalize the terms and conditions of Notice Inviting Tenders(NIT). In December 2004 i.e. after two years, the NIT was finalized and submitted to Chairperson for approval. It was observed that tender process required careful guidance and expertise which was lacking in NDMC.

Consequently, M/s RITES was called for preliminary discussion for appointing the firm as Bid Management Process Consultants for award of BQS on BOT basis. Subsequently, in January 2005, M/s RITES were appointed as Bid Management Process Consultants for the above said work. Accordingly, tendering process could only be started in February 2005 that is nearly four years after it was originally thought of in February 2001. M/s RITES prepared bid documents (technical and financial) and also rendered its consultancy service to bid evaluation Committee of NDMC for prescribing criteria for selection of firm and also

prepared Agreement/documents to be signed by NDMC and Concessionaire.

(d) Non-selection of sites and obtaining clearance from local authorities

In the meeting held with the representatives of M/s RITES on 6 January 2005, it was decided that the NDMC would write to the DTC for confirmation of the locations of BQS and also to DCP(Traffic) for their comments. Pending compliance of above action, a copy of the NIT which the Department had prepared earlier was also handed over to M/s RITES to re-examine the locations of BQS as well as Bus-bays. Thus, pending clearance from DTC/Delhi Traffic Police, the Department appointed M/s RITES as Bid Management Process Consultants and allowed it to start inviting tenders and finalization of tender process. The project for construction/reconstruction of 197 BQS was awarded to Firm 'A-I' on BOT basis in March 2006 without seeking clearance from the DTC/Delhi Traffic Police etc. Consequently, there were delays ranging up to 18 months in handing over of clear sites to the Concessionaire resulting in delayed operation of the project.

(ii) Deviation from terms and conditions of tenders

(a) Undue benefit to Concessionaire by grant of excess concession period of 5 years

According to Article 2.2 of the draft agreement forming part of the tender document, the period of concession for implementation of project and to operate the project facilities was to be 10 years (extendable by 5 years on mutually agreed terms and conditions) from the date of commencement. After termination of contract, the BQS were to be transferred to NDMC.

Audit noticed that in deviation of terms and conditions stipulated in the tender documents, the Department in the Agreement entered into with the Concessionaire on 8 March 2006 granted concession for a period of 15 years (extendable by 5 years on mutually agreed terms and conditions). Thus, the Concessionaire was allowed extra period of 5 years on existing terms and conditions depriving the Council the benefit of full revenue generation out of the assets created under the project instead of getting only 16 per cent share of revenue generation. This assumes greater significance as expenditure on maintenance of these BQS was expected to be negligible.

(b) Deletion of provision for operation of Escrow Account

According to Article 21 of tender terms and conditions, the bidders were required to open and establish an Escrow Account with a mutually acceptable Bank (the Escrow Bank) and all the funds constituting the finance package for meeting the total project cost was to be credited to such Escrow Account. During operation period all revenues collected by the Concessionaire through advertisement or commercial exploitation were to be exclusively deposited therein. The deposits into the Escrow Account were to be appropriated firstly for payment of concession fee to NDMC.

Audit noticed that the Department on the request of the Concessionaire replaced the above clause with soft terms according to which Concessionaire was to maintain separate project account with mutually acceptable Bank with the lien of NDMC on the bank balance to the extent of quarterly concession fee due to NDMC before or on commercial operation date. However, with this replacement of Escrow account clause, the control of NDMC over the entire financial transactions of the project was somewhat diluted.

(iii) Delayed implementation of project resulted in loss of revenue of Rs. 3.20 crore

According to the terms and conditions of agreement, the project was to be completed within 6 months from the commencement date i.e. by 8 September 2006. As per clause 11.1 of the agreement, the Concessionaire was to pay to NDMC 16 percent of net revenue earned by it on sale/renting of advertising and other space on the BQS subject to minimum concession fee of Rs. 10 lakh for each of the package of BQS per calendar month for the first year of commencement date irrespective of the revenue earned by the Concessionaire. For the subsequent years the minimum concession fee was to be increased @ 5 percent per year over and above the concession fee for the previous year. However, during the construction period the concession fee was to be paid @ 16 per cent of revenue generated and no minimum fee was applicable during the construction period.

Audit noticed that the project was completed by December 2007 i.e. after a delay of 16 months during which the NDMC would have earned the minimum revenue of Rs. 3.20 crore. The reasons for the delay are detailed below :-

(a) Delay in handing over clear site to the Concessionaire

According to clause 2.4 of the agreement NDMC was to hand over to the Concessionaire physical possession of the project site for BQS free from encumbrance within 30 days from the date of agreement i.e. by 7 April 2006. However, the Department failed to provide the clear sites within the scheduled date. The handing over of sites started in June 2006 and completed in October 2007. The delay occurred as clearance from the local authorities viz. DTC/Delhi Traffic Police and State Transport Authority was not obtained and also due to non-availability of clear sites for BQS in certain areas.

(b) Delay in submission of drawings to NDMC

Audit scrutiny of report of the Independent Engineer revealed that the progress of the project was slow not only because of non-availability of sites but also on the part of Concessionaire in submission of drawings to NDMC for approval and delayed procurement of kerb stone, floor tiles etc. by him.

(iv) Non-levy of liquidated damages on Concessionaire

As per clause 9.2 of the agreement, the Concessionaire guaranteed completion of construction of BQS on a date not later than 17 weeks from the date of commencement and the project was to be completed in all respects within six months. In case of delay in completion of project for any reason other than Force Majeure, reasons attributable to NDMC, the Concessionaire was liable to pay liquidated damages for delay beyond the scheduled Project Completion Date to the extent of Rs. 10,000 per BQS per week or part thereof, provided that such liquidated damages do not exceed Rs. 50 lakh in aggregate.

The Department did not levy any liquidated damages on the Concessionaire for the delays attributable to the Concessionaire.

(v) Appointment of Independent Engineer

In terms of clause 6.1 of the Agreement, NDMC was required to appoint the Independent Engineer to act independently on behalf of both NDMC and the Concessionaire to review and monitor all activities associated with designs, constructions, operations and maintenance to ensure compliance with provisions of the Concession Agreement. He was also required to visit, inspect and report to Steering Group on various aspects of the project and carry out all such activities as provided in the

Concession Agreement including issue of completion certificate to the Concessionaire. The fees of the Independent Engineer were to be shared equally by the NDMC and the Concessionaire.

Audit scrutiny revealed the following :-

(a) Appointment of Independent Engineer without call of tender

The Department instead of inviting tenders for appointment of Independent Engineer through open competition at competitive fees, approached M/s RITES in January 2006 for suggesting panel of Independent Engineers. M/s RITES in addition to its own name suggested two other firms namely M/s Engineers India Ltd. and M/s Louis Berger Group who were contacted by NDMC. These firms were requested to send their offers but both the firms expressed their inability due to their existing commitments. Hence, M/s RITES offered their services for the job at Rs. 3 lakh per month plus taxes. After negotiation it agreed to accept the job @ Rs. 2.75 lakh plus taxes. Accordingly, M/s RITES was appointed w.e.f. 8 May 2006 initially for a period of 5 months or till the construction of 197 BQS, whichever was earlier. However, as the work was completed in December 2007, Independent Engineer continued to work in the above project till 8 January 2008.

(b) Appointment of RITES as Independent Engineer not justified

M/s RITES Ltd. being Bid Management Process Consultant for the project was involved in the preparation of tender documents and finalization of bids for the project and framing of agreement with the Concessionaire. Appointment of M/s RITES Ltd. as Independent Engineer was not justified as due to its existing association with the project, objective assessment of any shortcomings in the documents which might have led to delayed/deficient execution of project was likely to be impaired.

(c) Payment of excess fee of Rs. 24.69 lakh to Independent Engineer due to delayed implementation of project

The project which was scheduled to be completed by September 2006 in all respects was delayed. As a result appointment of M/s RITES as Independent Engineer continued up to 8 January 2008 and excess payment of Rs. 24.69 lakh i.e. 50 percent of the total fee had to be borne by NDMC.

(vi) Project Monitoring

(a) Inadequate control over Project Accounts

As per clause 21.1 of the Agreement, the Concessionaire was required to maintain separate project account with a mutually acceptable Bank with the lien of NDMC on the bank balance to the extent of quarterly concession fee due to NDMC before or on the date of Commercial Operation. The Concessionaire was also required to provide to NDMC audited quarterly project account, certified copy of project bank account statements for the respective quarter and certified bank reconciliation statement for the respective quarter. The Chartered Accountant firm was also to be appointed with the approval of NDMC.

Audit scrutiny revealed that the Department failed to enforce the above provisions in letter and spirit. The Concessionaire provided first quarterly audited statement for the quarter April-June 2007 to NDMC on 30 July 2007 along with bank statement and audit certificate with authenticated statement of Invoice billed (Advertising firm-wise and not BQS-wise) showing net revenue generation of Rs. 97 lakh. Audit noticed that in absence of BQS-wise details, the actual number of BQS on account of which revenue was billed could not be ascertained.

Further, in the bank statement certified by the Chartered Accountant, Rs. 30 lakh was shown as deposited by the Concessionaire in the bank on 21 June 2007 but no amount was withdrawn/transferred to NDMC Account, though as per above billed statements, Rs. 15.52 lakh should have been deposited in the NDMC Account. However, as per records of NDMC an amount of Rs. 10.55 lakh was received from the Concessionaire on 25 June 2007. Thus, there was no co-relation between the various statements certified by the Chartered Accountant and the amount actually deposited by the Concessionaire.

Moreover, the Chartered Accountant's certificate forwarded by the firm to NDMC was also insufficient as it was based on the information provided by the Concessionaire as per the invoices issued to the firms for the advertisements on the BQS without indicating the number of BQS covered in the invoices and actual revenue generated for each of the 197 BQS. In the absence of complete information regarding utilization of all the BQS for advertisement, the Project Accounts cannot be treated as complete.

Audit noticed that the Department did not point out the deficiencies in the audited statement and accepted the same. It is not clear

as to how NDMC ensured the correctness of the revenue generation reported by the Concessionaire to work out its share of revenue.

(b) Project Monitoring by Steering Group

According to clause 7.1. of the Agreement, NDMC was required to constitute a Steering Group comprising of a representative each of NDMC, Delhi Traffic Police, State Transport Authority and the Concessionaire within 30 days of the Agreement. The function of the Steering Group was to hold meetings at least every fortnight to review the progress during the implementation period and once every two months during operation period and perform all other functions and exercise such powers as prescribed/conferred by NDMC from time to time. The first meeting of the Steering Group was conducted on 20 April 2006 and thereafter, the Group was meeting periodically on an average once in a month instead of fortnightly to monitor the implementation of the project.

2.7 Conclusion

Contract management of BQS awarded on BOT basis revealed critical shortcomings. Decisions regarding construction of BQS on BOT basis or otherwise were frequently changed. Licence fee was not fixed realistically both at the initial stage of award or subsequently at the time of reawarding. Planning failures were evident in delay in award of work, handing over of site, change of location etc, resulting in loss of revenue. Adequate checks were also not exercised over the project accounts to ensure correctness of the NDMC share of 16 per cent of the total revenue generation. Concerned Divisions of Civil Engineering Department in NDMC need to review these areas and improve contract management of Bus Queue Shelters constructed under PPP.

DEPARTMENT OF ELECTRICITY

**Functioning of
Building Maintenance Divisions**

CHAPTER-III : DEPARTMENT OF ELECTRICITY

3. Functioning of Building Maintenance Divisions

Review on the functioning of Building Maintenance (Electrical) Divisions-I&II was conducted for six years period ranging from 2001-02 to 2006-07. Delays were observed in approval of annual repairs and maintenance estimates. Adherence to periodicity of repairs as per approved yardsticks could not be verified as no history register was found maintained by the Divisions. Contract management was deficient as there were large number of cases of splitting of works, violation of delegated powers, award of work to few contractors etc. Functioning of Complaint Centres revealed improper maintenance of basic complaint records and lack of proper co-relation between complaints attended and staff deployed. Department needs to look into these areas and ensure adherence to codal provisions/norms.

Highlights

- There were delays in approval of final estimates of annual repairs and maintenance in the two Building Maintenance(Electrical) Divisions during the period 2004-05 to 2006-07.
- Norms for repair and maintenance of electrical services were approved only in May 2005. Adherence to these norms could not be verified due to non-maintenance of history register of Buildings.
- Splitting up of agreements and work orders/supply orders was observed during the review period, which deprived the Division of benefits of open tendering system.
- During the period 2001-02 to 2006-07, out of 733 work orders in BM-I Division, 335 (45.70 per cent) were awarded to selected 7 firms. Similarly, in BM-II Division out of 748 work orders, 327 (43.72 per cent) were awarded to nine firms. Every year only four firms bagged more than 37 per cent to 52 per cent orders in BM-I Division and 39 per cent to 53.92 per cent in BM-II Division putting a question mark on transparency in award of works.

3.1 Introduction

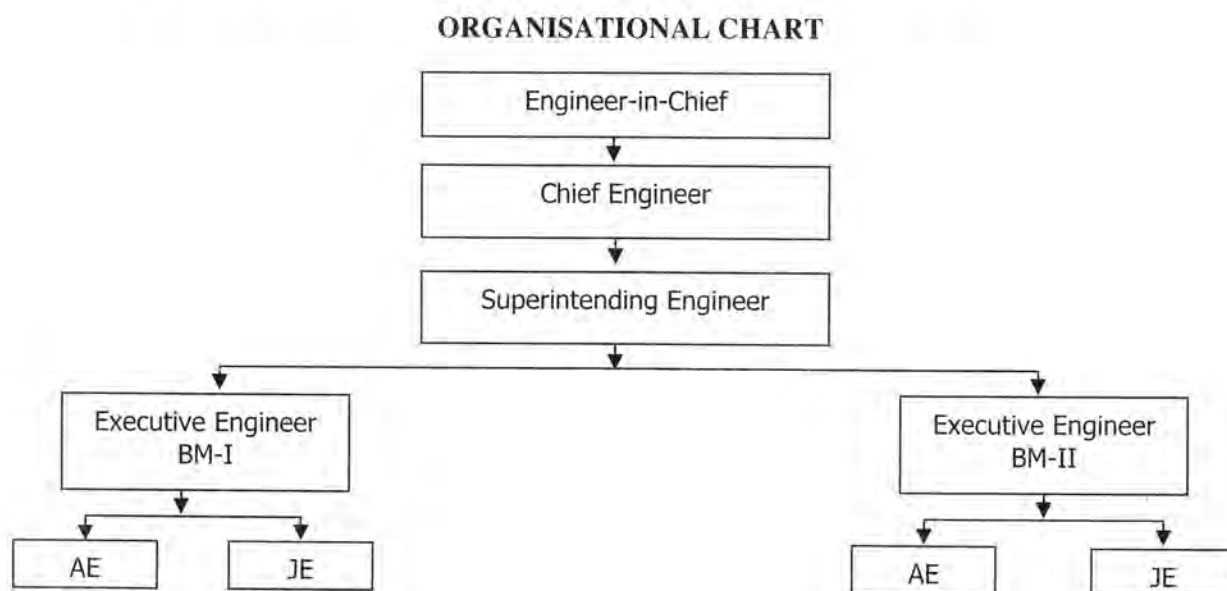
New Delhi Municipal Council has a large number of buildings including housing complexes, office complexes, commercial complexes, school buildings, dispensaries, senior citizen homes, working girls hostels etc. The Electricity Department is responsible for maintenance of electrical fittings, fixtures and appliances installed in these buildings.

3.2 Building Maintenance-meaning thereof

As per CPWD Maintenance Manual 2000, building maintenance work is undertaken to keep, restore or improve every facility in every part of a building, its services/operations to a currently acceptable standard and to sustain the utility and value of the facility.

3.3 Organisational set up

Building Maintenance Divisions BM-I and BM-II of the Electricity Department are responsible for maintenance of electrical installations and fittings in the residential and non-residential buildings owned by NDMC. The Engineer-in-Chief is overall Incharge of Electricity Department. He is assisted by Chief Engineer(E), Addl. Chief Engineer(E) along with one Superintending Engineer and two Executive Engineers Incharge of each Division. The Executive Engineers are assisted by Assistant Engineers/Junior Engineers with specific duties relating to various buildings and service centres. The organisational chart is given below:



3.4 Scope of Audit

Review of BM-I and BM-II Electrical Divisions for the years 2001-02 to 2006-07 was conducted with reference to the records of both the Divisions and the service centres under their jurisdiction.

3.5 Objectives of Audit

The objectives of audit were to assess whether :-

- i) Funds allocated for the purpose were being fully utilized for the intended purposes keeping in view the imperatives of economy and efficiency;
- ii) Execution of various works was undertaken efficiently as per norms;
- iii) A system of effective monitoring and control existed.

3.6 Audit Methodology

The Building Maintenance (Electrical) Divisions are responsible for maintenance of all the buildings owned by NDMC. Accordingly, records of BM-I and BM-II Divisions and their service centres were test checked. Audit test checked 20 per cent of agreements/ work orders/supply orders entered into by the Divisions over the six years period (2001-02 to 2006-07). Out of nine service centres in BM-I and 10 service centres in BM-II, audit test checked records of four service centres in each Division. Audit methodology included:-

- i) Direct examination of records of the executing Divisions;
- ii) Examination of primary records of complaint/service centres.

3.7 Acknowledgement

The Executive Engineers of the respective Building Maintenance Divisions(Electrical) provided information and documents and facilitated conduct of audit.

3.8 Financial Outlays

Expenditure on Building Maintenance(Electrical) in NDMC is charged to heads of account H.2.4 and H.2.8. Under head of account H.2.4, expenditure on running and maintenance of electrical services,

including heaters, desert coolers, ACs etc. in municipal buildings is booked. Under head of account H.2.8, expenditure on additions, alterations to electrical installations, special repairs of AC plants, modernization of lifts, purchase of pumps etc. is booked.

Budget estimates/revised estimates and actual expenditure under the above two heads of account for the review period are given below:-

Table 1

(Rs. in lakh)

Year	Head of account	Budget estimates	Revised estimates	Actual expenditure w.r.t. RE	Amount of savings (-)/ excess (+)	Percentage of savings(-)/ excess(+)
2001-02	H.2.4	256.02	269.00	222.48	(-)46.52	(-)17.29
	H.2.8	95.50	48.00	29.64	(-)18.36	(-)38.25
2002-03	H.2.4	262.15	263.13	199.84	(-)63.29	(-)24.05
	H.2.8	50.90	80.00	42.40	(-)37.60	(-)47.00
2003-04	H.2.4	282.55	252.92	338.83	(+)85.91	(+)73.50
	H.2.8	152.50	99.60	58.06	(-)41.54	(-)41.70
2004-05	H.2.4	268.99	280.20	237.82	(-)42.38	(-) 15.12
	H.2.8	124.00	107.50	40.81	(-)66.69	(-)62.03
2005-06	H.2.4	328.99	186.95	329.30	(+)142.35	(+) 76.14
	H.2.8	195.25	179.25	30.92	(-)148.33	(-)82.75
2006-07	H.2.4	280	338.38	333.53	(-)4.85	(-)51.60
	H.2.8	136.50	281.25	133.55	-147.70	(-)85.23

* Figures of BM-II Division only included as BM-I Division did not provide data

As could be seen from the table above, there were savings ranging from 15.12 per cent to 51.60 per cent under the head of account H.2.4 during the years 2001-02, 2002-03, 2004-05 and 2006-07. There was excess expenditure of 73.50 per cent and 76.14 per cent during the years 2003-04 and 2005-06 respectively under this head of account.

Under the head of account H.2.8 there were huge savings during all the years 2001-02 to 2006-07 ranging from 38.25 per cent to 85.23 per cent.

The Department in its reply in August 2007 intimated that savings under the two heads were mainly due to non-requirement of material during the course of maintenance, non-availability of labour and sites during execution, estimated rate at times varying from actual tendered cost, shortage of staff especially JEs and AEs which affected the timely processing of cases, time taken by Stores Divisions to make purchases etc. The Department stated that excess expenditure was due to requirement of verification of energy charges to be done by the Building Maintenance Divisions for buildings which were not under their control only for maintenance purposes. The reasons furnished by the Department only

suggest lack of proper planning and poor administrative and financial control over the activities undertaken by these Divisions. Efforts need to be thus made to adhere to the budgetary provisions.

3.9 Preparation of annual estimates

Annual repairs and maintenance estimates should normally be prepared well in time i.e., before the start of the financial year to match the budgetary allocations. The estimates prepared by BM-I and BM-II (Electrical) Divisions for annual repairs and maintenance during the last six years (2001-02 to 2006-07) under the head H.2.4 indicated that the process of estimation started only during the financial year. The estimates for the financial years 2004-05 and 2005-06 were approved by the competent authority on 20 October 2004 and 14 October 2005 respectively in respect of BM-I Division and on 8 December 2004 and 7 September 2005 respectively in respect of BM-II Division. Even during 2006-07, the annual estimates of BM-I Divisions were approved on 18 September 2006. The time taken in processing of proposal at Division level and approval thereof by the competent authority is detailed below:

Table 2

(Rs. in lakh)

Details of time taken/ amount approved	2001-02		2002-03		2003-04		2004-05		2005-06		2006-07	
	BM-I	BM-II	BM-I	BM-II	BM-I	BM-II	BM-I	BM-II	BM-I	BM-II	BM-I	BM-II
Date of moving proposal by the Division	21.5.01	Records not available	24.4.02	Records not available	25.4.03	Records not available	23.4.04	19.4.04	16.7.05	15.7.05	27.5.06	26.5.06
Amount proposed by the Division	177.71	93.97	163.13	99.98	162.12	90.00	214	119.00	179.39	142.54	36.34	138.38
Finally checked by EE-11KV (Plg.)	-	-	-	-	29.4.03	-	10.9.04	8.11.04	24.8.05	26.8.05	27.7.06	20.6.06
Amount recommended by EE-11 KV(Plg.)	-	-	-	-	-	-	150	-	-	142.54	174.11	138.38
Date of approval by Finance	26.06.01	16.8.01	25.7.02	15.7.02	4.6.03	18.6.03	20.10.04	24.11.04	-	-	-	-
Amount approved by Finance	176.00	93.00	-	99.98	-	90	150.00	85.50	-	-	-	-
Date of final approval	18.7.01	17.8.01	29.7.02	17.7.02	19.6.03	19.06.03-	20.10.04	8.12.04	14.10.05	7.9.05	18.9.06	21.6.06

For head of account H.2.8, under which budget provisions for major works of building repairs and maintenance is provided, the allocations for BM-I and BM-II Divisions for the current financial year were made by EE 11 KV (Planning) Division on the basis of their previous year's expenditure instead of preparation of annual estimates as was being done for H.2.4.head.

The Department in its reply stated that the estimates have to pass through many stages involving considerable time at all levels. The contention of the Department is not tenable. The Department needs to take steps to minimize the delays at each level/stage so that the approval/sanctioned estimates are available with the Divisions at the beginning of each financial year for better financial management.

3.10 Yardsticks for repair and maintenance of electrical services

Scrutiny of records revealed that till May 2005 no approved norms existed for the electrical maintenance services in NDMC and the annual estimates were being prepared on the basis of expenditure of previous year. These estimates were routed through EE-11 KV(Planning), concerned Superintending Engineer, Chief Engineer, Finance Department and finally approved by the Chairperson.

With effect from 27 May 2005, the repair and maintenance of various electrical services/works in municipal buildings in the NDMC area were required to be carried out in accordance with the yardsticks/norms approved by the Council vide Resolution No. 6(B-3) on the basis of sq.mtrs. area and capital cost for different categories of electrical installations. In view of this, both the Divisions had indicated sq. mtrs./capital cost of buildings in the annual estimates. However, register of buildings and other connected records indicating the area in sq.mt. and capital cost of buildings were not maintained by these Divisions. In absence of this information authenticity of estimates could not be verified in audit.

Scrutiny of records for the review period further indicated that replacement/rewiring of electrical installations was done only by mentioning in the concerned works files that the wiring was 20 to 25 years old and had served its useful life. No history register was maintained/produced to audit by both the Divisions indicating the date of original wiring/electric installations and its subsequent replacement.

Due to non-maintenance of register of buildings and a certificate to that effect by the Executive Engineers of the Division, as provided in para 6.4.1 of CPWD Manual 2003, the adherence to periodicity of repairs could not be verified in audit.

The Department stated that maintenance works cannot be carried out exactly as per maintenance estimate due to urgent requirements of keeping services functional. It was further stated that they have instructed their JE's to prepare and update records of buildings indicating all details of wiring replacements from time to time etc.

Department needs to ensure that maintenance works are carried out as per norms/yardsticks approved by the Council and history register of buildings are maintained and updated regularly.

3.11 Absence of Action Plan for annual repairs of buildings

As per para 1.4.1 of CPWD Maintenance Manual, 2000 annual repairs and maintenance estimates for buildings and services are to be prepared in the beginning of the year. Accordingly, a programme for carrying out annual repairs should have been drawn up at the commencement of the year.

Scrutiny of records of BM-I and BM-II Divisions for the period 2001-02 to 2006-07 revealed that in none of the Divisions, specific programmes for preventive maintenance were chalked out. In absence of specific programme and targets both the Divisions had executed works under major heads of account H.2.4. and H.2.8 primarily on basis of complaints received.

The Department in reply intimated that provision for annual repairs was made in the annual maintenance estimates against which repairs were taken up wherever essential/due. However, no reply regarding formulation of specific plans/programmes of works to be undertaken during the year, works actually undertaken against targets was furnished. This needs to be looked into and suitable action needs to be taken in this regard.

3.12 Contract Management

3.12.1 Expenditure in excess of annual ceilings

According to financial powers delegated to EE/SE/CE, as amended vide office order No. Fin/2005/DP-II/35 dated 31.1.2006, they can

award/execute a work order/agreement as per details given below:

Table 3

Years 2001-02 to 2004-05

S. No.	Competent authority	Without call of tenders	Against tenders
1	Executive Engineer	Rs. 15000 (Rs. 4.00 lakh p.a.)	Rs. 2.00 lakh per tender
2	Superintending Engineer	Rs. 25000 (Rs. 5.00 lakh p.a.)	Rs. 4.00 lakh per tender
3	Chief Engineer	Rs. 50000 (Rs.10.00 lakh p.a.)	Rs. 10.00 lakh per tender
4	Engineer-in-Chief	Rs. 100000 (Rs.20.00 lakh p.a.)	Rs. 25.00 lakh per tender

Table 4

Year 2005-06(February – March 2006)

S. No.	Competent authority	Without call of tenders	Against tenders
1	Executive Engineer	Rs. 25000 (Rs. 6.00 lakh p. a)	Rs. 2.00 lakh per tender
2	Superintending Engineer	Rs. 50000 (Rs. 10.00 lakh p.a.)	Rs. 6.00 lakh per tender
3	Chief Engineer	Rs. 100000 (Rs.20.00 lakh p.a.)	Rs. 10.00 lakh per tender
4	Engineer-in-Chief	Rs.200000 (Rs. 30.00 lakh p.a.)	Rs. 50.00 lakh per tender

However scrutiny of supply order/work order registers revealed that EE/SE/CE had awarded work orders/supply orders in excess of their annual ceilings between the years 2002-03 and 2005-06 as detailed below:-

Table 5

BM-I Division

(Rs. in lakh)

S. No.	Year	Approving authority	Total amount of WOs/SOs issued	Annual ceiling	Amount of WO/SO issued in excess of annual ceiling
1	2002-03	Executive Engineer	4.70	4.00	0.70
2	2003-04	Executive Engineer	5.35	4.00	1.35
3	2004-05	Executive Engineer	8.18	4.00	4.18
4	2004-05	Chief Engineer	15.30	10.00	5.30
5	2005-06	Executive Engineer	5.99	4.00	1.99

Table 6

BM-II Division

(Rs. in lakh)

S. No.	Year	Approving Authority	Total amount of WO/SO issued	Annual Ceiling	Amount of WO/SO issued in excess of annual ceiling
1	2003-04	Executive Engineer	4.24	4.00	0.24
2	2003-04	Superintending Engineer	6.73	5.00	1.73
3	2003-04	Chief Engineer	11.63	10.00	1.63
4	2004-05	Superintending Engineer	5.47	5.00	0.47
5	2004-05	Chief Engineer	12.51	10.00	2.51

The Department in reply stated that works in the Divisions being of urgent nature and time bound are got done through call of spot quotations/issue of supply orders. It was further stated that efforts would be made to get works done within annual ceiling fixed for respective officers in future. The Divisions are requested to get expenditure incurred above annual ceiling regularized by competent authority and ensure compliance of codal provisions.

3.12.2 Irregularities in execution/award of works

Test check of work orders/ supply orders of BM-I and BM-II Divisions revealed the following irregularities in execution/award of works:

1. In most of the supply orders (71 work/supply orders out of 138 test checked supply orders of BM-I Division and 63 supply/work orders out of 94 test checked cases of BM-II Division), it was mentioned that the items were required urgently and were not available in the NDMC store. However, non-availability certificate from the concerned store was not obtained and placed on record by the Divisions.
2. Scrutiny of work orders/ supply orders revealed in 101 out of 138 test checked cases of BM-I Division that no preliminary estimate was prepared at all. In BM-II Division estimates were found prepared in 94 test checked cases but in 84 such cases the estimates were not prepared in accordance with the provisions of Para 4.1, 4.6 and 4.12 of CPWD Works Manual 2003. Reasons leading to the proposals, cost of work under any previous administrative sanction were not invariably indicated in proposal as provided in para 4.12 of CPWD Works Manual 2003.
3. Test check of records revealed that justification statement/analysis of rates had not been prepared in 100 cases of work orders/supply orders out of 138 cases in BM-I Division and 86 out of 94 cases of BM-II Division. The Divisions simply stated that the rates quoted by the lowest firm were reasonable and justified but no such analysis/justification statement was found on record in these cases.
4. Para 18.4.3.3 of CPWD Works Manual 2003, provides that where the items included in the tender are available in the current schedule of rates, the amount of tender to be accepted should not exceed by more than 5 per cent of the amount worked out on the basis of the current schedule of rates plus the relevant cost index, authorized by the concerned Chief Engineer. Excess beyond 5 per cent and up to 10 per cent only may be permitted with prior approval of next higher authority.

Test check of agreement files in BM-II Division however revealed that works were awarded without obtaining the approval of next higher authority in cases where the rates quoted by the lowest firm were higher than the total estimated cost by more than 5 per cent. Some instances of such cases are mentioned in Annexure-VI. It was also noticed that even the L-1 rates were more than 5 per cent above estimated cost but the firms were not called for negotiation. Reasons for non-adherence to codal provisions may please be intimated to audit.

5. It was further noticed that these Divisions sent quotations to execute the work on work order/supply order basis. In BM-I Division quotations were sent to 4-8 firms only in almost all 138 test checked cases. In BM-II Division, in 68 cases out of 94 test checked cases the quotations were sent to 3 firms only. It was however, surprising that only 3 firms responded for quoting their rates each time in both the Divisions. The documents/dispatch register vide which the quotations were sent to these firms was not furnished by BM-I Division. Scrutiny of dispatch register of BM-II Division revealed that the quotations were sent through ordinary dak. Since all the firms did not quote their rates and each time only three firms responded to the notice, there was a question mark on the transparency of the system of tendering and obtaining competitive rates. This needs to be looked into and corrective steps taken by the Division for obtaining competitive rates.

The Department in its reply reiterated the grounds of urgency and non-availability of suitable materials from Stores Division for making purchases by obtaining limited quotations. It was further stated that since these were urgent works, firms registered with NDMC or dealing in specialized items were contacted by sending quotations to such parties. Since, codal provisions have to be complied, the Divisions are requested to streamline the procedure in vogue for better financial discipline.

3.12.3 Splitting up of work/supply orders

Scrutiny of records of BM-I and BM-II Division for the year 2001-2002 to 2006-2007 revealed that a large number of work orders/supply orders/agreements to execute the works of Building Maintenance (Electrical) were splitted up. It was observed that similar type of works were awarded within short intervals and some time on the same day without call for tenders by avoiding the sanction of higher authority. Division-wise number of cases of splitting up are detailed in table below:

Table 7

(Rs. in lakh)				
Division	Number of total Work Orders/Agreements	Amount	Number of splitted WO/Agreements and their per cent to total WO/Agreement	Amount
Work Orders				
BM-I	585	92.27	137(23.42%)	18.26
BM-II	423	112.42	50(11.82%)	13.63
Agreements				
BM-I	144	361.33	06(4.17%)	5.06
BM-II	354	699.82	72(20.33%)	110.63

The above details would indicate that 23.42 per cent of work orders/supply orders and 4.17 per cent of agreements were splitted up in BM-I(Electric) Division. Similarly, in BM-II (Electric) Division, 11.82 per cent of work orders/supply orders and 20.33 per cent of agreements were splitted up during the period covered by the review. As a result of splitting up, Divisions were deprived of the benefits of open tendering system/wide publicity of such notices for obtaining competitive rates.

The Department in its reply stated that maintenance works cannot be processed jointly to avoid delay in works which are of urgent nature and that such works are scattered and unpredictable. It needs to be reiterated that by executing similar type of works within same period of time, sometimes on the same day (as indicated in the para), the Divisions are deprived of competitive rates on one hand and the approvals of competent higher authorities on the other. Adherence to codal provisions needs to be ensured by the Divisions.

3.13 Award of work to few contractors

Scrutiny of work orders/supply orders and agreements registers of BM-I and BM-II Divisions for the period 2001-02 to 2006-07 revealed that in BM-I Division, out of total 733 cases, in 335 cases (45.70 per cent) works were awarded to selected seven firms. In BM-II Division, out of total 748 cases in 327 cases (i.e. 43.72 per cent) works were awarded to selected nine firms. Every year only four firms bagged more than 37 per cent of total work orders/supply orders/agreements awarded by BM-I and BM-II Division. Percentage of such cases in a year in BM-I Division varied from 37 per cent to 52 per cent and in BM-II Division from 39 per cent to 53.92 per cent. Interestingly, every year in BM-I Division a single firm i.e. M/s Kamal Electricals had bagged largest number of orders ranging from 13 per cent to 24 per cent. Like-wise, in BM-II Division

only two firms (M/s Arcee Trading Corp. and M/s D.D. Electricals during 2001-02 and 2002-03, M/s Arcee Trading Corp. and M/s Bansal Traders during 2003-04, M/s Arcee Trading Corp and M/s Goyal Enterprises during 2004-05 and 2005-06 and M/s Kamal Electricals and M/s Arcee Trading in 2006-2007) bagged largest number of orders ranging from 25 per cent to 32 per cent. The year-wise breakup of such cases of both the Divisions are given in Annexure VII.

Similar type of undue benefit to few contractors was also noticed during the review of Road Lighting Division where during the five year period of 2001-06, each year, a single contractor M/s Arcee Trading Corporation had bagged largest number of orders ranging from 16 per cent to 29 per cent of total works awarded.

The Department in its reply stated that the tenders were published in newspapers through Director(PR) and also on the website. However, some of the contractors were regular visitors of NDMC and thus remained in touch with different enquiries and it was likely that they participated in the works due to urgency of these works. The Department's reply only reiterates that despite the stated publicity only few contractors having the liaison with the enquiries could get the works each year.

The Department is thus advised to review the system of award of works on work order basis to avoid award of works to a few particular contractors and ensure adherence to tendering process and also wide publicity of tenders.

3.14 Material Management

3.14.1 Annual assessment of requirement & local purchase of store

Para 37 of CPWD Works Manual 2003, underlines rules and procedure for obtaining material by Store Division for making them available to the respective Divisions. The material required for the maintenance works of Building Maintenance Divisions(Electrical) should generally be stocked in the Store Division of NDMC which is expected to arrange bulk purchases through DGS&D/open market and then issue to the respective Divisions against their requisition. For this purpose, a statement of annual requirements of the Division is required to be scrutinized by the concerned Executive Engineer so as to earmark distinctly the items to be procured through Central Store Division. A statement showing the material and quantities to be procured through Store Division is required to be sent by each Division by April every year to Central Store Division for arranging bulk purchases.

1. Test check of records of BM-I and BM-II Electrical Maintenance Divisions revealed that the exercise of earmarking the items to be procured through Central Store Division had never been conducted and annual requirements of material and quantities, required to be sent by April every year for arranging bulk purchases, were not sent to Store Division on 1 April or even thereafter.

2. Test check of records of the two Electrical Maintenance Divisions further revealed that most of the materials required for electric maintenance works by their Division were got arranged by the Divisions directly by issuing supply orders for their requirements to the contractors either by hand quotations or by obtaining dasti quotations from three to four contractors. Similarly, work orders were also issued by following the same procedure of limited quotations and works were arranged through contractors in which material used was supplied by the contractors. Following are the details of test checked cases of supply orders/work orders/agreements issued by these Divisions for maintenance works during the period of review 2001-02 to 2006-07 in which material used were generally arranged directly by purchases made by the two Electrical Maintenance Divisions:

Table 8

BM-I Division				(Rs. in lakh)
Year	No. of WO/SO	Amount	No. of agreements	Amount
2001-02	19	2.27	05	9.57
2002-03	18	2.68	04	7.07
2003-04	23	2.45	04	4.97
2004-05	30	11.90	06	17.08
2005-06	20	4.98	06	11.78
2006-07	12	5.10	04	4.59
Total	122	29.38	29	55.06

Table 9**BM-II Division**

				(Rs. in lakh)
Year	Number of WO/SO	Amount	No. of agreements	Amount
2001-02	12	3.08	14	18.63
2002-03	13	4.75	15	25.26
2003-04	20	7.97	18	38.80
2004-05	22	11.13	10	26.80
2005-06	10	3.84	10	25.96
2006-07	5	3.00	01	1.46
Total	82	33.77	68	136.91

A brief note was given in the noting of relevant supply order/quotation files that the material was not available in the Store

Division and was required urgently and hence proposals were made for obtaining dasti, limited quotations for either arranging supplies by contractors or for undertaking works by contractor directly. Generally non-availability certificate from Stores Divisions was not obtained as no such certificate was on record in the relevant file and only a mention of non-availability from stores was the base for approval and issue of such works/purchase. Even agreements for major works comprising supplies also were issued on mere mention of non-availability of stores from Store Division. The system adopted is contrary to the rules prescribed.

The Department in its reply stated that consolidated requirement was sent to Store for making purchases. However, Store Division was purchasing only common items and the items which were of specific specialized nature were not purchased by Stores Divisions. Moreover, centralized purchases take time and maintenance works are of urgent/time bound nature. Hence the items were purchased through call of tenders/quotations after obtaining non-availability of items from the Store Division.

Department's reply is not tenable as in the records furnished to audit neither any consolidated annual requirement of material nor the non-availability in Stores was found recorded. Moreover, urgency cannot be made the basis for making local purchases each time.

Department is thus requested to adhere to proper procedure of assessment of annual requirements and in case local purchases are resorted to, their non-availability in Stores should be properly documented in records.

3.15 Functioning of Complaint Centres

3.15.1 Improper maintenance of Complaint Register

A complaint register should be maintained in each Inquiry office for entering the work done by each of work charged staff attending to maintenance work who should be issued diaries to indicate the complaints attended by them. These diaries should bear the signatures of the occupants of the building/premises indicating that the complaints given by him have been attended to satisfactorily. The JE and AE should check this complaint register at least once a week to ensure that the complaints are attended to promptly, methodically and completely. The Divisional officer should check the complaint register once a month. Also the Executive Engineer should visit all the Inquiry offices under his control at least once a week. During his visits, he should review the complaint

register and satisfy himself that all the complaints have been attended to with required degree of expediency.

Scrutiny of records of BM-I and BM-II Division revealed that there were 9 and 10 Complaint Centres/Inquiry offices in BM-I and BM-II Divisions respectively. However, these were not working efficiently. Complaint registers did not indicate the work done by each of the staff who were entrusted with the work of attending to complaints pertaining to electrical work. Diaries bearing signatures of the complainants etc. were not maintained. Many essential details were also missing in the complaint registers. No signs of checking the complaint registers by JE/AE/EE were found on record to ensure that the complaints were being attended promptly. Test check of complaint registers of BM-I and BM-II Divisions did not give any indication about the regular visits of AE/EE/Divisional officers as per the provisions laid down in the CPWD Maintenance Manual 2000.

Further, no details of electrical material used in the rectification of the complaint were found recorded in complaint registers of BM-I Division. Test check of records of complaint centres namely Indoor Stadium, Raja Bazar No.8, SBS Place, Palika Bazar revealed that electrical stock items were shown issued from stock registers of the respective sub divisions whereas as per complaint register, no complaint was registered by the concerned complaint centre on that particular date. Some instances of such cases are given below:

Table 10

S.No	Name of Service Centre/ Sub-Division	Details of Material Issued	Number of Days on which material was issued without any complaint	
			Year	Days
1.	Raza Bazar No.8	7 halogen lamps 1000 watt., 10 lamps 200 Watt, 5 fan regulators, 5 HPSV lamps, 3m PVC Wire 2.5mm.	2001-02	21
2.	SBS Place	10 tube starters, 11 lamps 100 watts, 43 lamps 160 watts.	2001-02 2002-03	10 15
3.	Palika Bazar	2 air blowers, 10 dry cells, 164 CFL 11 watt, 46 nos. 20/21 watt electronic chokes, 63 2-D type tubes, 27 nos, CFL lamps 11 watt., 5 chokes, 59 MCB, 85 m pvc cable, 35 Fl. tubes, 3 contact kits. F.L. Tube 40 Walt-127, Air Blower-6, Choke-40W-1, P.L. Lamp-27, CFL spiral 15 W-30, CFL Rebutit Lamp 15-Walt-06, 26Walt Lamp-07, PVC Tape-3, HPSV Choke 70 Walt-01	2004-05 2005-06 2006-07	24 22 32

4.	Indoor Stadium	4 batteries 6v, 2 batteries 12 v, 23 chokes 40 watt, 4 capacitors, 22 CFL holders 11 watt, 2 chokes 250 watt, 2 litres enamel paint white, 16 Fluorescent tubes 40 watt, 2 no. IC TP switch 32 Amp., 6 lamps 40 watt.	2005-06	20
5.	Shivaji Stadium	3 PVC Channel 20 mm, 2 Bell Push Switch, 3 F1 tube fitting side bracket, 3 PT Socket 5 Amps, 25 Starter 25 Watt, 20 condenser 25 mfd, 10 PVC Tapes, 2 Electronic regulator for ceiling fans 1 Exhaust Fan, 2 Choke 40 watt, 40 Ltrs. Diesel, 1 Condenser 2 mfd, 2 Hexablades, 3 Ball bearing 6201, 2 Motor Back Fan, 2 Mica sheet 13" X 10", 2 Mercury lamps 12.5 watt, 3 socket 5 amps (tumbler type), 1 Ball-bearing 6202, 5 Tube Holders, 2 Fan Regulators (Resistance Type), 6 Halogen lamp holders.	2006-07	20
6	Mohan Singh Place	Fl Tube Tube-40 Walt No.-13, MCB 16 AMP (SP)-06, Starter holder-02, Choke-21, F.L.Tube 36W-3	2006-07	12

The issue of material without complaints needs to be looked into.

The Department intimated that circular has been issued to all JE's for getting complaint registers maintained as suggested by audit. Also all complaints, where material was issued and which were otherwise not registered, would be now noted.

3.15.2 Deployment of excess staff in complaint centres

There are 19 complaint centres under BM-I and BM-II Divisions. The staff strength excluding TMR/RMR, number of complaints received and attended to by the staff at complaint centres during the years 2001-07 is given in Annexure-VIII. Analysis of details of staff in the Annexure revealed that average daily complaints attended per person was very nominal. Details are given below:

Table 11 : Average daily complaint attended per person

BM-I Division

S.No	Name of Complaint Centre	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
01.	Talkatora Indoor Stadium	0.07	0.12	0.10	0.28	0.28	0.04
02.	Mohan Singh Place (Mayur Bhawan)	0.22	0.32	0.32	0.35	0.33	0.29
03.	Raja Bazar S/S No.6 (Palika Place +SBS Place+Raja Bazar No.6)	0.56	0.47	0.39	0.28	0.48	Data not available
04.	Raja Bazar S/S No.8	0.78	0.65	0.82	0.86	0.70	- do -
05.	Polyclinic	0.57	0.53	0.54	0.49	0.45	- do -

06.	Palika Bazar	0.09	0.09	0.09	0.08	0.09	0.06
07.	Chanderlok Bldg.	0.35	0.37	0.38	0.37	0.36	Data not available
08.	Shivaji Stadium	0.15	0.20	0.27	0.27	0.31	0.26
09.	Rohini Housing Complex	Data not available	Data not available	Data not available	Data not available	Data not available	Data not available

Table 12 : Average daily complaint attended per person

BM-II Division

S.No	Name of Complaint Centre	2001-02	2002-03	2003-04	2004-005	2005-06	2006-07
01.	Kidwai Nagar (W)	Data not available	Data not available	0.09	0.41	0.23	Data not available
02.	ESS Jor Bagh/Aurangzeb Lane	0.47	0.43	0.48	0.39	0.39	0.33
03.	ESS Lok Nayak Bhawan	0.39	0.45	0.46	0.40	0.40	0.46
04.	ESS No.6 Copernicus Lane (Deserts Cooler Enquiry)	Data not available	Data not available	Data not available	Data not available	Data not available	Data not available
05.	ESS Moti Bagh	0.82	0.80	0.72	0.73	0.79	0.72
06.	Charak Palika Hospital Moti Bagh	Data not available	Data not available	Data not available	Data not available	Data not available	0.47
07.	Palika Bhawan	0.44	0.40	0.31	0.37	0.34	0.56
08.	Yashwant Place	0.41	0.36	0.31	0.27	0.21	0.27
09.	ESS Keventer Dairy lane (Water Cooler Enquiry)	Data not available	Data not available	Data not available	Data not available	Data not available	Data not available
10.	ESS Lok Nayak Bhawan (Water Cooler Enquiry)	Data not available	Data not available	Data not available	Data not available	Data not available	Data not available

- i) Analysis of number of complaints and staff revealed that number of complaints attended per staff per day ranged from 0.04 to 0.86 and 0.09 to 0.82 in complaint centres of BM-I and BM-II Divisions respectively. It clearly indicated that on an average less than one complaint had been attended to by a staff member daily in any of the complaint centre under BM-I and BM-II Divisions.
- ii) It was further observed that there was no co-relation between staff deployed & complaints attended. Staff deputed at complaint centres having a large number of complaints was less than that of complaint centres having less number of complaints. For instance, at Talkatora Indoor Stadium Complaint Centre under BM-I Division, 18-24 employees were provided against 602 to 2740 complaints whereas at Raja Bazar Service Centre No. 8 having 4046 to 5340 complaints during 2001-06, 17 employees were provided for attending to the

complaints. Likewise, in BM-II Division, 14-18 employees were deputed at Kidwai Nagar (West) Complaint Centre having 0 to 2322 complaints whereas 13-16 employees were deputed at Palika Bhawan where complaints received ranged from 1567 to 2573.

- iii) Audit further noticed that number of complaints at Talkatora Indoor Stadium, Shivaji Stadium, Rohini Housing Complex (in BM-I Division) and Kidwai Nagar (in BM-II Division) have been increasing over the years.

The Department in its reply stated that data worked out by audit on basis of complaints for respective complaint centres does not appear to be correct as some of the complaints were not registered and were attended on telephonic/verbal messages. Moreover, annual maintenance contracts which were awarded to different agencies were also required to be monitored and supervised for work done by contractors. It further clarified that complaint centres/electrical enquires look after different kinds of complaints and number of complaints vary due to renovation/major maintenance works carried out on particular equipment/services. It was however, stated that instructions had been issued to all electric enquiries to carry out maintenance and maintain the records properly.

The Department's contention regarding no co-relation between complaints entered in the register and staff deployed is indicative of improper system of registration of complaints received by each centre. Moreover, work of supervision of annual maintenance contract of contractors by the staff of complaint centres also needs to be properly documented so as to ensure judicious utilization of the staff deployed.

3.16 Conclusion

The Review of functioning of Building Maintenance (Electrical) Divisions revealed lack of proper planning and implementation of maintenance works. Works of repair and maintenance, rewiring/rewinding etc. were primarily complaint driven, without any laid down advance action plan. There were also no approved norms for repair and maintenance of electrical services till May 2005. Contract management was deficient as there were large number of cases of splitting of work/supply orders, award of works to few contractors, violation of delegated powers etc. There was lack of proper co-relation between staff deployed at complaint centres and complaints received. The Electricity Engineering Department needs to look into these areas and ensure adherence to codal provisions/laid down norms.

DEPARTMENT OF PUBLIC HEALTH

**Project Management of Toilets built
under PPP (Public Private Partnership)**

CHAPTER-IV : DEPARTMENT OF PUBLIC HEALTH

4. Project management of Toilets built under PPP (Public Private Partnership)

Audit reviewed the project management of construction of toilets by NDMC during 1998-2007 on BOT (Build Operate and Transfer) basis under PPP initiative. There was no detailed policy framework for taking up the projects under PPP. Preliminary study defining the role of NDMC/Concessionaire and also the type of Toilet blocks to be constructed and analysis of selection of sites was not done before award of contracts. Planning failures were evident in delays in award of work, handing over of sites, change of locations etc. resulting in loss of revenue. Open competitive tendering was not adhered to in award of contract in some cases. Firms which did not even qualify the minimum eligibility criteria were also selected. The licence fee was not fixed on rational and scientific basis. It ranged from no licence fee for seven toilets awarded in 1998 to Rs.35000 per month for a toilet awarded in 2004. Penalty charges were not recovered from the firms for utilization of excess area for display of advertisements. Project monitoring was deficient as there was no well laid down system of periodic inspections.

Highlights

- Concept of Build, Operate and Transfer was introduced for construction and maintenance of toilets in 1998 by NDMC without any detailed policy framework for projects to be undertaken within the ambit of Public Private Partnership.
- No preliminary study regarding the role of NDMC, the role of Concessionaire, the type of toilet block to be constructed, the type of agencies to be involved in construction and maintenance of such toilets, evaluation of benefits and revenue sharing arrangements etc. was conducted.
- Selection of sites was not based on detailed analysis on predetermined parameters like sites requiring renovation, commercial viability or significance from point of view of public use.

- **Open competitive tendering was not adhered to in award of 48 test checked cases of toilets out of total 57 awarded on BOT basis during 1998-2004 in violation of codal provisions.**
- **Selection of firms for award of 40 toilets in 2001 was not proper as the selection process did not appear to be transparent and firms which did not even qualify the minimum eligibility criteria were also selected.**
- **The agreement with the Concessionaire prior to 2006 did not cover essential aspects like appointment of an Independent Engineer to oversee project progress, inspection clause detailing the periodicity and nature of inspection, appointment of Independent Chartered Accountant to ascertain actual cost and income of the project etc.**
- **The licence fee was not fixed on rational, scientific basis. It ranged from no licence fee for 7 toilets awarded in 1998, to Rs. 35000 per month for a toilet awarded in 2004. Like-wise, the toilets were re-awarded @ Rs.10000-Rs.60000 in 2004-06 without any proper financial estimation of revenue being realized by the licensee and expenditure incurred. In 2006, toilets were awarded at a minimum licence fee of Rs. 1071 per month per toilet.**
- **Project execution suffered from delays in award of works, handing over of sites, change in locations, delays in project completion and consequent loss of revenue.**
- **Penalty charges were not recovered from the firms for utilizations of excess area for display of advertisements.**
- **Project monitoring was not effective and adequate as there were only few routine inspections by Civil Engineering and Public Health Departments without any prescribed schedule.**

4.1 Introduction

As per Section 11(a) of NDMC Act, 1994, construction, maintenance and cleaning of public latrines, urinals and similar conveniences is an obligatory function of the Council. As of 31 March 2007 NDMC had approximately 222 toilets, out of which 60 were being maintained by NDMC, 11 by Sulabh, 57 by private operators on BOT

basis and another 94 were handed over to private concessionaire for renovation and maintenance as Pay & Use Toilets.

In order to improve the facilities and to provide better services to the public, in 1993-94 NDMC entered into a contract with M/S Sulabh for a period of 30 years. Two numbers of toilets were handed over to M/S Sulabh for maintenance at a rate of Rs.2000 per annum per toilet block payable by NDMC. Further, electricity and water facilities were also provided by NDMC free of cost. The above toilet facilities were provided to public against pay and use. Thus, NDMC planned to save its manpower by out-sourcing maintenance of these toilets.

In 1998, NDMC decided to enter into Public Private Partnership (PPP) for construction and maintenance of public toilets. Accordingly, the concept of Build, Operate and Transfer (BOT) was introduced on a pilot basis, wherein municipal function of provision of toilet facilities was to be performed by private parties. They were to be given land on lease for a specified period to build toilets and also maintain cleanliness/hygiene at their own cost during the period of concession. They were allowed to erect advertisements on walls of structure of toilets and also charge nominal user charges as per agreements. A total of 57 toilets were allotted on BOT basis over the period 1998 to 2004. Another 94 Toilets were handed over to the Private Concessionaire in 2006 as Pay & Use Toilets for renovation and maintenance of existing toilets against revenue sharing for advertising rights.

4.2 Scope of Audit

The Review was conducted to examine the project management for the toilets awarded on BOT basis between 1998 and 2006 with reference to the records maintained by Public Health Department, Civil Engineering Department and Director(Project) of NDMC.

4.3 Objectives of Audit

The objectives of audit were to examine:

- i) the policy for award of works on BOT basis;
- ii) efficiency of contract management
- iii) implementation of schemes of construction and maintenance of toilets on BOT basis;
- iv) equity in award of concession.

4.4 Audit Methodology

Health General Branch of Public Health Department of NDMC is responsible for planning, implementation and monitoring of BOT toilets. Prior to 2005, this project was being monitored by Road Maintenance Divisions – I&II of Civil Engineering Department of NDMC. Audit examined the records relating to policy and execution of toilets on BOT basis with specific emphasis on:

- i) Preliminary evaluation of benefits;
- ii) Technical and financial evaluation of concession bids;
- iii) Revenue generation by concessionaire;
- iv) Revenue sharing arrangement;
- v) Pre-construction activities like availability of land;
- vi) Maintenance of toilets

4.5 Contracts Awarded

The details of toilets awarded to Concessionaire under PPP over the period 1998 to 2006 are given in the table below:

Table 1

S. No.	Agreement No. & period	No. of toilets awarded	Name of firm	Rate of Licence fee fixed	Period of contract
1.	87/EE/RM-II 1.12.1998	07	M/s Fumes International	NIL	7 years
2.	4/EE/RM-I 30.3.1999	01	M/s Selvel Media Services Ltd.	Rs. 4500 per month with 10 per cent enhancement every year	5 years
3.	23/EE/RM-II Dt. 21.07.2000	03	M/s Selvel Media Services Ltd.	Rs. 9000 per month for all facilities	7 years
4.	EE/RM-II/D/518-27 Dt. 28.2.2001	05	M/s Fumes International	Rs. 5000 for initial two years,	5 years
5.	EE/RM-II/D/539-49 Dt. 28.02.2001	05	M/s Selvel Media Services (P) Ltd.	Rs. 8000 for subsequent two years,	5 years
6.	EE/RM-II/D/508-17 Dt. 28.02.2001	05	M/s Hythro Power Corporation	Rs. 10000 for 5 th and final year in respect of all the cases awarded in 2001	5 years
7.	EE/RM-II/D/ 582-92 Dt. 28.02.2001	05*	M/s Toilet and Toilets	-	5 years
8.	EE/RM-II/D/550-60 Dt. 28.02.2001	05	M/s Walia and Co.	-	5 years

9.	EE/RM-II/D/528-38 Dt. 28.02.2001	05	M/s Rose Advertisement	-	5 years
10.	EE/RM-II/D/567-71 Dt. 28.02.2001	05	M/s Hindustan Construction Corp.	-	5 years
11.	EE/RM-II/D/512-31 Dt. 28.02.2001	05	M/s G.M.S. Technology	-	5 years
12.	95/EE/RM-II/2003-04 Dt. 2.12.03	05	M/s Fumes International	Rs. 18000 per month for all five toilets	10 years
13.	2004	01	M/s Fumes International	Rs. 27500	10 Years
14.	2004	01	M/s Hythro Power Corporation	Rs. 35000	5 years
15.	2006	94	M/s Hythro Power Corporation	-	-

*One toilet awarded to M/s Toilets & Toilets was cancelled on 10.11.06 as alternate site was not available with NDMC.

The toilet awarded to M/s Selvel Media in 1999 was re-awarded to the same firm vide agreement No. 3360-67/P/R-I dated 08.09.2004 after inviting fresh tenders at licence fee of Rs.66600 per month for five years. Further, the remaining 50 toilets awarded between 1998 to 2001 were all extended in January 2006 up to 31 October 2007 at lump sum rate of licence fee of Rs. 10000 per month without inviting tenders.

As of 31 March 2007, a total licence fee of Rs. 2.05 crore was to be received by NDMC by award of the above mentioned 57 toilets on BOT basis. As against this envisaged revenue, arrear amounting to Rs.12.29 lakh only was outstanding as of 31 March 2007 as stated by the Department.

The 94 toilets awarded to M/s Hythro Power Corporation in March 2006 were to be completed by December 2006. Only ten toilets were stated to be complete by scheduled date of completion. As of 31 March 2007 no revenue was received from M/s Hythro Power Corporation.

4.6 Audit Findings

4.6.1 Policy Framework

Good project development includes developing clear project specifications and characteristics, tariff policy viz-a-viz government objectives, focus on implementability and financing and identification of risks and development of risk management framework. Scrutiny of records revealed that there was no policy framework in place regarding the Public Private Partnership in general and specific model to be adopted for

construction and maintenance of toilets on BOT basis under PPP initiative in particular.

The duties and obligations of the Concessionaire, the role of NDMC, advertisement potential of various sites, market trends regarding revenue realization, previous experience of similar schemes, if any, in NDMC or other Government bodies like MCD, DTC, CPWD etc. were also not documented. In absence of the same, toilets were awarded more on an adhoc basis, in phases, on various sites resulting in different parameters being used for selection of firms, determining the licence fee etc. This also resulted in variations in licence fee ranging from nil to Rs.35000 and period of concession ranging from five years to ten years in case of 57 toilets. In case of 94 toilets the period of concession was seven years with minimum guaranteed licence fee of Rs.98823 per month. Further, licence fee in case of re-awarded cases ranged from Rs.10000 to Rs.66600. Thus in absence of a policy framework, there was no uniformity in terms and conditions for allotment of toilets on PPP basis.

4.6.2 Toilets Awarded in 2001

4.6.2.1 Project Planning

i) Preliminary Study

Preliminary study is required to be conducted to assess feasibility of initiating a project, the modus operandi of project implementation, scope and methodology of execution etc. This was particularly essential, while implementing the new concept of Build, Operate and Transfer in respect of public toilets. However, scrutiny of records revealed that there was no such study initiated by the Civil Engineering Department either in house or by engaging any professional agency. No project report was also prepared before awarding works to any of the firms.

ii) Selection of sites

An essential component of planning was proper assessment of sites of existing toilets justifying the need for improvement.

Scrutiny of records revealed that when the BOT concept was introduced for the first time in 1998, NDMC had about 157 urinals/toilets being maintained by the various NGOs and about 81 urinals/toilets by NDMC. However, there was no detailed analysis of these sites i.e. which sites required renovation, the revenue potential, commercial viability, significance from the point of view of public use etc. Moreover, no

objection/clearance reports were not obtained from the local authorities viz. DMRC, Delhi Traffic Police, Forest Department etc. Sites were identified to be handed over to various firms without this preliminary exercise. This resulted in obstruction and change in the initially awarded sites in 11 cases including three sites awarded to Firm 'A' and eight sites awarded to other firms affecting project execution and resulting in delay in completion.

4.6.2.2 Tendering Process

i) Non -adherence to open competitive tendering

As per Section 14.1 of CPWD Works Manual 2003, as far as possible, tenders should be called for all works costing more than Rs. 25000/-. Further as per Section 14.2 in emergent cases or when the interest of the work demands, works may be awarded without call of tenders after approval of the competent authority as per powers delegated. As per Section 16.1.1, wide publicity should be given to the notice inviting tenders. Tenders must be invited in the most open and public manner possible, by advertisement in the press and through widely publicized public notice, posted in public place. In respect of works estimated to cost more than Rs.2 lakh a brief advertisement, inviting tenders should invariably be inserted in the press. As per Section 18.12.1, the tender rates should be reasonable considering the market conditions and other factors pertaining to project /scheme. Highest bid should be accepted in case of revenue generation.

Scrutiny of records revealed that the above codal provisions were not adhered to in the case of toilets awarded on BOT basis. In case of award of seven toilets in 1998 for 7 years, the proposal of Firm 'A' was simply accepted on pretext of being an experimental project. Normally, under such circumstances Swiss Challenge Method could have been used.

In case of award of work of running, maintenance and operation of a toilet block behind LIC Building Parliament Street, after getting the approval of Chairperson on 13 November 1998, quotations were invited on 2 February 1999 with the date of opening as 5 February 1999. But no wide publicity was given through press while inviting quotations from the private agencies. As a result, only three contractors/agencies applied. In absence of competition, work was awarded to Firm 'B' (highest bidder) in March 1999 at a nominal rate of Rs.4500 per month for 5 years with the enhancement of 10 per cent per annum.

Like-wise, for award of 40 toilets in 2001 for 5 years instead of adopting an open bid tendering process, leading firms and other agencies who had already been working with NDMC were asked to bid on pre-determined licence fee thereby denying the benefits of competitive bidding. Instead of two stage bidding process i.e technical and financial bidding, the selection of the firms was based on qualifying a predetermined criteria. The selection of the firms was also not judicious as detailed in the paragraph below:-

ii) Improper selection / evaluation of private agencies in award of 40 toilets

As per CPWD Manual to pre-qualify, the applicant must secure at least 60 per cent marks in financial strength and past experience in similar works and 50 per cent marks in performance of works, personnel and establishment and plant and equipment. After evaluation of pre-qualifying applicants, a list of qualifying agencies is to be prepared and only these agencies are to be invited to submit tenders.

Scrutiny of records related to 40 toilets revealed that certain eligibility criteria were laid down for the bidder viz. the bidder must have financial capacity of investing at least Rs. 50 lakh and experience and expertise in building, operating and maintaining toilets. The following pre-qualifying criteria were laid down in the draft press notice/notice inviting tenders and other documents released by the Department for evaluation of bids and selection of firms by a Selection Committee.

A.	Financial Capability	-	30 marks
i)	Capital Investment 50 lakh over six months		
ii)	Balance sheet of the last 3 years		
iii)	Income Tax Certificate>Returns submitted during last 3 years		
B.	Organizational Set Up	-	10 marks
C.	Past experience for Civil and Sanitary works		15 marks
D.	Activities and Business being carried out		10 marks
E.	Key personnel and their qualification		10 marks
F.	Turnover during the last 3 years		15 marks
G.	General		10 marks
	Total		100 Marks

The date of receipt of applications was fixed as 7 August 2000. Applications were received from 109 agencies for issue of bid documents.

Though, the documents were collected by 108 applicants on the due date i.e. 11 August 2000, only 35 agencies submitted their bid documents for various groups of toilets. Out of these eight bidders were required to be selected on the basis of highest marks. Out of total 35 applicants, 18 applicants were scrutinized in audit including the eight firms to whom the contract of 40 Nos. of toilets were awarded. Details are given below:

Table : 2

S. No.	Name of the firm	Status	Average turnover of 3 years (Rs. in lakh)	Balance Sheet of three years	Capital (Rs. in lakh)	Income Tax Certificate of 3 years (Rs. in lakh)	Past Experience
1	A1	Ltd., Co.	469.00	3 years	210.00	6.03	Electrical, partly Civil Construction work
2	A2	Ltd. Co.	1957.33	3 years	458.00	4.22 One year	Toilet at LIC and Tilak Marg
3	A3	Pvt. Ltd. Co.	286.29	3 years	108.00	1.78	Ten BQS on BOT in NDMC, advertising
4	A4	Proprietor Firm	900.00	3 years	272.00	80.29	Construction Civil work and advertisement
5	A5	Pvt. Ltd Co.	30.33	3 years	10.00	5.56	Manufacturing Mobile Toilet
6	A6	Pvt. Ltd. Co.	Less than 40.00	Not Submitted	25.00	0.41	Civil Construction work in NDMC
7	A7	Partnership	22.48	3 years	25.00	0.23	Petty Civil Construction Work

8	A8	Proprietorship	20.99 One year	1 years	2.94 2 years	N.A. 2 years	Three numbers toilet In NDMC
9	A9	Ltd., Co.	1364.00	3 years	930.00	5.50	Advertisement and Publicity
10	A10	Partnership	200.00	3 years	34.83	6.45	Construction Civil work
11	A11	Pvt. Ltd. Co.	594.00	3 years	20.90	1.97	Civil and Advertisement
12	A12	Partnership	121.00	3 years	11.41	2.37	Construction Civil work
13	A13	Proprietorship	160.00	3 years	51.50	4.60	Construction Civil work
14	A14	Partnership	809.00	3 years	43.77	10.41	Architect & Advertisement
15	A15	Pvt. Ltd. Co.	251.00	3 years	24.61	3.36	Advertisement
16	A16	Pvt. Ltd. Co.	59.00	3 years	22.17	1.02	Construction Civil work & Advertisement
17	A17	Pvt. Ltd. Co.	173.00	3 years	18.46	2.47	Construction Civil work & Advertisement
18	A18	Proprietor	454.70	3 years	29.00	4.00	Advertisement & Const. of Civil Work

The shortcomings/irregularities noticed in evaluation are detailed below:

- (a) It was seen that there was no consistency in evaluation of minimum eligibility criteria of financial soundness, as for submission of Balance Sheet for three years out of a total of 10 marks, the firms were awarded marks ranging from 5 to 8. There was no rational basis for allotting marks for average turnover of years. Firm with average turnover of less than Rs. 5 crore got marks ranging from 7 to 12 while firms with turnover ranging from Rs. 5 crore to Rs. 10 crore got marks

ranging from 12 to 13. At the same time firms with turnover above Rs. 10 crore were allotted marks ranging from 10 to 13. Similarly for past experience, for similar experience marks ranged from 2 to 12 making the whole process of evaluation suspect.

- b) Audit scrutiny further revealed that out of eight firms selected, three firms fared very poorly on financial parameters as compared to even the firms that were rejected as given in the table above. They were neither experienced in sanitary work nor found financially sound.
- c) As per criteria fixed, experience in civil and sanitary work was essential condition but some of the firms did not have sound experience of civil or sanitary work. Their past experience included advertisement and marketing, petty construction work, and electrical and partially civil construction work. One of the firms had no previous experience and started the business in this field only in 1999-2000.

Scrutiny of records also revealed that performance of two of the firms i.e. Firm 'C' and Firm 'B' in the construction/maintenance-works in NDMC was only average and that of Firm 'D' was satisfactory. However, despite this, these firms were selected for award of group of five toilets each amongst the eight firms selected in 2001.

- (d) Further, it was also noticed that some of the parameters /criteria fixed for selection were rather vague for example (i) organizational set up (ii) activities and business being carried out (iii) key personnel and their qualifications. In absence of specific particulars and due to vague parameters, the transparency of selection process was impaired.

4.6.2.3 Deficiencies in framing of terms and conditions of contract

For effective contract management, contracts should be precise and definite leaving no scope for ambiguity. Further, it should facilitate monitoring accountability and transparency. However, scrutiny of agreements entered into with the firms revealed that many essential clauses were missing in the agreements, as detailed below:

i) Appointment of an Independent Engineer

The agreements entered into with various firms for award of work of BOT Toilets should have provided for an Independent Engineer on behalf of both NDMC and Concessionaires to review and monitor all activities associated with design, construction, operation and maintenance to ensure the compliance of provisions of the agreements. The Independent Engineer should have periodically submitted progress reports to any monitoring group/authority designated in the agreement.

However, scrutiny of the agreements entered with Firm 'A' in 1998, Firm 'B' in 1999 and the eight firms for award of 40 toilets in 2001 revealed that no such provision for appointment of an Independent Engineer was made in these agreements resulting in an inadequate independent monitoring mechanism to oversee the project execution and completion.

ii) Inspection Clause

The agreements entered into with various firms for award of BOT toilets should have provided for an inspection clause nominating the designated authority in NDMC to conduct the inspections, the periodicity of inspection, areas to be checked during inspection indicated in a prescribed proforma. However, scrutiny of the agreements entered into with Firm 'A' in 1998, Firm 'B' in 1999 and with eight firms for award of 40 toilets revealed that no such inspection clause to periodically inspect the site and monitor the proper implementation of the project was incorporated in the agreements. In absence of the same, only few routine inspections were conducted by the Civil Engineering Department of NDMC.

iii) Appointment of Independent Chartered Accountant

To ensure transparency, the agreements entered into with the firms for award of toilets should have provided for appointment of Chartered Accountant and submission of audited reports on periodical basis to NDMC. This stipulation was essential to ascertain actual cost of the project as well as the income generated. However, scrutiny of agreements for award of toilets during the review period revealed that no such provision was made regarding appointment of any Chartered Accountant firm or obtaining the actual revenue realization details from the various firms at a specified interval so as to ascertain the actual earnings by the firms. This lacuna in the agreements resulted in an undue benefit to the Concessionaires as NDMC did not negotiate with the Concessionaires on award of toilets initially and also subsequently during their renewal.

iv) Non-incorporation of user charges

The agreements entered into with Firm 'B' in 1999 did not indicate the fee/user charges, which the agency was allowed to charge from the public for use of toilet facilities. Although, it was indicated that these were to be decided by NDMC separately but no such details were available on record. These charges were a major source of revenue to the agency. By not fixing user charges as a part of agreement, the discretion to fix and revise the user charges was left completely to the Concessionaire.

4.6.2.4 Project Execution

i) Determination of licence fee in award of work

a) Award of contract in 1998 to Firm 'A' without charging licence fee

Firm 'A' submitted a proposal in July 1998 for demolishing existing toilets and construction/maintenance of Ultra Modern Toilets in NDMC area in return of free advertisement rights. The revenue from advertisement was shown by the firm concerned as Rs. 80000 per month.

As the above scheme was commercial in nature, NDMC authorities stressed upon the need to frame policy regarding construction, maintenance and operation and also regarding free advertisement rights. It was also opined by Finance on 7 September 1998 that in return for advertisement rights many firms would be interested in the project as the proposed locations had good potential for revenue generation from advertisement. However, on pretext of being an experimental project, the contract for seven toilets was awarded to Firm 'A' on prime locations in New Delhi vide agreement No. 87/EE/RM-II/1998-99 dated 1 December, 1998 free of cost/without charging licence fee/rent against the land provided.

Scrutiny of Profit/Loss estimate of Firm 'A' revealed that the agency had overstated its facility/overhead expenses by depicting the same as Rs.60000 per month and understated its income by calculating the same for an average of 10 months instead of full year. The revenue from pay and use was also not considered. This resulted in depiction of a net income of only Rs. 56000 per annum per facility.

This undervaluation was also observed by the Civil Engineering Department. However, this aspect was not considered finally and work

was awarded to Firm 'A' without charging any licence fee. While awarding the work, free of any charges, the fact that the agency would be able to recover the cost of construction of approximately Rs. 5 lakh in a period of 19-20 months and for the rest of the period the agency would be earning profit was also finally not kept in view and the seven toilets were awarded without charging any licence fee or revenue sharing arrangement

(b) Unreasonable fixation of licence fee in award of 40 public toilets

In April 1999, Chairperson NDMC accorded in principal approval for award of work of running and maintenance of 40 public toilets in NDMC area on BOT basis. The scheme intended to achieve recurring revenue and providing international facility to tourists visiting Delhi. The toilets were awarded to eight firms in group of five toilets each in February 2001. The licence fee was fixed as Rs.5000 for initial two years, Rs.8000 for subsequent two years and Rs.10000 for 5th and final year.

Scrutiny of records revealed as under:-

- The toilets awarded to the eight private parties were on prime locations having high advertisement potential. Each of the group of five toilets included three toilets of 'A' category, one each of 'B' and 'C' category. However, while fixing the licence fee as indicated above at a nominal rate of Rs.5000-Rs.10000, the licence fee was fixed at uniform rate for all locations instead of fixing the same category-wise.
- The economic logic of fixing the licence fee from Rs.5000 to Rs. 10000 per month was based on the promise that the area of advertisement was to be 200 sq.ft. and the rate of advertisement Rs. 130 per sq.ft. The revenue expected out of advertisement was thus kept as Rs.26000 per toilet per month. The basis of fixing this rate was not available on record. This was despite the fact that Firm 'A' in 1998 in its own profit and loss statement had indicated Rs.80000 per month per toilet as the total receipts expected per month from advertisement. NDMC authorities had also opined that bidder should be able to earn minimum Rs.40000-50000 per month per toilet after meeting the entire expenditure and interest on capital investment. While fixing this licence fee in February 2001 at the rate indicated above, the fact of rate of advertisement of Rs. 328 sq. ft. adopted by the Department in case of Bus Queue Shelter(BQS)scheme on BOT basis in 1999 was also not considered.

The Department while working out the costs assumed rate of interest of 2 percent per month i.e. @ 24 per cent per annum. During that period the lending rate of interest charged by any nationalized bank was approximately 10-13 per cent per year. The Civil Engineering Department while working the details of BQS in 1999 had reflected the interest rate per month as 0.83 per cent only i.e. 10 per cent per annum. The reasons for over-valuation of this component of cost in case of toilets were not on record.

As a result of undervaluation of the revenue expected out of advertisement to Rs.26000 only and overvaluation of rate of interest on investment @24 per cent per annum, undue benefit was given to the contractors as detailed below:

Table 3

Sr. No.	Factors of calculation on Construction Cost of Rs. 5 lakh per toilet	Data of Toilet Scheme prepared by the Department	Data based on audit observations
1	Interest rate per month	2% i.e. Rs. 10000	0.83% i.e. Rs.4150*
2	Recovery of cost of construction per month	Rs. 8333 (500000/60months)	Rs. 8333
3	Running and operational cost including consumable	Rs. 20000	Rs. 20000
4.	Licence fee to be paid to NDMC per month	Rs.5000	-
	Total Expenditure	Rs. 43333	-
1	Area of Advertisement	200 Sq. Ft.	-
2	Rate of Advertisement	Rs. 130 per Sq. Ft.	-
3	Revenue expected out of advertisement	Rs. 26000	Rs. 80000**
4	Recoveries from pay and use	Rs. 20000	Rs. 20000
	Total Receipts	Rs. 46000	Rs. 100000

* Interest rate adopted from BQS scheme of 1998

** Revenue generation from advertisement adopted from M/s Fumes statement of 1998

As can be seen from the table above, in case the Department had realistically indicated its rate of interest on investment @ 0.83 per cent per month and advertisement revenue @ Rs.80000 per month, the actual licence fee accrued to NDMC would have been far greater than Rs.5000-10000 per month.

Thus in absence of any financial model/benchmark of revenue sharing arrangement, Department had not followed any uniform system of working out its licence fee and the share of the Concessionaire. This resulted in adversely affecting the financial interests of NDMC.

(ii) Loss due to re-award/extension of contracts of toilets without inviting open/competitive bids

Scrutiny of records related to toilets awarded to various firms revealed that subsequent to initial award of toilets, no assessment was done periodically as to the actual revenue being earned by these firms.

The expiry date of contracts of 50 toilets awarded in 1998, 1999 and 2001 was due from 15 January 2006 onwards. In a meeting held on 10 January 2006 difficulties were expressed in tendering out the small packages of toilets on grounds that tendering process would take considerable time.

The contract of 46 toilets (of which details were available) was further extended till October 2007 after fixing licence fee at the rate of Rs. 10,000 per month per toilet.

The plea of urgency given in bypassing the tendering process was not justified as in only one toilet of Firm 'A' at Khan Market the expiry date of contract was due for renewal from 15 January 2006. In remaining toilets, the period of expiry ranged from 5 months to 1 year period as of January 2006 when the decision to award the contracts to same firm at pre-determined licence fee was taken. The existing value of advertisement receipts and NIL investment were also not considered while fixing the licence fee at Rs. 10000. The basis of fixing Rs. 10000 licence fee was not available on record. Interestingly, in 2004 one toilet was awarded to Firm 'A' at the rate of Rs. 27500 per month and another one to Firm 'E' at the rate of Rs. 35000 per month. It also needs to be mentioned here that a toilet near Safdarjung Hospital was awarded in January 2003 @ Rs. 51400 to Firm 'X'. The contract was extended in 2006 at increased licence fee of Rs. 68413 per month. Further, it was observed that one toilet behind LIC Building was re-awarded in 2004 to Firm 'B' after inviting open competitive bid. Resultantly, the licence fee was fixed @ Rs. 66600 per month as against Rs. 45000 per month with the increase @ 10 percent every year. Reasons for not considering this trend of rates while fixing the licence fee @ Rs. 10000 per month were not available on record.

(iii) Loss of Rs.37 lakh due to inordinate delay

(a) Loss of Rs. 24 lakh due to delay in award of 40 numbers of toilets

The Chairperson accepted the necessity in principle for awarding of contract of toilets on BOT basis in April 1999. However, there was a delay in issue of award letter as detailed below:

Date of approval accorded by Chairperson	-	April 1999
Normal period for completion of proceedings (6 months)	-	October 1999
Scheduled period of issue of award letter	-	October 1999
Actual date of issue of award letter	-	28 February 2001
Delay in award of letter	-	16 months
Licence fee due after period of completion (4 months)	-	12 months
Loss in license fee due to delayed award	$40 \times 12 \times 5000 = \text{Rs. } 2400000$	

Reasons for delay in awarding of work were not on record.

(b) Loss of Rs.7.75 lakh due to change in locations

It was observed that the location of many of the 40 toilets were earmarked and awarded without proper inspection and planning. As a result the scheme was not completed within stipulated period. The locations had also to be changed causing delay in handing over of sites resulting in further loss of Rs. 7.75 lakh to the Council. The details of delay are given below:

Table 4

S. No.	Category	Locations awarded on 28.02.2001	Changed location	Period of delay in months	Loss @ Rs.5000 per month (Amount in Rs.)
1	(C)	R.K. Ashram Marg near RML Hospital	San Martin Marg EE/RM-II/D/968-71 dated 07.03.02	12	60000
2	(C)	Baird Lane Opposite NDMC	Tees January Marg near gate of Janpath EE/RM-II/D/514-17 dated 04.02.02	11	55000
3	(C)	Near RML Hospital round about between Talkatora Road	Tilak Marg near Taxi Stand EE/RM-II/D/995-78 dated 7.3.02	12	60000
4	(A)	Sansad Marg near the junction with Imtiaz Ahmad Khan Marg	Minto Road Connaught Place EE/RM-II/D/3451-54 dated 21.12.01	09	45000
5	(A)	Main market Sarojini Nagar	Gole Market Bhai Veer Singh Marg EE/RM-II/D/503-06 dated 04.02.02	11	55000
6	(A)	Rafi Marg near Chelmsford Road	Humanyun Road EE/RM-II/D/975-78 dated 07.03.02	12	60000
7	(A)	Khanna Market	Cancelled by MOH vide letter No. D-173/SO/HG/MOH dt. 10.11.2006	68	340000
8	(A)	Near Delhi Hatt Aurbindo Marg	Aurbindo Marg near DTS entry point EE/RM-II/D/3443-46 dated 21.12.01	09	45000
9	(C)	Brig. Hoshiar Singh Road	Gurudwara Raqab Ganj Road EE/RM-II/D/510-13 dated 04.02.02	11	55000
Total					775000

Had the Department done proper site inspection before award of works, this delay in handing over clear sites to firms and consequent loss of revenue could have been avoided.

(c) Loss of Rs. 2.90 lakh on account of delay in handing over of sites

As per clause 31 of the agreement with eight agencies for 40 toilets, the licence fee was payable from the date of physical completion of each toilet block or four months whichever is earlier on which the site for each toilet block was physically handed over to the bidder.

Scrutiny of files revealed that the 22 sites out of total 40 were handed over late to the concessionaire. Delay ranging from one month to eight months from the date of award of letter by RM-II Division, caused further delay in completion of toilet blocks. Resultantly, Council had suffered loss of licence fee of Rs. 2.90 lakh. The details are given in Annexure IX.

The reasons for late start of the work/handing over of above sites of toilets blocks to respective private parties were not on record. Thus, the delay in handing over of sites caused loss of Rs. 2.90 lakh to the Council.

(d) Loss of Rs.2.45 lakh due to non-recovery of penalty against delayed construction

As per Clause 14 of the agreement entered in 1998 with Firm 'A', the bidder shall ensure that construction of the public conveniences is completed within a period of six months from the date of handing over physical possession of each site. Suitable extension can be granted by the NDMC provided it is satisfied that the delay was unavoidable. In case of failure on the part of the bidder to complete the work within the stipulated period is adjudged by the NDMC to be attributable to causes within the control of the bidder, then the bidder shall pay to the NDMC compensation at the rate of 1 per cent per week of the total estimated cost subject to maximum of 10 per cent of the total estimated cost of the concerned public convenience.

Scrutiny of records revealed that the construction work of the toilets was delayed by the contractor concerned as the same was not completed within stipulated period of six months. There were delays in construction of three toilets as mentioned below:-

Table 5

S. No.	Location	Date of handing over of site	Stipulated date of completion	Actual date of completion	Delay (In Weeks)
1	Khan Market	16.01.1999	15.07.1999	17.06.1999	-
2	Opp. Gol Dak Khana	15.03.1999	14.09.1999	15.01.2000	17
3	CP Opp. Narula	16.05.1999	15.11.1999	15.03.2000	17
4	Janpath near LIC	15.07.1999	14.01.2000	28.04.2000	15
5	CP Plaza Bus Stand	01.05.2000	30.11.2000	08.10.2000	
6	B.K. Road	19.05.2000	18.11.2000	01.10.2000	
7	Opp. Khan Market between Lok Nayak Bhawan.	27.07.2000	26.1.2001	10.01.2000	
	Total				49

The table above clearly indicated that there were delays in completion of three toilets at S.No.2, 3 & 4. Further, there were also delays in handing over of site from the date of agreement i.e. in case of toilets mentioned at Sr. No. 3 to 7 for period ranging from 6 months to 18 months primarily due to the request of the firm for changing the sites to more commercially viable ones. However, no action was found on records for recovery of Rs.245000 (@ 1 per cent of total cost of Rs.500000 i.e. Rs. 5000 per week for 49 weeks) of penalty against the delay in construction.

(iv) Non-recovery of advertisement tax/charges

(a) Non-recovery of advertisement charges of Rs.2.42 lakh from Firm 'A' against unauthorized display of advertisement

The work of construction, maintenance, operation of seven toilet blocks was awarded to Firm 'A' in 1998 for a period of seven years. Scrutiny of the file revealed that Council vide its resolution No. 3(VI) dated 29 February 2000 decided that Firm 'A' be asked to pay to NDMC advertisement charges realized by them for putting up advertisement on structure of toilets at Janpath and Outer Circle opposite Narula before the toilets had been opened for use. Firm 'A' agreed in April 2000 to pay 50 per cent of the total charges received by them on account of advertisement on above two toilets.

The details of two toilet blocks where Firm 'A' had displayed the advertisements unauthorizedly are as under :

Table 6

S. No.	Location	Date of display of Advertisement	Date when the toilet block was made functional	Period
1	Janpath Opposite Allied Motors	1 st week of Dec. 1999	28.04.2000	4 months 22 days
2	Connaught Circus Opposite Nirulas	1 st week of Dec. 1999	15.03.2000	3 months 8 days
			Total	8 months

The net amount to be recovered, as worked out by the Department and conveyed to the agency in December 2001 was as under:

Table 7

S. No.	Particulars	Amount (in Rs.)
1	Total amount realized by the agency for 8 months (Rs.85000 per month)	680000
2	50% of the amount to be recovered from agency for advertisement as agreed as per note of Secretary.	340000
3	Less-Compensation to be given to agency on account of demolition of partly constructed structure at Q Point outside cemetery	97600
Total		242400

The reasons for non-recovery of advertising charges amounting to Rs. 242400 from Firm 'A' till date after a lapse of seven years were not available on record. Further, this amount was outstanding since 2000 and no penal action/interest on the amount was claimed from the agency by the Department.

(b) Non-recovery of penalty charges against utilization of excess area for displaying advertisement

(i) Excess area utilized by Firm 'B'

The work of running, maintenance and operation of toilet block behind LIC Building, Parliament Street, New Delhi was awarded to Firm 'B' at a licence fee of Rs. 4500 per month

enhanced annually @ 10 per cent for a period of five year from 9 April 1999 to 8 April 2004.

Scrutiny of the records revealed that Firm 'B' had utilized area for displaying advertisement on the walls of toilet block in excess of permissible limit of 16.70 sq. meters on several occasions as per details given below:

Table 8

S. No.	Letter No. and date	Advertisement displayed (in sq.mt.)	Permissible limit as per terms and conditions (in sq. mt.)	Excess area utilized for display advertisement (in sq. mt.)
1	AE-III/RM-I/D/284-85 dated 26.7.99	16.93	16.70	0.23
2	EE/RM-I/3011-12 dated 11.11.1999	18.94	16.70	2.24
3	EE/RM-I/1347-48/01 dated 09.03.2000	20.30	16.70	3.60
				6.07

In view of the above, the agency had violated the clause 2 of terms and conditions but no effective action was taken against the agency apart from writing letters for excess utilization of advertisement area by the competent authority.

(ii) Excess area utilized by other firms

As per clause 11 of agreement entered with 8 firms for award of 40 toilets, the bidder shall be at liberty to utilize the walls of the structure for the purpose of advertisement. The area on which the advertisements are displayed shall not exceed 50 per cent of the covered area. The remaining area shall carry social messages as approved by the NDMC.

Scrutiny of files revealed that an inspection of BOT toilet blocks operated by Firm 'B' and Firm 'D' was carried out on 6 September 2006 by Assistant Engineer(CP) and CSI. They observed that both these agencies utilized more than the permissible area for displaying advertisement. The details are given below:

Table 9

S. No.	Location	Covered area (Sq. mt.)	Advertisement area (Sq. mt.)	Permissible limit (Sq. mt.)	Excess area (Sq. mt.)
Firm 'B'					
1	Princess Park	31.21	27.38	15.65	11.73
2	Tilak Marg Patiala House	20.38	15.70	10.19	5.51
3	Pandara Park (left)	38.31	26.94	19.16	7.78
4	Pandara Park (right)	34.85	18.17	17.42	0.75
5	Parliament Street (Jeevan Bharti)	Area could not be measured as there was advertisement all round the boundary at Terrace Level and on wall. The advertisement was more than 50%			
6	Chelmsford Road	54.97	31.50	27.48	4.03
7	Mandi House Opposite Marg	44.26	24.94	22.13	2.81
8	Janpath near Shangri-La Hotel	44.02	23.29	22.01	1.15
Firm 'D'					
1	Bangla Sahib Marg near Kalawati Saran Hospital	36.30	20.22	18.15	2.07
				Total	35.83

As can be seen from the details above, both the agencies had utilized excess area for displaying advertisements thereby violating the permissible limit. However, the authorities did not take any action against the concessionaire for violating the agreement.

(iii) Non-recovery of advertisement tax

During scrutiny of agreements entered with Firm 'A' for seven toilets, Firm 'B' for one toilet and eight firms for 40 toilets it was seen that the advertisement tax was required to be deposited in NDMC treasury by the private agencies. The advertisement tax was required to be calculated as per Section 88 of Forth Schedule of NDMC Act, 1994.

As ascertained from the Enforcement Department, no advertisement tax was charged from the period 1 April 2005 to 31 March

2007 as per the decision of the Council. The tax was stated to have been charged up to 31 March 2005.

However, the details of calculation/total amount collected year-wise on account of advertisement tax against each party were not available in the records. In absence of the same, it could not be verified in audit whether the same was being collected by the Department or not.

(iv) Non-recovery of interest against delay in deposit of security deposit/licence fee of Rs. 6.46 lakh from Firm 'B'

As per demand letter No.EE/RM-I/1250 dated 30 September 1999 issued to Firm 'B' for a toilet block awarded in 1999, the security deposit/advance licence fee was required to be deposited by the firm before the conclusion of agreement for one toilet block behind LIC Building, Parliament Street. It was however noticed that Firm 'B' had deposited security deposit of Rs.266400 and advance licence fee of Rs. 379629 for the period April 2004 to September 2004 in the month of October 2004. However, no penal action/interest was charged from the agency for late deposit of security deposit and licence fee.

4.6.3 Public Toilet Utilities (PTUs) awarded in 2006

In order to improve the existing public toilets in the NDMC area, it was decided in July 2004 to invite private participation for repair/renovation, maintenance and management of existing public conveniences i.e. Public Toilet Utilities (PTUs) on appropriate revenue sharing arrangement for advertisement rights.

155 toilets were identified to be renovated and operated with the help of private participation. The toilets were divided into two packages, one comprising 61 toilets situated North of Rajpath and the other comprising 94 toilets situated South of Rajpath.

4.6.3.1 Abnormal delay in tendering process

For repairs/renovation, maintenance and management of existing public conveniences expression of interest was called for on "As is where is" basis in July 2004. 35 firms responded by the last date of receipt of Expression Of Interest(EOI) i.e. 18 August 2004. A committee was constituted under the chairmanship of Medical Officer of Health to open the EOI and take further action. Till March 2005, there was no concrete progress. An Empowered Committee was constituted in March 2005 to finalize RFP/RFQ and monitor the bidding process. After presentation by

pre-qualified parties on 9 April 2005, RFP was approved on 3 October 2005. It was decided to invite ten selected firms. Only five firms attended the pre-bid meeting on 21 October 2005. However, the bids were received only from two firms namely:

- (a) Firm 'E'
- (b) Firm 'F'

A Technical Bid Evaluation Committee was constituted and the technical bids were opened on 22 November 2005. Three consecutive meetings of the Evaluation Committee were held on 7 December 2005, 20 December 2005 and 26 December 2005. The Bid Evaluation Committee recommended only Firm 'E' for opening of financial bid. The other bid was rejected for not meeting the laid down parameters. The recommendations of the Technical Evaluation Committee were approved by the Chairperson and the financial bid of Firm 'E' was opened on 9 January 2006. Finally, in March 2006 the Empowered Committee approved the proposal and work was awarded to Firm 'E' in March 2006 for repair and maintenance of 94 PTU's South of Rajpath.

A notice of award was issued to Firm 'E' on 13 March 2006, with the approval of the Chairperson, which was accepted by the firm vide letter of acceptance dated 16 March 2006. The concession agreement ultimately was signed between NDMC authorities and Firm 'E' on 18 April 2006.

Thus it took nearly 21 months to award the work reflecting poorly on the capacity of the Department to handle innovative projects. The delay however, becomes serious as there were already 57 toilets being operated on BOT basis and this was not the first project of its kind in NDMC.

Regarding 61 PTUs (North of Rajpath) the tenders were invited on 11 November 2005 but no technical bid/financial bid was received. Current status of re-tendering could not be ascertained.

4.6.3.2 Abnormally low revenue

The Department did not prepare a Detailed Project Report regarding status of toilets and revenue potential. In absence of appropriate competition the Department was forced to accept the single bidder at last stage. The proposal of Firm 'E' at 9.71 percent

share of receipts on quarterly basis subject to minimum of Rs. 98823 per calendar month for 94 toilets was accepted.

The financial bid of Rs.1051 per month per PTU was abnormally low as compared to actual earning of Rs.10000 to Rs.66000 per month per toilet from the toilets awarded on BOT basis. Even Firm 'E' on an earlier occasion in 1998 paid a licence fee ranging from Rs. 5000 to Rs.10000 per month per toilet. The same company also paid Rs.35000 per month per toilet in 2004 in respect of one particular toilet. The fact that the single bid was abnormally low as compared to existing rates was not brought on record.

4.6.3.3 Delay in execution of scheme

As per clause 9.2 (b) of the Agreement, the Concessionaire shall guarantee the project completion in accordance with the provisions of the agreement on a date not later than 6 months from the commencement date (the scheduled project complete date). Accordingly, the completion date was 7 December 2006 i.e six months from the date of handing over of sites of 8 June 2006. But the project has not been completed within stipulated period. As on scheduled date of completion i.e. 8 December 2006, only 10 PTUs were operational. As on 31 December 2007 only 73 PTUs were complete. Even on 27 March 2008, three PTUs were stated to be under construction. Thus even after two years of award of work in March 2006, the work was not complete. With reference to scheduled date of completion of December 2006, the delay is more than 15 months, which resulted not only in loss of minimum licence fee of Rs.1.48 lakh ($15 \times \text{Rs.}98823 = \text{Rs.}1482345$) but also caused avoidable inconvenience to general public.

The delay was partly attributable to NDMC on account of

- (a) Delay in handing over of site
- (b) Discrepancies in measurement
- (c) Delay in approval of Drawing
- (d) Change in Location
- (e) Poor Coordination with Engineering Departments

(i) Delay in handling over of sites/competition

As per clause 2.5 (a) of agreement with Firm 'E', NDMC was required to handover physical possession of the project site (PTU) free from encumbrance to the Concessionaire within

30 days from the date of agreement i.e. 18 April 2006 together with the necessary rights of way for the purpose of implementing the project.

Audit scrutiny revealed that the sites were not handed over to the Concessionaire by the stipulated date i.e. 17 May 2006.

Audit scrutiny further revealed that proper Preliminary Study was not carried out. Even detailed authentic survey of toilets was not conducted. Resultantly, there were disputes about size of the toilet plinth area, covered area, encroachment etc. and precious time was lost after award of work. The sites were handed over on 8 June 2006 after a joint survey i.e. after nearly 3 months of issue of notice of award of work resulting in avoidable delay and consequent impact on final completion of the project.

(ii) Discrepancies in measurement

Schedule 'A' attached to the agreement contained list of PTUs in package II- South of Rajpath including location and dimensions. The Concessionaire wrote to NDMC on 31 May 2006 regarding large variations in plinth area and desired that actual measurement through joint inspection. Out of 92 PTUs contained in schedule 'A', originally, dimensions of 3 toilets were not given and at the time of Joint Inspection dimensions of another 4 toilets were not given. One toilet was cancelled. Out of remaining 84 toilets only in 21 toilets the dimensions, as reported by Joint Inspection, were same as in schedule 'A'. In 35 cases the dimensions were found to be bigger by Joint Inspection Team and in remaining they were found to be smaller. Some of the prominent cases where dimensions were found smaller by the Joint Inspection team included PTUs at Pandara Road, Jor Bagh & Sarojini Nagar Market. In addition, it was noticed that though the Joint Inspection was done with the help of Civil Engineering Department yet different nomenclature like plinth and plinth area was used in the Joint Inspection Report. These discrepancies resulted in construction of toilets of much higher dimensions at some places e.g. Khan Market, Sujan Singh Park etc. which subsequently had to be demolished. This discrepancy also caused confusion resulting in avoidable delay in completion of scheme.

(iii) Delay in approval of drawings

Audit Scrutiny revealed that the representatives of Concessionaire raised the issue regarding delay in approval of drawing of PTUs time and again. Complete details of dates of submission of drawings by the Concessionaire to NDMC and approval for the same by the competent

authority were not available on file. In 46 test checked cases, it was seen that time taken for grant of approval ranged from 50 days to 205 days as against 15 days stipulated in the clause 8.1 (b) of the Agreement. In many cases the drawings were submitted by the Concessionaire after the stipulated date of completion of the project, leading to further hindrance in timely completion of scheme.

(iv) Change in location

It was observed that the location of sites of 94 PTUs of South of Rajpath was not inspected prior to award of work. Poor planning resulted in 13 sites being re-located due to some objections/hindrance.

The change in location at later stages directly impacts the completion of project within stipulated period. This was also against the basic concept as decided in first meeting of Empowered Committee held on 1 April 2005 wherein it was laid down that "the scope of work be limited to renovation of existing toilets with the condition that the location, plinth area and height of the toilets will not be changed".

(v) Poor coordination with Engineering Departments

Scrutiny of records revealed that there was lack of coordination among different Departments of NDMC. The Civil Engineering Department and Electrical Engineering Department took considerable time in sanctioning water and electric connections resulting in avoidable delays in completion of project.

4.6.3.4 Revenue sharing arrangement

As per the Agreement Firm 'E' was required to pay 9.71 percent share of receipts on quarterly basis during the period of execution of project. The Steering Group granted completion certificate in respect of 73 toilets by November 2007. However, upto March 2008 the total revenue received from the concessionaire was only Rs. 2.43 lakh, i.e. one cheque for Rs.98823 in October 2007 on the basis of minimum monthly fee and another one for Rs. 144504 in December 2007 based on 9.71 percent of receipts. The period to which these revenues pertained and reasons for payment on minimum fee for one month and percentage of receipt in other were not available on record. The revenue appeared to be very meager as 73 toilets were granted completion certificate by November 2007 including 10 toilets thrown open to public in December 2006.

The Department had no mechanism to verify the claim of the Concessionaire regarding actual receipts from Advertisements. The Agreement also did not provide for appointment of an independent Chartered Accountant for verification of income of the Concessionaire on account of Advertisement.

4.7 Project Monitoring

Effective project implementation necessitated a detailed monitoring mechanism elaborating the nature of supervision, the authority involved in supervision, the periodicity of such inspections and maintenance of proper records related to such inspection.

Scrutiny of test checked agreements related to BOT toilets referred to in para 4.6.2 revealed that the following works had to be ensured by the firms:

- A tube well for round the clock water supply;
- Running of public conveniences round the clock;
- Proper cleanliness and maintenance of works.;
- Normal charges to be levied for use of public convenience by the users.
- Payment of electricity, water and advertisement taxes by the concessionaire

Each of the above clauses required proper monitoring. However, examination of records revealed that there was no such structured mechanism for proper monitoring of the project. Certain routine inspections were done by the Civil Engineering Department which only briefly stated the status of maintenance of complaint register, cleaning, water supply, sewerage, and attendant. The status was also found to have been mentioned as OK in all these respects. Only few minor deficiencies were brought to the notice of agencies for rectification. No periodicity of such inspections were laid down nor were inspection reports found on record for the entire period of 1998–2007 when these toilets were being maintained by these private firms. No inspection register was also found to have been maintained indicating the deficiencies pointed out in various toilets, the rectificatory action taken if any, the present status of the toilets etc.

In absence of the above mentioned basic details, Audit was not in a position to comment on the exact nature of maintenance and upkeep of each of these toilets as per agreements. Certain isolated cases of poor maintenance of toilets were only seen for example poor maintenance of toilet by Firm 'B' behind LIC Building, Janpath Lane, wherein an inspection report of EE(RM-I) dated 20 October 2000 revealed that the toilet block had not been cleaned for weeks together. The cleanliness of toilets by Firm 'B' was found to have been not proper even in the Pandara Road Market as per September 2002 Inspection Report and at Tilak Marg Near Patiala House as per Inspection Report of July 2006 by Health Department. However, the action taken in such cases was not on record.

Thus, the monitoring mechanism was not effective and adequate.

4.8 Conclusion

Contract Management in Toilets awarded on BOT basis revealed critical shortcomings. Licence fee was not fixed realistically in the toilets awarded/rewarded as the same was either not charged or determined on a lump sum basis without inviting tenders, thus causing revenue loss to NDMC and undue favour to the contractors. Planning failures were evident in delays in award of work, handing over sites, change of locations etc. resulting in further loss of revenue. Selection of firms was not proper. Advertisement charges were not levied for excess use of permissible area and there was nothing on record regarding levy of advertisement tax in compliance with agreements. There was no well laid down and periodic system of inspections to monitor the project implementation. The Public Health and Civil Engineering Departments of NDMC needs to review these areas and improve contract management of toilets awarded under PPP.

SECTION –B
TRANSACTION
AUDIT

**DEPARTMENT
OF
ARCHITECTURE
&
ENVIRONMENT**

CHAPTER V : DEPARTMENT OF ARCHITECTURE & ENVIRONMENT

5.1 Non-recovery of permission charges

Department's failure to check unauthorised erection of temporary pandal by Firm 'X' for holding Exhibition- cum-sale in the lawn of Hotel Janpath during the period 26 November 2005 to 28 February 2006 resulted in short recovery of permission charges amounting to Rs. 3.41 lakh. Besides, the Department also delayed deposit of demand draft of Rs. 6 lakh in the Council's account by 36 days.

According to Section 237(2) of the New Delhi Municipal Council Act, no roof, verandah, pandal or wall of building or no shed or fence shall be constructed or re-constructed of cloth, leaves, mats or other inflammable materials except with the written permission of the Chairperson, nor shall any such roof, verandah, pandal, wall, shed or fence constructed or re-constructed in any year be retained in a subsequent year except with fresh permission obtained in this behalf.

Architecture and Environment Department is responsible to ensure enforcement of above provisions of the Act. The Department is required to grant permission to the applicants for erection of buildings, pandals, sheds etc. as per bye-laws on deposit of prescribed permission charges and security deposit.

Scrutiny of records revealed that the Department had accorded the approval of the Chairperson on 22 November 2005 to Firm 'X' for erection of temporary pandal for holding Exhibition-cum-sale in the lawns of Hotel Janpath from 26 November 2005 to 28 February 2006 subject to the following conditions:-

- a) Depositing of Rs. 9.41 lakh towards permission charges @ Rs. 2.83 per sq.ft.per day for the proposed area of structure i.e. 3500 sq.ft. in advance for 95 days w.e.f. 26 November 2005 to 28 February 2006.
- b) An amount equal to 10 per cent of the permission charges subject to a maximum of Rs. one lakh can be deposited by the party at the

time of submission of their acceptance as a security and the same shall not in any way be adjusted in the permission charges.

- c) Amount deposited at the initial stage will be forfeited without further notice if tenure will be shortened with reference to schedule already approved by the competent authority.
- d) Penal rate i.e. double the approved rate for per unit area shall be charged for extending the time with reference to schedule already approved by the competent authority.
- e) Security of the permission charges should be deposited before starting the sale campaign after receipt of the permission letter otherwise the allotment shall be cancelled without further intimation.

Audit, however, noticed that the firm without furnishing acceptance letter and deposit of permission charges and security deposit to the Council, erected the pandal and started the exhibition-cum-sale from 25 November 2005. The Department did not take action at the time of erection of pandal and start of exhibition-cum-sale. Subsequently, when the Department demanded the permission charges of Rs. 9.41 lakh along with 10 per cent security deposit, the firm did not deposit the same and rather filed petition on 4 December 2005 in the Delhi High Court against demand of permission charges. The Hon'ble High Court on 7 December, 2005 directed the firm to deposit the permission charges etc. The firm deposited two cheques dated 6 January 2006 and 2 February 2006 for Rs. 427263 and Rs. 430262 respectively. Both these cheques were not honored by the bank due to insufficient amount in the firm's account. On this being brought to the notice of the court, the court directed the firm on 26 March 2006 to pay the amount to the NDMC within a week. Subsequently, the court in its order dated 19 April 2006 refused to entertain the petition against demand for deposit of permission charges.

Audit scrutiny, however, revealed that the firm paid a demand draft of Rs. 6 lakh to the Council on 30 April 2006 i.e. permission charges for the period 26 November 2005 to 10 February 2006 only along with a photocopy of its letter dated 8 February 2006 through which the firm claimed to have intimated the Council that the exhibition-cum-sale would be closed next day due to sudden change in the weather. The said demand draft of Rs. 6 lakh was deposited by the Council in the treasury on 6 June 2006 i.e. after 36 days of receipt of the demand draft.

The claim of the firm that exhibition was closed on 10 February 2006 i.e. before scheduled date was not correct as Junior Engineer, NDMC had certified that the exhibition was held w.e.f. 26 November 2005 to 28 February 2006. Moreover, as per terms and conditions of approval, full amount was payable as per approved schedule. However, the Department failed to recover the balance permission charge of Rs. 3.41 lakh from the firm in this case. Further, details of the amount recoverable from this firm for the previous years were not made available to audit.

Thus, failure of the Department to check unauthorized erection of pandal which the firm had fully utilized for the period 26 November 2005 to 28 February 2006 as per Council's records, resulted in short recovery of permission charges of Rs. 3.41 lakh besides involving the Council in litigation. Moreover, the delay of 36 days in deposit of Demand Draft of Rs. 6 lakh also reflects laxity on the part of the Department.

The matter was referred to the Department in April 2008; their reply was awaited as of June 2008.

5.2 Deficient control over installation of BTS Cellular Towers/Antennas

Failure of the Department to develop system to control unauthorized installation of towers/antennas by telecom operators resulted in depriving the NDMC of revenue of Rs. 2 lakh per tower/antenna on account of permission charges and penalties thereof besides allowing the violation of provisions of the NDMC Act.

NDMC has been granting permission to the telecom operators/building owners under section 241 of NDMC Act, 1994 for installation of cellular towers/antennas since August 1995. Initially no policy guidelines were available and no permission charges were demanded. In pursuance of the decision taken in the meeting held with the Lt. Governor, Delhi on 26 July 2002, guidelines regarding installation of Communication Towers by cellular and basic telecom operators within the area under the jurisdiction of the New Delhi Municipal Council were framed which came into force w.e.f. 1 October 2004. These guidelines, inter-alia contained that eligible operators shall apply for permission to the Chief Architect, Department of Architecture and Environment, NDMC

and Department shall charge permission charge of Rs. 2 lakh per Communication Tower before issue of permission letter. In addition, a monthly licence fee at the prescribed rate was also recoverable from the operators for each installation. In cases where permission had already been granted without levy of permission charges, the operators were allowed to continue till validity of the permission subject to payment of Rs. 2 lakh.

Test check of records of Architecture and Environment Department revealed that Department had not been adequately enforcing the implementation of these guidelines. Irregularities noticed in audit are detailed below :-

(a) Installation of BTS Cellular Tower at 20 Central Lane, Bengali Market

In February 2004, the Department issued show cause notice to telecom operator namely Firm 'A' and to the owner of House No. 20 Central Lane, Bengali Market for installation of BTS Cellular Antenna at the roof terrace of the said premises without prior permission from NDMC. In the meantime, Firm 'A' applied on 2 March 2004 for the permission. Subsequently, the deficiencies pointed out by the Department in the documents on 19 May 2004 were rectified by the firm by 3 June 2004. Audit noticed that there was nothing on record to show whether the permission was granted or not but the fact remained that the telecom operator had been utilizing the tower since 1995 and the Department neither regularized the installation of tower by levy of permission charges of Rs. 2.00 lakh nor demolished the installations under Section 247 of the NDMC Act as of March 2007.

(b) Unauthorized erection of Antenna at Himachal Bhawan

In June 2004, Firm 'B' applied for permission of installation of tower at the roof top of Himachal Bhawan, 27 Sikandra Road, New Delhi for operation of cellular mobile phone service. However, the Department did not respond to this application and in the meantime the firm unauthorizedly erected the Antenna and started the telecom operation. Subsequently, in February 2005 only, the case came to the notice of the Department and notices were issued to Firm 'B' and Himachal Bhawan authorities. Consequently, in March 2005, Firm 'B' applied for permission and also deposited two demand drafts in favour of Secretary, NDMC bearing No. 406977 and 406978 dated 2 March 2005 for Rs. 2 lakh and Rs. 0.20 lakh on account of permission charges and penalty respectively. However, audit noticed that the Department did not deposit

both the cheques in the treasury within their validity period. There was also nothing on the record to show whether the permission was granted to the firm or not. Resultantly, the firm had been utilizing the facilities without payment of permission charges and penalty of Rs. 2.20 lakh.

(c) Inadequate checks over unauthorized installation of towers/antennas

Audit also revealed that though large number of towers/antennas have been installed on the buildings in the NDMC area but the Department had not been conducting periodical survey of the area under its jurisdiction to ascertain the number of towers/antennas unauthorizedly installed by various telecom operators. As a result, the Council has been deprived of revenue on account of permission charges/penalties besides allowing the violation of provisions of the NDMC Act. This reflects poor control mechanism over installation of towers/antennas by telecom operators.

The Department had neither developed system to control unauthorized installation of towers/antennas by telecom operators nor did it monitor the applications received for grant of permission charges and deposit of money on this account to the Council.

The matter was referred to the Department in April 2008; their reply was awaited as of June 2008.

**DEPARTMENT
OF
CIVIL ENGINEERING**

CHAPTER VI : DEPARTMENT OF CIVIL ENGINEERING

6.1 Avoidable expenditure

The Department failed to complete the requirements for execution of the work before inviting tenders/award of work within the validity period of first tender. Resultantly, tenders had to be re-invited and an avoidable excess expenditure of Rs. 11.66 lakh was incurred on the work.

Composite tender for construction of Navyug School, Mandir Marg, DIZ Area, New Delhi (including electrical work) and purchase/demolition of existing eight staff quarters was invited on 5 December 2004. In all, four tenders were received and the same were opened on 9 February 2005. Firm 'A' had quoted lowest rate of Rs. 6.45 crore which was 17.25 percent above the estimated cost of Rs. 5.50 crore. The validity period of this offer was to expire on 16 May 2005.

Audit scrutiny of records of Executive Engineer, C-II Division, NDMC revealed that the case was sent to Finance Department, NDMC for their concurrence. The Finance Department observed on 11 April 2005 that neither the scheme had been cleared by the Delhi Urban Art Commission nor the clear site was available for execution of work. It also observed that as per conditions of press notice, pre-bid conference of the contractors which was to be held in the office of the Chief Engineer(C-II) on 11 January 2005 was not held. This resulted in poor response from the contractors and consequently only four bids were received. It also observed that under this fluid situation it was not a proper case for going in for tendering. The Civil Engineering Department failed to give satisfactory reply to the Finance Department.

However, the Finance Department, keeping in view the urgency of work, consented on 16 May 2005 i.e. on the date of expiry of validity period of offer to the proposal with the condition that observations of the Finance Department would be attended to before awarding the work. Consequently, the Civil Engineering Department invited Firm 'A' on 20 May 2005 for negotiation and extension of validity period of his offer. He refused to extend the validity period on

the plea that rates of material had increased. Thus, it was decided on 7 June 2005 to reject the tenders and re-call the same. The Department had incurred an expenditure of Rs. 3.81 lakh on advertisement of first tender which proved wasteful.

Subsequently, revised estimates with slightly reduced scope of work to meet the requirement of Delhi Urban Art Commission, were prepared at Rs. 4.88 crore. The second time tenders were invited on 6 July 2005. Five tenders received were opened on 22 August 2005. The work was awarded on 10 October 2005 to Firm 'B' whose bid was found lowest at Rs. 5.81 crore which was 18.96 per cent above the estimated cost of Rs. 4.88 crore. The stipulated date of start and completion was 20 October 2005 and 19 April 2007 respectively. This re-tendering resulted in increase in cost by 1.71 per cent (18.96 percent minus 17.25 percent) over the estimated cost quoted by the lowest tenderer i.e. Firm 'A' at the time of first call of tender. This increase worked out to Rs. 8.34 lakh.

However, the concerned Executive Engineer informed on 3 April 2008 that the construction work was completed and the contractor had already been paid Rs. 5.27 crore and the balance amount payable was Rs. 20 lakh, approximately. Thus, the actual cost of work executed was Rs. 5.47 crore against the award of work for Rs. 5.81 crore due to variation in quantity of work done. Hence, actual impact due to re-tendering works out to Rs. 7.85 lakh.

Thus, failure of the Department to complete the requirements for execution of the work before inviting tenders/award of work within the validity period of first tender resulted in avoidable expenditure of Rs. 11.66 lakh (Rs. 3.81 lakh + Rs.7.85 lakh)

The matter was referred to the Department in April 2008.

The Department in its reply stated (May 2008) that as the objections of the DUAC were minor, it was decided to open tenders on 16 January 2005 as scheduled. Further, as regards pre-bid meeting, the Department stated that Superintending Engineer(C-II) discussed the matter with the representatives of all the firms.

From the reply it is evident that though the tenders were opened as per schedule but it took the Department four months to obtain the approvals of the competent authorities which resulted in expiry of validity period of the 1st offer. Further Superintending Engineer (C-II) had discussed the matter with the representatives of the firms on

2 February 2005 i.e. after opening of their bids to ascertain their competency to execute the project and hence cannot be treated as pre-bid conference.

6.2 Avoidable excess expenditure due to delay in award of work

The Department failed to award work to contractor at its earlier offer rate of Rs 75 lakh which was valid up to 30 November 2005. Consequently, it had to award the work to the same contractor at a higher rate of Rs. 91.51 lakh involving additional avoidable expenditure of Rs. 16.51 lakh.

As per Section 11 of New Delhi Municipal Council Act, 1994 one of the obligatory functions of the New Delhi Municipal Council is to construct, maintain, alter and improve public streets, bridges, culverts, causeways etc. The Civil Engineering Department of NDMC is responsible for these functions.

R-I Division under the jurisdiction of Civil Engineering Department floated Notice Inviting Tender(NIT) in July 2005 for award of work relating to "Resurfacing of service roads, colony lanes/bye lanes" at an estimated cost of Rs. 64.16 lakh with the last date of receipt of application, sale and opening of tender as 25 July, 27 July and 29 July 2005 respectively. Four applications were received and tenders were sold but no bid was received. Consequently, tenders were re-invited with last date of receipt of application, sale and opening of tenders as 29 August, 30 August and 2 September 2005 respectively. Two tenders were sold and only one contractor i.e. Firm 'X' put the tender for Rs. 75 lakh which was 16.89 per cent above the estimated cost of Rs. 64.16 lakh. The offer of this firm was valid for 90 days w.e.f. 2 September 2005 i.e. up to 30 November 2005.

Audit scrutiny of records of R-I Division, Civil Engineering Department revealed that the Department failed to award the work within the validity period of the offer i.e. 30 November 2005. The contractor was requested to extend the validity date of his offer with the approval of the Council. He refused to extend the validity date on the plea that rates of bitumen had increased. Consequently, the Department re-invited the tenders in February 2006 and this time again single offer of the same firm was received at Rs. 91.51 lakh which was 42.65 per cent above the estimated cost of Rs. 64.16 lakh. This offer was accepted and work was

awarded to Firm 'X' on 10 April 2006. The work was completed by the contractor on 22 April 2007.

Thus, due to failure of the Department in awarding the work to Firm 'X' at its earlier offer of Rs. 75 Lakh, the Department had to award the work at a higher rate involving additional avoidable expenditure of Rs. 16.51 lakh (Rs. 91.51 lakh – Rs. 75 lakh).

The matter was referred to the Department in December 2007.

The Department in its reply dated 4 January 2008 admitted that the delay in award of work within the validity period occurred due to non-monitoring of the case by the concerned Executive Engineer whereas he was very well aware that the Finance Department had already taken the abnormal time to dispose of the case. He should have made personal efforts to get the approval of the competent authority.

However, the fact remains that suitable mechanism needs to be evolved to ensure timely decisions/approvals to avoid such excess expenditure.

6.3 Avoidable excess expenditure due to failure to award work within the validity period of tender

The Department failed to award work to the contractor within the validity period of the offer due to delays in processing the case. On re-tendering, the offer of the same contractor was found to be lowest which was Rs. 320.66 lakh i.e. more than its earlier bid amount of Rs. 234.66 lakh. The work was awarded to the same contractor at higher rate which resulted in avoidable additional expenditure of Rs. 85.94 lakh.

As per Section 11 of New Delhi Municipal Council Act, 1994 one of the obligatory functions of the New Delhi Municipal Council is to construct, maintain, alter and improve public streets, bridges, culverts, causeways etc. The Civil Engineering Department of NDMC is responsible for these functions.

R-II Division under the jurisdiction of Civil Engineering Department floated Notice Inviting Tender (NIT) in July 2005 for award of work relating to "Resurfacing of colony roads and service roads/byelanes" at an estimated cost of Rs. 202.79 lakh. The last dates of receipt of

application, sale and opening of tender were 29 August, 30 August and 2 September 2005 respectively. Five tenders were received. The lowest rates were quoted by Firm 'A' at Rs. 234.66 lakh which was 15.71 per cent above the estimated cost of Rs. 202.79 lakh.

Audit noticed that the Department failed to award the work within the validity period of the offer due to delays in processing the case within the Department. In fact the tenders were opened on 2 September 2005 but the Department took more than a month in finalizing the justified rates and another more than one and a half month in meeting the observations of the Finance Department, NDMC. Resultantly, the Department failed to finalize the decision to award the work within the validity period of the offer which expired on 1 December 2005. Subsequently, on 8 December 2005, the contractor showed his inability to execute the work on quoted rates as refinery price of Bitumen had increased. Consequently, the Department re-invited the tenders in April 2006.

This time the offer of the same firm was found to be lowest at Rs. 320.60 lakh which was 58.09 per cent above the estimated cost of Rs. 202.79 lakh. This offer was accepted and work was awarded to Firm 'A' on 3 July 2006 which was Rs. 85.94 lakh more than the bid amount quoted by the same firm at the time of call of first tender. The work was completed by the contractor on 31 August 2007.

Thus, failure of the Department in awarding the work to Firm 'A' at its earlier offer of Rs. 234.66 Lakh, resulted in avoidable additional expenditure of Rs.85.94 lakh.

The matter was referred to the Department in December 2007; their reply was awaited as of June 2008.

6.4 Non-recovery of outstanding dues from Sports Authority of India

Effective and timely action was not taken to recover the expenditure incurred on maintenance of a Swimming Pool Complex from Sports Authority of India. Resultantly, a sum of Rs. 1.52 crore was due from SAI as of March 2007.

As per provisions contained in Para 3.5.1 and Para 3.6.2 of CPWD Works Manual, whenever a deposit work is to be carried out, the

contribution should be realized before any liability is incurred on the work. It should also be ensured that the expenditure is not more than the deposits received for the work.

The Talkatora Swimming Pool Complex(Complex), renamed as Dr. Shyama Prasad Mukherjee Swimming Pool Complex, was constructed by NDMC for hosting Asian Games-1982. Subsequently, the stadium was handed over to Sports Authority of India (SAI). However, the Civil Engineering and Electricity Departments continued to maintain the civil and electrical assets on behalf of SAI on deposit work basis. The Departments discontinued the maintenance work and handed over the complex to the SAI on 25 April 2007.

A review of expenditure incurred by Civil Engineering Department on the maintenance of the complex and deposits made by SAI revealed that adequate action was not taken to recover the expenditure incurred on annual maintenance of the Complex from Sports Authority of India. Resultantly, a sum of Rs. 1.37 crore including departmental charges relating to Civil Engineering Department was recoverable as detailed below:-

(Rs. in lakh)

Year	Opening balance	Expenditure during the year including Departmental charges	Total amount due	Amount received during the year	Balance due
2001-02	17.06	76.89	93.95	55.50	38.45
2002-03	38.45	*215.15	253.60	203.99	49.61
2003-04	49.61	46.74	96.35	41.73	54.62
2004-05	54.62	54.20	108.82	48.40	60.42
2005-06	60.42	43.46	103.88	17.17	86.71
2006-07	86.71	58.25	144.96	8.11	136.85

* Including expenditure incurred in connection with Afro Asian Games

The detailed reasons for non-payment by SAI could not be ascertained from the record made available to audit. However, the huge amount of outstanding dues clearly indicated that the Civil Engineering Department failed to take appropriate action for the recovery of their dues from SAI.

Similarly, an amount of Rs. 15.01 lakh was due against SAI on account of departmental charges for the work executed by Electricity Department for maintenance of the complex, which was yet to be recovered as of March 2007.

Thus, the lackadaisical approach of Civil Engineering and Electricity Departments in recovery of the expenditure incurred on maintenance of the swimming pool complex resulted in non-recovery of Rs. 1.52 crore despite being pointed out in para 3.2 of Annual Audit Report of the year ended March 2005.

The matter was referred to the Civil Engineering and Electricity Departments in March 2008.

While the reply from Civil Engineering Department was awaited as of May 2008, the Electricity Department had stated in March 2008 that the matter was being pursued at the highest level for recovering the amount of Rs. 15.01 lakh.

6.5 Idle investment on acquisition of land

The Department failed to ensure encroachment free land even after incurring expenditure of Rs. 24.15 lakh in December 1999 (Rs. 20.63 lakh on cost of land and Rs. 3.52 lakh as ground rent). Besides, it also failed to provide buildings for up-gradation of sub-station to Electricity Department

As per Section 11 of the NDMC Act, 1994, the construction or purchase, maintenance, extension, management for supply and distribution of electricity to the public is an obligatory function of the Council. For distribution of electricity, there are 66 KV/33 KV/11 KV sub-stations. In order to upgrade the existing 33 KV electric sub-station at Harish Chander Mathur Lane (Electric Lane) to 66 KV level for meeting the growing load demand in the area, NDMC requested Land and Development Office (L& DO), Ministry of Urban Development in August 1983 for allotment of additional land. After 16 years, in August 1999, L & DO allotted additional land measuring 0.9149 acre at a rate of Rs. 22 lakh per acre. The administrative approval and expenditure sanction for acquiring the said land was accorded by the Council in September 1999 and payment of Rs. 20.63 lakh was made to L&DO in December 1999 towards cost of land (Rs. 20.13 lakh) and ground rent etc. (Rs. 0.50 lakh) for one year. Besides, ground rent of Rs. 3.52 lakh was also paid for the years 2000 to 2007.

Audit scrutiny of records of Executive Engineer(C-I) Civil Division, NDMC revealed that the land was not free from encroachment as there were approximately 38 garages, 7 quarters and some jhuggies on

the plot. Some of them were being used for running workshop/kabari shop and some occupied by CPWD, Ministries of Government of India, General Public etc. The Finance Department, NDMC had accorded its concurrence to the proposal for acquisition of land subject to the condition that the land was free from encroachment etc. However, Civil Engineering Department, though was aware of the encroachment, ignored the condition of the Finance Department and had obtained approval of the Council with the commitment that encroachment would be removed by the NDMC. However, instead of taking possession of land immediately after making payment to L&DO in December 1999, the Civil Engineering Department requested L&DO/Ministry of Urban Development for removal of encroachment. After nearly 4 years and six months of making payment, in July 2005, L&DO handed over the possession of the land on 'as is where is basis' after removal of garages but still with other encroachments. These encroachments were yet to be removed by NDMC as of August 2006.

Thus, Civil Engineering Department failed to ensure encroachment free land even-after incurring expenditure of Rs. 24.15 lakh (Rs. 20.63 lakh +Rs. 3.52 lakh) on acquisition of land. Besides, it also failed to provide buildings for upgradation of sub-station to Electricity Department to enable it to increase the capacity of the sub-station from 33 KV to 66 KV at Harish Chandra Mathur Lane, need for which was identified in 1983.

The matter was referred to the Department on 3 September 2007.

The Department in its reply dated 26.09.07 stated that the Council vide its resolution No. 3(B-3) dated 16.05.07 had resolved that the land at Harish Chander Mathur Lane, allotted for construction of 220 KV ESS be surrendered to L & DO who has been requested accordingly. It also informed that encroachment has also been got removed partially through Director (Enforcement).

However, the fact remains that even if the cost of land is refunded to NDMC there will be a loss of ground rent of Rs. 3.52 lakh paid to L & DO for the year 2000 to 2007 besides blockade of funds to the tune of Rs. 20.13 lakh incurred on purchase of land.

**COMMERCIAL
DEPARTMENT**

CHAPTER VII: COMMERCIAL DEPARTMENT

7.1 Non-recovery of arrears of electricity charges

Department's failure to enforce recovery of electricity charges from large number of consumers resulted in accumulation of arrears amounting to Rs. 110.56 crore as of 31 March 2007.

According to Section 195 of New Delhi Municipal Council Act, 1994, it is the duty of the Council to develop and maintain an efficient, coordinated and economical system of electricity supply for New Delhi area under its jurisdiction and for that purpose to take steps from time to time to acquire supplies of electricity and distribution to consumers. Further, Section 200 of the said Act stipulates that subject to the provisions of any law for the time being in force, the Council shall levy charges for the supply of electricity at such rates as may, from time to time, be fixed by it. It is also stipulated in the instructions contained in the electricity bills that in case of non-payment of the bill, the electricity supply shall be disconnected without any further notice and that may be treated as the required notice.

Scrutiny of Demand and Collection Registers revealed that recovery of electricity charges amounting to Rs.110.56 crore was in arrears as of 31 March 2007. This amount also included arrears of water charges up to June 2005 and thereafter, water bills were raised separately. Review of position of arrears during last six years revealed that the position had deteriorated alarmingly over the years. The arrears of electricity and water charges (up to June 2005 which were included in the electricity bills) increased from Rs.70.70 crore as of March 2002 to Rs.110.56 crore as of March 2007 as per details given below:

Period	Total demand during March (Rs. in crore)	Component of arrears in total demand (Rs. in crore)	Percentage of arrears in total demand	Percentage increase in arrears
March 2002	113.87	70.70	62.08	(+) 43.10
March 2003	116.33	70.99	61.02	(+) 0.41
March 2004	146.02	99.01	67.80	(+) 39.47
March 2005	135.76	90.18	66.43	(-) 8.92
March 2006	144.88	# 103.12	71.18	(+) 14.35
March 2007	157.88	# 110.56	70.16	(+) 7.21

Does not include water charges

The above figures indicated some improvement in the position of arrears during 2005 as the arrears came down from Rs. 99.01 crore as of 31 March 2004 to Rs.90.18 crore as of March 2005. But, the position again deteriorated and the amount of arrears increased to Rs. 110.56 crore as of 31 March 2007. The overall increase since March 2002, however, worked out to about 56.38 per cent.

The dates from which the arrears were outstanding and the reasons for non-payment by the consumers were not found on record. Details of cases under stay by the orders of the court or under dispute/litigation were not made available to audit. In absence of these records it was not clear how much of the arrears are actually realizable. The huge amount of arrears results in over-statement of assets in the accounts of the Council which are now being prepared (since 2004-05) on double entry system.

The overall position of arrears clearly indicated that adequate action was not being taken for the recovery of outstanding arrears of electricity and water charges from the defaulting consumers despite being pointed out in the previous Annual Audit Reports. Resultantly, recovery of electricity charges amounting to Rs. 110.56 crore could not be made as of 31 March 2007.

The matter was referred to the Department in March 2008; their reply was awaited as of June 2008.

7.2 Non-recovery of arrears in respect of disconnected connections of electricity

Department's lackadaisical approach to recover arrears in respect of disconnected connections of electricity resulted in accumulation of outstanding dues amounting to Rs. 39.40 crore in 12305 cases as of March 2007.

Section 363 of New Delhi Municipal Council Act 1994 provides that any sum due to the Council on account of any charge, costs, expenses, fees, rates or rent or any other account under this Act or any such bye-law may be recoverable from any person from whom such sum is due as an arrear of tax under this Act, provided that no proceedings for the recovery of any sum under this section shall be commenced after the expiry of three years from the date on which such sum becomes due.

Scrutiny of records of Commercial Department revealed that electricity supply of consumers under various categories was being disconnected every year due to non-payment of electricity charges for long periods. However, Department failed to take effective action for recovery of the outstanding electricity charges from them. The category-wise number of such cases and the amount of arrears involved under each category for each of the year ended March 2004 to March 2007 are given in the table below :-

S.No.	Year	Category	No. of cases	Amount (Rs. in crore)
1	2003-04	G.O.B.	1041	1.08
		N.G.M.	1357	0.57
		Private	1279	7.39
		Bulk	304	10.48
		H.T. Bulk	4	0.04
		N.G.	1472	0.84
		Total	5457	20.40
2	2004-05	G.O.B.	1101	1.14
		N.G.M.	1434	0.75
		Private	1538	9.18
		Bulk	344	14.36
		H.T. Bulk	22	6.82
		H.T. Pvt.	16	7.84
		N.G.	1618	1.24
		Total	6073	41.33
3	2005-06	G.O.B.	1156	1.02
		N.G.M.	1503	0.82
		Private	1627	9.78
		Bulk	383	15.71
		H.T. Bulk	4	0.05
		H.T. Pvt.	3	0.16
		N.G.	1743	1.50
		Total	6419	29.04
4	2006-07	G.O.B.	1260	1.24
		N.G.M.	1612	0.96
		Private	2041	12.79
		Bulk	868	21.69
		H.T. Bulk	5	0.09
		N.G.	6519	2.63
		Total	12305	39.40

It is evident from the above table that the number of cases and amount of arrears outstanding against each category of consumers had increased from 5457 cases involving Rs. 20.40 crore as of March 2004 to 12305 cases amounting to Rs. 39.40 crore as of March 2007. Further, the age-wise analysis of the outstanding arrears could not be done for want of complete information.

The heavy outstanding arrears against the large number of consumers, whose electricity supply had already been disconnected, clearly indicated Department's lackadaisical approach in the recovery of the old outstanding electricity charges despite being pointed out by audit in Para No.2.1 of Annual Audit Report for the year ended March 2004.

The matter was referred to the Department in April 2008 their; reply was awaited as of June 2008.

**DEPARTMENT
OF
EDUCATION**

CHAPTER VIII: DEPARTMENT OF EDUCATION

8.1 Mis-management of General Provident Fund of Navyug Schools Educational Society

The Department failed to evolve system for periodical reconciliation of difference between GPF subscribers funds of NSES employees and actual balance lying with it resulting in un-reconciled difference of Rs. 56.22 lakh. NSES also lost interest of Rs. 6.12 lakh due to its failure to timely invest surplus fund which is indicative of mis-management of GPF balances.

Navyug Schools Educational Society (NSES) is fully funded autonomous body under the administrative control of New Delhi Municipal Council. It has been maintaining General Provident Fund (GPF) Accounts of 302 employees working in Navyug Schools and in the Head Office.

Audit scrutiny of records of the NSES revealed that as per the accounts of the society the total amount of GPF subscription of the employees as on 31 March 2006 was Rs. 555.58 lakh whereas the total amount of GPF balance available with society was Rs. 479.83 lakh (Rs. 342.87 lakh Fixed Deposits, Rs. 120.17 lakh in Post Office and Rs. 16.79 lakh cheques received but not deposited) only leaving a difference of Rs. 75.75 lakh. After adding Rs. 19.53 lakh as interest accrued on two fixed deposits (Rs. 10.87 lakh for the period 25.4.2005 to 31.3.2006 on FDR of Rs. 211.73 lakh @ Rs. 5.5 per cent per annum. and Rs. 8.66 lakh for the period 18.02.2004 to 31.03.2006 on FDR for Rs. 71.14 lakh @ 5.75 per cent per annum) as of 31 March 2006, there was still a difference of Rs. 56.22 lakh between the total amount of GPF payable to the employees and the actual amount available with the society. This huge difference of Rs. 56.22 lakh may be partly due to difference in rate of interest between the interest earned and the interest credited to employee's accounts. This indicates that NSES had not evolved any system of periodical reconciliation of two sets of figures. However, this difference needs to be reconciled as the possibility of mis-appropriation of funds can also not be ruled out.

Further, NSES is required to credit interest in the GPF balance of each employee at the prescribed rate i.e. 8 per cent per annum. In order to

meet this liability, the society should invest the amount of G.P.F in such securities/bank deposits where the interest earned should normally be matching the interest liability or the deficit of interest earned be minimized. However, audit revealed that NSES had not been monitoring the availability of funds regularly. Cash flow funds indicating availability of funds requirement and investible surplus were not being prepared properly. Consequently funds were not being invested judiciously. Deficiencies in the system of investment of GPF resulted in loss of interest of Rs. 6.12 lakh as detailed below:

(i) Prior to 1 January 2006, NSES had been operating Saving Bank Account in the General Post Office (GPO), New Delhi where monthly contribution of the employees was kept and surplus funds invested. G.P.O, New Delhi requested the NSES vide letter no. SB/NDPO/Misc./2005 dated 26.11.05 to withdraw its Savings Bank Account from the Post Office as according to Ministry of Finance notification post office was not to accept deposit in saving bank account other than individual accounts. It also informed that no interest would be payable beyond 31 December 2005. Audit scrutiny revealed that NSES instead of opening a new account in the State Bank of India immediately opened current account in the SBI, New Delhi w.e.f. 1 April 2006 only. During this period GPF subscriptions for the month of December 2005 to February 2006 received from various Navyug Schools amounting to Rs. 16.79 lakh also could not be deposited. Further, NSES failed to withdraw from General Post Office, balance amount of Rs. 120.17 lakh immediately after discontinuation of its Savings Bank Account w.e.f. 1 January 2006. NSES received this amount from G.P.O. on 4 May 2006 and deposited the same in the current account in the S.B.I, New Delhi. In addition NSES had been receiving monthly GPF subscription of Rs. 6 lakh (approximately) and the same was also being kept in the said current account. Thus, up to 31 May 2006, the GPF amount lying in the above account accumulated to Rs. 127.91 lakh and was increasing at the rate of Rs. 6 lakh per month.

(ii) Audit scrutiny further revealed that in January 2006 NSES could have invested at least Rs. one crore (after retaining its regular GPF advances/withdrawal needs) in the fixed deposit to earn on an average interest @ 8 per cent per annum, whereas it deposited Rs. one crore in the fixed deposits with the Syndicate Bank, Connaught Circus, New Delhi only on 18.August 2006 @ 8.11 per cent p.a. Had this amount been deposited in the fixed amount w.e.f. 1 January 2006, it would have earned interest of Rs. 5.12 lakh to meet the interest liability paid to the employees.

(iii) Audit also noticed that on 3 December 2006 NSES received an amount of Rs. 84.45 lakh from Bank of Maharashtra on maturity of a fixed deposits receipt. Instead of re-investing this amount immediately, NSES deposited the same in the current account. It was only on 21 February, 2007 that NSES deposited this amount along with other surplus funds in the fixed deposits amounting to Rs. 125 lakh @ 9 per cent per annum in the S.B.I., New Delhi. Resultantly, NSES had to forego interest of Rs. 1.00 lakh on Rs. 84.45 lakh for a period of 48 days.

Thus, there was not only un-reconciled difference of Rs. 56.22 lakh between the GPF subscriber's fund and actual available balance because of not evolving a system of periodical reconciliation but NSES also lost interest of Rs. 6.12 lakh (Rs. 5.12 lakh + Rs. 1.00 lakh) due to its failure to invest surplus funds in the fixed deposit which is indicative of mis-management of GPF balances.

The matter was referred to the Department in December 2007.

NSES while admitting the improper maintenance of General Provident Fund Accounts stated in January 2008 that proper records were not being maintained before November 2005 as there were no regular accounts personnel posted in NSES inspite of the fact that there were two sanctioned posts of Accounts Officer and one Assistant Accounts Officer. Against the above sanctioned strength, NDMC had posted only one Accounts officer in November 2005. NSES also admitted delays in investment of funds and ensured that in future it would take care to invest its surplus fund well in time.

The Department needs to ensure proper deployment of staff and reconcile the discrepancies pointed out in audit.

**DEPARTMENT
OF
ELECTRICITY**

CHAPTER IX : DEPARTMENT OF ELECTRICITY

9.1 Avoidable excess expenditure

Failure of the Department to place supply order with the firm within the validity date of its offer resulted in procurement of pillars at an additional avoidable cost of Rs. 12.25 lakh

33 KV Store Division, Electricity Department, NDMC invited open tenders in October 2003 for purchase of 350 distribution pillars of big, medium and small sizes. The last dates of sale and opening of the tenders were 29 and 30 October 2003 respectively. Three firms offered their rates. The rates offered by Firm 'A' were found lowest and the total cost worked out to Rs. 27.47 lakh which was 8.69 per cent below the estimated cost of Rs. 30.09 lakh. The rates offered by this firm were valid up to 20 February 2004.

Audit scrutiny, however, revealed that before seeking approval of the Chairperson NDMC, the Engineer-in-chief, NDMC had observed on 25 November 2003 that conditions given in the tender were not fully evaluated. Further, the proforma for submission of tenders as laid down in the CPWD manual Vol. II was also not found filled up. The Department submitted the replies to the Engineer-in-Chief's observations on 24 March 2004 i.e. after four months. The undue delay of four months occurred with various wings of the Department in preparation of justification of rates and in verification of specifications/thickness of pillars mentioned in the tender though it was known that initial validity period of offer was up to 20 February 2004. In the meantime, the Department had sought extension of validity date up to 30 April 2004. The firm initially expressed its inability to extend the validity date but after pursuance by the Department the firm extended the validity of its offer up to 15 April 2004.

Further, Audit observed that despite the fact that firm had reluctantly extended the date of its offer, the department did not process the case expeditiously. The Department submitted the case to the Chairperson, NDMC on 13 April and the approval was accorded on 15 April 2004 i.e. the last date of validity of the offer. The Department prepared the supply order and sent the same on 15 April 2004 by speed post but the firm confirmed the receipt of the supply order on

20 April 2004. Though, the Department also claimed to have delivered a copy of the supply order to the proprietor of the firm on 15 April 2004 by special messenger but no acknowledgement was received. However, the firm denied having received the supply order on 15 April 2004. The firm stated that as the supply order was received after the expiry of validity date i.e. 15 April 2004, the offer had become inoperative and terminated the same. The Department did not agree with the argument of the firm and forfeited its earnest money of Rs. 0.75 lakh and debarred the firm in September 2004 from further tendering in NDMC for a period of two years.

Subsequently, the Department prepared revised estimate for procurement of the same number of pillars at a cost of Rs. 38.49 lakh. Fresh tenders were invited in November 2004 and supply order was placed with the lowest tenderer viz. Firm 'B' on 24 March 2005 at a cost of Rs. 35.31 lakh which was 8.25 percent below the revised estimated cost. As per terms and conditions of supply order, the firm was to submit sample (Proto-type) within 30 days and delivery was to be made within four months from date of approval of sample. The Department was also required to issue exemption certificate in lieu of local sales tax. The firm supplied the pillars between August-November 2005 and was paid an amount of Rs. 35.31 lakh. In addition, the Department had also to pay VAT amounting to Rs. 4.41 lakh to the firm as VAT came into force w.e.f. 1 April 2005 i.e. after abolition of local sales tax. Resultantly, the Department had to incur total additional expenditure of Rs. 12.25 lakh (Rs. 7.84 lakh + Rs. 4.41 lakh) due to delayed finalisation and placing of supply order to Firm 'A'.

Thus, lackadaisical approach of the Department in finalization and placing of supply order resulted in expiry of validity date and consequent procurement of pillars at an additional avoidable cost of Rs.12.25 lakh.

The matter was referred to the Department in December 2007; their reply was awaited as of June 2008.

**DEPARTMENT
OF
ENFORCEMENT**

CHAPTER X : DEPARTMENT OF ENFORCEMENT

10.1 Loss of revenue due to non-allotment of electric poles for advertisement

Failure of the Department to take timely decision, absence of clear advertising policy and non-availability of requisite data resulted in non-allotment of electric poles in Zone-I and Zone-III to advertising agencies between 1 July 2005 and 31 March 2007 causing loss of revenue of Rs. 476.58 lakh to NDMC.

The Council in the area under its jurisdiction allows the advertising agencies to display advertisements on electric poles on major roads. For this purpose, the entire area is divided into three Zones i.e. Zone I, II and III. These poles are licensed by Enforcement Department, NDMC through open tenders for a fixed period on payment of monthly licence fee. The licence fee on this account contributes substantial revenue earnings to the Council. The period of contract awarded for these zones are detailed below :-

Zone No.	Name of the Firm	Date of award of contract	Date of expiry of contract
I	Firm 'A'	15.10.2003	14.10.2005
II	Firm 'B'	05.10.2004	04.10.2006
III	Firm 'B'	01.07.2003	30.06.2005

Audit scrutiny of records revealed that though the contract for Zone-III had expired on 30 June 2005 but the Department did not initiate process for its re-allotment due to non-finalisation of advertisement policy for display on the electric poles.

Further, as the contract for Zone-I was to expire on 14 October 2005, it was decided in August 2005 to invite tender for advertisement on electric poles in Zone-I for a period of two years. The tenders were opened on 23 September 2005 and Firm 'C' who was highest bidder at Rs. 8.65 lakh per month was approved for award of contract. On 11 October 2005 the contractor was

asked to complete the formalities within seven days. As he failed to comply with instructions of the Department despite repeated reminders, the offer was cancelled on 15 December 2005.

In December 2005, fresh tenders for Zone-I were called and the tenders were opened on 12 January 2006. Firm 'A' was the highest bidder at Rs. 7.09 lakh per month. However, the Department informed that the contractor had not cleared the outstanding dues of Rs. 58.56 lakh of earlier contract. The contractor was asked to clear the dues within 24 hours on 23 January 2006 but he did not deposit the outstanding dues on the pretext that the matter was subjudice.

The Department with the advice of the Law Department, NDMC cancelled the tenders. It also decided to amend the terms and conditions in the Notice Inviting Tenders (NIT) for future incorporating inter alia a clause asking the tenderer to furnish an undertaking that there are no pending arrears against him. It was decided that number of electric poles to be licensed should be mentioned in the contract and some mechanism be evolved to verify the use of these numbers of poles by the contractor during the period of agreement.

In the meantime, in February 2006 it was decided to re-organize the existing three Zones into two Zones i.e. (i) North of Rajpath and (ii) South of Rajpath after the existing contract of Zone-II would expire on 4 October 2006. In pursuance to said decision in September 2006, the Department invited tenders for licensing of the proposed two new zones after re-organization. It was decided that contract of erstwhile Zone II be continued on same terms and conditions till finalization of these tenders. The tenders were opened on 29 September 2006. Only two firms submitted the bids. Bid of one firm was rejected on technical grounds and bid of other firm was found very low. These tenders, however, could not be finalized as rates quoted were found to be lower than earlier licence fee charged as poles in LBZ area under NDMC had been excluded for allotment in the NIT.

The Chairman NDMC in November 2006 asked the Electricity Department to prepare a list of electric poles road-wise separately for colonies, markets and roundabout in NDMC area. The requisite complete information particularly in respect of the LBZ area could not be prepared till March 2007 and finally tenders invited in September 2006 were cancelled.

Consequently, poles of erstwhile Zone-I and Zone-III remained vacant for a considerable period between 1 July 2005 and 31 March 2007 which resulted in loss of revenue amounting to Rs. 476.58 lakh to the Council as detailed below:

(Rs. in lakh)				
Zone No.	Vacancy Period	No. of months/days	Monthly rate of licence fee	Amount of Loss
I	12.12.05 to 31.03.07	15 months 20 days	8.65	135.33
III	01.07.05 to 31.03.07	21 months	16.25	341.25
Total				476.58

Thus, delay in decision making, absence of clear policy and non-availability of requisite data for inviting tenders for allotment of electric poles resulted in electric poles in erstwhile Zones I and III vacant causing loss of revenue of Rs. 476.58 lakh.

The matter was referred to the Department in March 2008.

The Department while admitting the delay in decision making and absence of clear advertising policy stated on 16 April 2008 that the advertisement policy was approved by the Council in its meeting dated 16 January 2008 and poles kiosks have since been allotted in the month of February 2008.

However, the fact remains that electric poles remained vacant for a considerable time causing loss of revenue to the Council.

10.2 Non-recovery of arrears of licence fee from the allottees of taxi booths, tehbazari, stalls and PCO booths

Adequate action was not taken to recover licence fee from the allottees of taxi booths, tehbazari, stalls and PCO booths. Resultantly, arrear of licence fee amounting to Rs. 54.15 lakh was outstanding against the licencees of taxi booths, tehbazari, stalls and PCO booths as of March 2007.

Section 363 of NDMC Act provides that any sum due to the Council on account of any charges, costs, expenses, fees, rates or rent or on any other account under this Act or any such bye-law may be

recoverable from any person from whom such sum is due as an arrear of tax under this Act. Provided that no proceedings for the recovery of any sum under this section shall be commenced after the expiry of three years from the date on which such sum becomes due.

The Enforcement Department of Council is licensing taxi booths, tehbazari, stalls and PCO booths to individuals. The Department is also responsible for the recovery of licence fee from the licensees of these units. It was, however, observed that the Department had not taken adequate action for the recovery of licence fee as provided under the Act. Resultantly, heavy arrears of licence fee accumulated against a large number of licensees of these units.

Scrutiny of Demand & Collection Registers (D & C Registers) of taxi booths, tehbazari, stalls and PCO booths revealed arrears of licence fee amounting to Rs. 54.15 lakh against licensees of these units as on 31 March 2007. Year-wise details of outstanding arrears for the last three years are given below :-

(Rs. in lakh)							
S.No.	Name of Unit	2004-05		2005-06		2006-07	
		No. of defaulters	Amount	No. of defaulters	Amount	No. of defaulters	Amount
1	Taxi Booths	67	81.03	57	58.48	53	34.36
2	Tehbazari (North)	75	9.25	69	4.63	58	3.53
3	Tehbazari (South)	24	2.01	26	2.41	16	1.02
4	Stalls (verified by Thareja Committee)	267	6.97	291	9.67	389	14.93
5	PCO Booths	NA	NA	2	0.10	7	0.31
	Total		99.26		75.29		54.15

Further analysis of outstanding arrears revealed that though the number of defaulters and amount of arrears in respect of taxi booths and Tehbazari (North) has been showing a decreasing trend but in case of Tehbazari (South) the arrears have been showing a fluctuating trend. These arrears increased during 2005-06 but decreased during 2006-07. In case of stalls and PCO booths, the arrears have been increasing year after year. Resultantly, the huge arrears of licence fee amounting to Rs. 54.15 lakh was still outstanding against these units as of 31 March 2007 despite being pointed out in earlier Annual Audit Reports.

A scrutiny of arrears against taxi booths, tehbazari, stalls and PCO booths revealed the following :-

(i) Taxi Booths

The arrears of Rs. 34.36 lakh were due from 53 licensees as of 31 March 2007. The amount due from individual licensees ranged between Rs. 3 and Rs. 2.67 lakh. However, the period from which the amount was due could not be ascertained from the record made available to audit.

ii) Tehbazari (North)

Arrears of Rs. 3.53 lakh were due from 58 licensees as of 31 March 2007. The arrears against individual licensees ranged between Rs. 8 and Rs. 69268. However, the dates from which the arrears were due could not be ascertained.

iii) Tehbazari (South)

Licence fee amounting to Rs. 1.02 lakh was due from 16 licensees. The arrears against individual licensees ranged between Rs. 564 and Rs. 22740.

iv) Stalls

Arrears of licence fee amounting to Rs. 14.93 lakh were due against 389 licensees of stalls (verified by Thareja Committee) as of 31 March 2007. The arrears against individual licensees ranged between Rs. 16 and Rs. 35554.

v) PCO Booths

Arrears of licence fee amounting to Rs. 0.31 lakh were due against 7 licensees of PCO booths as of 31 March 2007. The arrears against individual licensees ranged between Rs. 707 and Rs. 18900.

The D&C Registers were also not maintained properly and complete information was not recorded therein. The dates from which the arrears were due were not recorded in the registers. In a number of cases up to date entries were not made in the registers. The interest due on the arrears was also not calculated up to date and recorded in respect of large number of cases.

The matter was referred to the Department on March 2008; their reply was awaited as of June 2008.

10.3 Non-recovery of arrears of licence fee from advertising agencies

Effective steps were not taken to recover the licence fee from advertising agencies. Resultantly, arrears of licence fee amounting to Rs. 199.89 lakh were outstanding against the two firms as of March 2007.

New Delhi Municipal Council has been allowing display of advertisement on electric poles and towers under its jurisdiction to the advertising agencies. For the purpose of award of contract of electric poles for advertisements, the entire area is divided into three zones. The Enforcement Department of NDMC is responsible for allotment of these poles and towers to the advertising agencies for display of advertisements on license fee basis.

As per terms and conditions of allotment of such contracts the licensee was required to pay the licence fee in advance by 10th of each calendar month. Further, in case the licence fee was not paid by prescribed date, it was to be construed as breach of terms of the licence, rendering the licence liable to be revoked. The licensee was also liable to pay interest @ 12 per cent per annum for the delayed payment. Audit scrutiny of records of licence fee revealed that the Department had not taken timely action to recover the licence fee. The amount of outstanding dues was Rs. 199.89 lakh as of March 2007 as detailed below:-

(Rs. in lakh)					
S.No	Zone No.	Electric poles /towers	Name of firm	Period which arrears pertains	to Amount of arrears
1.	I	Electric poles	Firm 'A'	15.10.03 to 14.10.05	51.71
2.	II	Electric poles	Firm 'B'	05.10.04 to 31.03.07	143.80
3.	N.A	Towers	Firm 'B'	21.12.04 to 31.03.07	4.38
Total					199.89

Audit noticed that the Department failed to enforce the terms and conditions of allotment although the contractors had not been regularly depositing the licence fees. The Department had also not evolved any mechanism for periodical monitoring of outstanding dues and to take action as per terms and conditions of contract.

It was also observed that the Department had not been properly maintaining the Demand and Collection Registers in which details of licence fee due, amount received and balance recoverable duly authenticated by the concerned officials were to be recorded. Further, the year wise break up of outstanding dues indicating the figures of licence fee and interest was also not available in the records of the Department. Reasons for non-recovery of arrears and action taken by the Department were also not available on records.

Thus, failure of the Department to timely recover the licence fee resulted in accumulation of arrears amounting to Rs. 199.89 lakh.

The matter was referred to the Department on 1 January 2008.

The Department in their reply dated 21 January 2008 stated that the case mentioned at Sl.No. 1 in the table was pending in the Delhi High Court and outcome of the case would be intimated to audit in due course. In the case of Sl.No. 2 it was stated that the file was under process for attachment of bank account of the contractor and in the case at Sl.No. 3 out of Rs. 4.38 lakh recoverable, Rs. 2 lakh has already been recovered and balance amount is yet to be recovered.

However, the fact remains that Department failed to monitor and take effective action to recover the licence fee as per agreed upon terms and conditions. This is evident particularly in case at Sl.No. 2 where arrears were allowed to be accumulated since 5 October 2004 and the Department has started the process for attachment of bank account of contractor to recover Rs. 143.80 lakh now. The system of monitoring of recoveries needs to be strengthened.

**DEPARTMENT
OF
ESTATE**

CHAPTER XI : DEPARTMENT OF ESTATE

11.1 Non recovery of arrears of licence fee from the licensees of commercial units

Department's failure to take adequate action for recovery of arrears of licence fee from the defaulting licensees resulted in non-recovery of arrear of licence fee and interest amounting to Rs. 430.28 crore as of March 2007.

Section 363 of the NDMC Act, 1994 provides that any sum due to the Council on account of any charge, costs, expenses, fees, rates or rent or any other account under the Act may be recoverable from any person from whom such sum is due as an arrear of tax under the Act provided that no proceedings for the recovery of any sum under this section shall be commenced after the expiry of three years from the date on which such sum becomes due.

During audit it has been noticed that Estate Department had not taken adequate action to recover huge arrears of licence fee, interest etc. from the defaulting parties despite being repeatedly pointed out in the Annual Audit Reports. Resultantly, arrears of licence fee, and interest thereon amounting to Rs.430.28 crore were outstanding from 822 licensees as on 31 March 2007.

Further analysis revealed only marginal reduction in arrears of licence fee in comparison to previous year 2005-06. The amount of arrears of licence fee though decreased from Rs.518.85 crore in 2005-06 to Rs.430.28 crore (17 percent) in 2006-07 but the number of cases increased from 639 to 822 (29 per cent) during the same period. It was also observed that total arrears of licence fee amounting to Rs.430.28 crore included Rs.206.04 crore on account of licence fee and Rs.224.24 crore on account of interest charges indicating that arrear of licence fee are outstanding for a long period. In the absence of proper maintenance of records/recovery mechanism, audit could not ascertain year-wise breakup of licence fee and interest.

A detailed analysis of the outstanding dues further revealed that in 720 cases the amount of outstanding arrear was up to Rs.5 lakh only. In 31 cases the amount due from individual parties ranged between

Rs. 5 lakh to Rs. 10 lakh, in 35 cases the amount ranged from Rs. 10 lakh to Rs. 25 lakh, in 12 cases the amount of arrear ranged from Rs. 25 lakh to Rs. 50 lakh, in 10 cases it ranged from Rs. 50 lakh to Rs. 1 crore and in 14 cases the amount due from individual licensees was in excess of Rs.1 crore as indicated in the table below:-

(Rs.in crore)			
S.No.	Range of Arrears	No of cases	Total arrears
1.	Upto Rs.5 lakh	720	3.23
2.	Above Rs.5 lakh to Rs.10 lakh	31	2.23
3.	Above Rs.10 lakh to Rs.25 lakh	35	27.11
4.	Above Rs.25 lakh to Rs.50 lakh	12	4.21
5.	Above Rs.50 lakh to Rs.1 crore	10	6.60
6.	Above Rs.1 crore	14	386.90
Total		822	430.28

Further analysis of the above table indicates that 90 percent of arrears of licence fee i.e. Rs.386.90 crore is outstanding against 14 private parties.

The Demand and Collection Registers did not indicate the date from which the arrears were due from the licensees. The year-wise breakup of the arrears showing the figures of licence fee and interest separately was also not indicated. In absence of this information, the correctness of the arrears could not be verified in audit. Further, it could also not be verified whether any claim had become time barred.

Failure of the Department to take adequate action for recovery of arrears of licence fee from the defaulting licensees resulted in non-recovery of arrears of licence fee and interest to the tune of Rs.430.28 crore as on 31 March 2007. Since, huge amount of licence fee etc. are outstanding, recovery process needs to be strengthened and the progress of recovery of arrears monitored regularly at appropriate level.

The matter was referred to the Department in December 2007.

The Department in their reply dated 1 February 2008 stated that Chairperson had approved a programme in December 2007 for recovery of outstanding dues in respect of Estate Department and action was being taken accordingly. However, the result of action taken in this regard needs to be intimated to Audit.

**DEPARTMENT
OF
PERSONNEL**

CHAPTER XII : DEPARTMENT OF PERSONNEL

12.1 Unjustified deployment of storm water drain (seasonal) beldars

The Department increased deployment of seasonal SWD beldars without any increase in number or length of storm water drains. Resultantly, it caused additional financial burden of Rs. 57.01 lakh during 2003-04 to 2006-07.

Seasonal Storm Water Drain (SWD) beldars are deployed for the purpose of de-silting and de-weeding of storm water drains in the entire NDMC area every year during pre-monsoon period. These seasonal SWD beldars are deployed in addition to 235 SWD regular beldars. The seasonal beldars are paid consolidated monthly salary worked out on the basis of minimum of the scale of the regular SWD beldars plus allowances.

Audit scrutiny of records of the Department revealed that deployment of seasonal SWD beldars had been increasing during the last five years as detailed below :-

Year	No. of beldars & period of deployment	Total manmonths	Increase in manmonths
2002-03	57 for 2 months and 60 for 3 months	114 180 } 294	-
2003-04	65 for 3 months and 72 for 2 months	195 144 } 339	45 (15 %)
2004-05	65 for 3 months and 82 for 2 months	195 164 } 359	65 (22 %)
2005-06	142 for 3 months and 143 for 2 months	426 286 } 712	418 (142 %)
2006-07	153 for 3 months and 155 for 2 months	459 310 } 769	475 (163 %)

There was increase of 45 to 475 man months of seasonal SWD beldars during the years 2003-04 to 2006-07 as compared to the year 2002-03. The sudden increase of 418 and 475 man months of seasonal SWD beldars during 2005-06 and 2006-07, which was 142 and 163 per cent respectively, was not justified particularly when there was no increase in the number of storm water drains in the area. Moreover, the Department had regular staff strength of 235 SWD beldars to look after

the day to day work of cleaning the storm water drains. The financial implication of the increase in deployment of seasonal SWD beldars during the years 2003-04 to 2006-07 worked out on the basis of seasonal SWD beldar's monthly consolidated salary of Rs. 5684 prevailing in 2002-03 was Rs. 57.01 lakh.

Thus, abnormal increase in deployment of seasonal SWD beldars without any increase in number or length of storm water drains caused additional financial burden of Rs. 57.01 lakh to the Council which raises doubts about the proper utilization of seasonal as well as regular beldars. This needs further investigation.

The matter was referred to the Department in October 2007; their reply was awaited as of June 2008.

**DEPARTMENT
OF
PUBLIC HEALTH**

CHAPTER XIII: DEPARTMENT OF PUBLIC HEALTH

13.1 Excess payment due to incorrect computation of distances covered by hired trucks

Failure of the Department to exercise adequate checks over the chargeable distance from Circle I to SLF ground resulted in excess payment of Rs. 7.93 lakh during 2005-06 and 2006-07.

According to section 261 of the NDMC Act, 1994 maintenance of sanitation and public health is an obligatory function of the Council. The Public Health Department is responsible for daily surface cleaning of all the streets and removal of garbage from the Council area. As per the guidelines issued by Medical Officer of Health (MOH) in November, 2001, the distance covered by private vehicles engaged for removal of garbage should be calculated from Circle Office to Sanitary Land Filling Site (SLFS) plus five KM for lifting of garbage from various points within the Circle. It was further elaborated that distance from Circle-I to SLFS was 15 KM. Therefore, the total chargeable distance for one round trip from Circle-I to SLFS and back would be 35 KM (15x2+5).

It was highlighted in Para 7.2 and Para 7.1 of the Annual Audit Reports for the year ended March 2004 and March 2005 respectively that chargeable distance for private trucks hired for removal of garbage from Circle-I to SLFS was not calculated correctly as per guidelines issued by MOH in November 2001. Department had also not notified the actual chargeable distance in respect of remaining other circles. In the absence of notified distance, the contractors claimed hire charges for different distance on different dates in respect of the same circle resulting in excess payment of hire charges.

A further review of the position in this regard for the years 2005-06 and 2006-07 revealed that despite being pointed out in audit, Department had not notified the actual chargeable distance for all the circles except Circle-I. In the absence of notified distance, the correctness of distance claimed by the contractor and payment of hire charges made to them could not be ensured in audit. As regards distance claimed by the contractor and payment made by the Department in respect of Circle-I, it was observed that Department failed to regulate payment of hire charges in respect of private trucks deployed in accordance with the instructions issued in November 2001.

Seven private trucks were deployed in Circle 1 during 2005-06 and 2006-07. The average distance charged by the trucks ranged between 46.66 km to 47.68 km per trip as against the stipulated 35 km per round trip. These trucks had performed 4586 trips during 2005-06 to 2006-07 and payment for 215308 km was made to the contractor whereas actual distance payable for 4586 trips at 35 km per round trip worked out to 160510 km only. This resulted in excess payment of hire charges for 54798 km amounting to Rs. 7.93 lakh during 2005-06 to 2006-07 in respect of Circle-I as detailed below:

S. No.	Period	Vehicle No.	No. of trips	Total km claimed (in km)	Average per trip (in km)	Total km due @ 35 km per trip (in km)	Extra km paid (in km)	Excess hire charges @ 14.60 per km upto May 2006 and @ 14.40 per km from June 2006 onwards (in Rs.)
1	April 05 to May 06	DL-IGB 1145	1123	52405	46.66	39305 (1123x35)	13100	191260 (13100x14.60)
2	June 06 to March 07	DL-IGB 1145	647	30463	47.08	22645 (647x35)	7818	112579 (7818x14.40)
3	April 05 to Jan 06	DL-IGB 4783	813	38155	46.93	28455 (813x35)	9700	141620 (9700x14.60)
4	April 05 to Oct 05	DL-IGB 3780	506	23837	47.10	17710 (506x35)	6127	89454 (6127x14.60)
5	April 05 to Sept 05	DL-IGB 8106	537	25256	47.03	18795 (537x35)	6461	94331 (6461x14.60)
6	April 05 to May 06	DL-IGB 7011	371	17337	46.73	12985 (371x35)	4352	63539 (4352x14.60)
7	June 06 to Oct 06	DL-IGB 7011	414	19538	47.19	14490 (414x35)	5048	72691 (5048x14.60)
8	Jan 07 to Feb 07	DL-IGB 8010	92	4387	47.68	3220 (92x35)	1167	16805 (1167x14.40)
9	Dec 06	DL-IGB 4666	83	3930	47.34	2905 (83x35)	1025	14760 (1025x14.40)
		Total	4586	215308	46.94	160510	54798	793039

Thus, Department failed to take any corrective action and notify the chargeable distance from different circles to SLFS and back. Department also failed to regulate payment of hire charges for private trucks deployed in Circle-I in accordance with the instructions issued by them in November 2001. Department's failure in the matter resulted in excess payment of Rs.7.93 lakh (approx) during 2005-06 and 2006-07.

The matter was referred to the Department in October 2007.

The Department in their reply dated 11 November 2007 stated that distance of circle I to SLF ground as mentioned 15 km was found incorrect as Sanitation Officer himself measured the distance between Circle I to SLF ground which came to around 47 km to and fro. This increased distance was attributed to poor state of dumping ground where vehicles have to travel a long distance to dump the garbage deep inside the dumping ground and then has to come on the road which involves 4 to 6 Km. The Department also stated that distance of other circles have already been compared with respect to departmental vehicles and distance covered by the private tipper trucks was lower than the Departmental vehicles. In the case of distance covered by Departmental vehicle between Circle I to SLF ground to and fro, it was stated to have ranged from 52 to 55 Kms.

The reply of the Department is not tenable as audit scrutiny of log book of Department vehicle (vehicle No. DL-1GB-3595) revealed that distance covered by Departmental vehicle from Circle I to SLF ground to and fro ranged between 47 to 53 Km which included distance from INA (parking place for NDMC vehicles) to Circle I to and fro i.e. about 16 Km. Thus, the net distance from Circle I to SLF ground to and fro works out to around 35 Km. Hence, the distance of 35 Km from Circle I to SLF ground incorporated in the guidelines issued by the MOH in November 2001 was correct and hire charges for private trucks engaged from Circle I to SLF ground to and fro should have been paid accordingly.

It is also suggested that Department should look into the matter afresh and distance from various Circles to SLF ground again be got verified under the supervision of an independent officer to be nominated by the competent authority and these distances may be notified to avoid any overpayment to the contractors.

13.2 Non-recovery of dues on account of monthly charges of garbage stations

Failure of the Department in taking into account potential revenue on account of advertisement on garbage station while fixing the monthly charges of Rs. 5000/Rs. 8500 on account of its share of income to be generated by the firm on segregated/recycled material, resulted in unintended benefit to the firm. Besides, the Department also failed to ensure regular recovery of its dues which resulted in accumulation of arrears amounting to Rs. 0.91 crore.

New Delhi Municipal Council is responsible for providing public receptacles, depots or places for the temporary deposit of rubbish, filth and

other polluted and obnoxious matter and for its final disposal. All matter deposited in public receptacles, depots and places provided becomes the property of the Council.

In April 2001, the Council entered into Memorandum of Understanding (MOU) with a private firm namely Firm 'X' for construction of 10 garbage stations in NDMC area on Built, Operate and Transfer (BOT) basis. Under this agreement NDMC provided land measuring about 300-350 sq.ft. at existing locations of masonry dustbins or within 150 meters of its present locations without any licence fee. The site was initially entrusted for a period of 5 years, further extendable on mutually agreed terms and conditions. The firm was to make arrangement for receiving the garbage. Since the garbage generated in NDMC area was the property of the Council and the segregated, recycled material was expected to generate revenue, the firm agreed to pay lump sum amount of Rs. 5000 p.m. for each garbage station to NDMC. Subsequently, in April 2003, sites for another 10 garbage stations were allotted to the same firm for which the firm agreed to pay Rs. 8500 per month per garbage station.

Audit noticed that the Department had inserted clause 4 in the MOU for payment of tax on advertisement to be displayed by the firm on the front wall of the garbage stations. However, while fixing monthly charges payable by the undertaker for each garbage station it failed to take into account the potential revenue to be generated on account of advertisement. The Department had fixed the monthly charges of Rs.5000/Rs.8500 on account of its share of income to be generated by the firm on segregated recycled material only in terms of clause 5 of the MOU. It may be mentioned that in prime locations within New Delhi Municipal area the revenue potential from such advertisements is quite high as was seen in case of Bus Q shelters and Toilets built on BOT basis. By ignoring this major parameter of revenue income while deciding on the revenue sharing arrangement, the Department provided unintended benefit to the undertaker.

Further, Audit scrutiny of Demand & Collection Registers of the Public Health Department revealed that NDMC failed to recover the monthly dues from the firm regularly. Consequently, out of total recoverable amount of Rs. 1.28 crore (Rs. 0.74 crore for monthly dues between the period July 2001 and April 2007 + Rs. 0.54 crore interest on delayed payments), the amount of Rs. 0.91 crore was recoverable as of May 2007.

Thus, the Department while fixing monthly charges payable by the undertaker on account of segregated/recycled material for each garbage station, failed to take into account the potential revenue on account of advertisement. Besides, the Department also failed to ensure regular recovery of its dues which resulted in accumulation of arrears amounting to Rs. 0.91 crore.

The matter was referred to the department in December 2007; their reply was awaited as of June 2008.

TAX DEPARTMENT

CHAPTER XIV : TAX DEPARTMENT

14.1 Non- recovery of arrears of property tax

Effective steps were not taken for recovery of property tax from defaulting parties. Resultantly, arrears of property tax and penalty amounting to Rs. 379.12 crore could not be recovered from 5609 parties as of March 2007.

Section 101 of the New Delhi Municipal Act stipulates that, if any person liable to pay any tax does not pay the tax within 30 days of notice of demand and if no appeal is preferred against such tax, he shall be deemed to be in default and penalty, not exceeding 20 per cent of amount of tax as determined by the Chairperson, may be recovered as arrears of tax in addition to the amount of tax. Section 102 of the Act further provides that if the person liable for the payment of tax does not, within 30 days from the service of the notice of demand, pay the amount due, such sum together with all costs and penalty may be recovered under a warrant by distress and sale of the moveable property or the attachment and sale of the immoveable property of the defaulter.

It was, however, observed that despite specific provisions in the Act for enforcing recovery of municipal taxes from the defaulting parties, the Department did not take adequate action for enforcing recovery of property tax. Resultantly, arrears of property tax remained very high. Though, the matter was highlighted on various occasions in the previous Annual Audit Reports, there was no significant improvement.

As per information made available by the Department, recovery of property tax and penalty amounting to Rs.379.12 crore was in arrears as of 1 April 2007. The amount of Rs.379.12 crore included arrears of tax amounting to Rs.372.73 crore and penalty of Rs.6.39 crore. The year-wise break up of the arrears of tax was, however, not made available to audit.

In addition to the arrears of Rs.379.12 crore towards arrears of property tax and penalty, recovery of property tax amounting to Rs. 266.73 crore was under dispute as of 31 March 2007. Out of the amount of Rs. 266.73 crore, recovery of Rs. 137.43 crore was involved in remand cases and Rs.129.30 crore was involved in cases under stay. The dates from which these cases were pending and reasons for the dispute

were not readily available. It was however, clear that the Department could not settle these cases involving tax revenue of Rs.266.73 crore.

The analysis of outstanding arrears of tax revealed that while in 3255 cases, the arrears of tax against individual assesses were upto Rs.one lakh, in 44 cases the tax outstanding against individual assesses was more than Rs. one crore. The detailed analysis of outstanding tax arrears of property tax and penalty is given in the table below:

Amount of arrears	House tax		Penalty		Total Arrears
	No. of cases	Amount	No. of cases	Amount	
Up to Rs.50,000	2692	3.23	728	0.25	3.48
Above Rs.50,000 but less than Rs.1 lakh	563	4.12	164	0.19	4.31
Above Rs.1 lakh but less than Rs.5 lakh	1495	36.99	540	1.24	38.23
Above Rs.5 lakh but less than Rs.25 lakh	672	69.74	264	1.72	71.48
Above Rs.25 lakh but less than Rs.50 lakh	95	33.81	29	0.70	34.51
Above Rs.50 lakh but less than Rs.1 crore	48	34.33	15	0.91	35.24
Above Rs.1 crore	44	190.51	11	1.38	191.89
Total	5609	372.73	1751	6.39	379.12

It would be observed from the table above that though 5609 parties were in default of payment of house tax, penalty was levied in only 1751 cases i.e (about 31 per cent). No specific reasons were explained to audit.

It is clear from the above facts that recovery of tax amounting to Rs.645.85 crore was actually in arrears out of which tax recovery of Rs.266.73 crore was involved in remand and stay cases. The overall position was unsatisfactory and indicated that Department had not taken effective steps as provided under the Act for recovery of tax and settlement of disputes.

The matter was referred to the Department in November 2007.

The Department in their reply dated 26 February 2008 while furnishing reasons for arrears in respect of 67 major cases involving Rs. 363.82 crore, stated that arrears of tax have been accumulating as the case of property tax of STC building is pending in the Supreme Court of India and many assesses have been making payment of only self admitted amount on cost basis and not on comparable rent basis as per demand raised by the Department. The Department also informed that Notice under Section 100(1) of the NDMC Act, 1994 had been issued to all assesses and some payment was likely to be received up to March 2008.

Fact remains that Department has not taken adequate action to recover the arrears even in the cases which were not subjudice or under stay. Progress of cases under remand also does not appear to be satisfactory. Department needs to review the pending cases and initiate appropriate action to recover the arrears of property tax.

14.2 Non-recovery of service charges in respect of Central Government properties

Despite being pointed out in audit earlier, effective steps were not taken for the recovery of service charges in respect of properties of Central Government. Resultantly, arrears of service charges amounting to Rs. 43.78 crore had accumulated against Central Government properties as of 31 March 2007.

Article 285 of the Constitution provides that the properties of the Union shall, save in so far as Parliament may by law or otherwise provide, be exempt from all taxes imposed by a State or by any authority within a State. Section 65 of the New Delhi Municipal Council Act also stipulates that the properties of the Union shall be exempt from the property tax.

Notwithstanding the provisions contained in Article 285 of the Constitution, the Ministry of Finance, after taking into consideration various representations and recommendations made by the Local Finance Enquiry Committee, decided in May 1954 that payment of service charges in respect of Central Government properties should be made to local bodies with effect from 1 April 1954. The Ministry of Home Affairs issued separate orders in April 1964 for payment of service charges at 75 per cent to Delhi Municipal Corporation and New Delhi Municipal Committee in respect of Central Government properties in the Union Territory of Delhi. In partial modification of these orders, the Ministry of Works & Housing communicated in August 1975 that service charges at 100 per cent will be paid in respect of Central Government properties in the Union Territory of Delhi.

It was, however, observed that despite specific orders of the Ministry of Finance, Ministry of Home Affairs and Ministry of Works & Housing, Department could not recover service charges in respect of a large number of properties of Central Government Departments located in NDMC area. Resultantly, heavy arrears of service charges accumulated against various Departments. Though, the matter was highlighted in Paras 6.2 of Annual Audit Reports for each of the year ended March 2004 and March 2005 & Para 12.1 for the year ended March 2006 the position did not improve.

As per information available in the Department, service charges amounting to Rs.43.78 crore were outstanding in respect of 979 properties of various Departments of Central Government as of 31 March 2007. Out of total arrears of Rs.43.78 crore, service charges of Rs.23.67 crore were due against CPWD in respect of 825 properties. The details of defaulting Departments, number of properties involved and the total arrears of service charges against them are given in the table below:

S.No.	Name of the Department	No. of properties	Arrears (Rs.in crore)
1	CPWD	825	23.67
2	Defence	23	10.94
3	Post and Telegraph	5	0.65
4	Railway	111	3.30
5	Other Government Departments	15	5.22
	Total	979	43.78

The dates from which the arrears of service charges were due from these Departments and the reasons for non-payment could not be ascertained from the record made available to audit. The break up of service charges and penalty levied was also not intimated to audit.

Heavy arrears of service charges indicated that despite being pointed out in audit, effective steps for the recovery of the service charges were not taken. Resultantly, recovery of Rs.43.78 crore remained in arrears as of 31 March 2007.

The matter was referred to the Department in November 2007.

The Department in their reply dated 26 February 2008 while intimating the recovery of Rs. 60 lakh from Postal Authority stated that Railway Authority had denied payment of service charges on the ground that there is no provision for payment of such charges in Railway Act and that State Government cannot levy service tax on Union Government properties under Article 285 of the Constitution. Further, the Department also informed that National Stadium Authorities against whom an amount of Rs. 3.64 crore was outstanding for the period 1982 to 2004 had denied payment as it pertained to 'R' Division of CPWD. In respect of 825 CPWD properties against which arrear of Rs. 23.67 crore was pending, the Department stated that CPWD was insisting for levy of service charges @ 75 per cent since 1994 instead of 100 percent leviable up to 31 March 2007.

However, the fact remains that in spite of the provision of NDMC Act and administrative orders issued by the Central Government on the issue of levy of service charges, the arrears of service charges in respect of Central Government

Properties continue to be huge. Suitable action needs to be taken to recover the outstanding dues of service charges.

14.3 Non-recovery of property tax from Institutes

Adequate action was not taken to enforce recovery of property tax from defaulting institutes despite being pointed out in audit earlier. Resultantly, arrears of property tax against institutes accumulated to Rs. 10.98 crore as of 31 March 2007.

Section 62 of New Delhi Municipal Council Act stipulates that property tax shall be levied in respect of all land and buildings in New Delhi except land and buildings or portions of land and buildings exclusively occupied and used for public worship or by a society or body for a charitable purpose.

It was pointed out in Para 6.3 of each of the Annual Audit Report for the year ended March 2004 and March 2005 and again in para 12.3 of Annual Audit Report for the year ended March 2006 that adequate action was not taken by the House Tax Department for the recovery of property tax from the schools and other institutes. Resultantly, heavy arrears of property tax had accumulated against a large number of institutes.

A further review of position of recovery of property tax from institutes revealed that though the total arrears of property tax from institutes marginally decreased from Rs.11.61 crore from 42 institutes as of 31 March 2006 to Rs.10.98 crore from 35 institutes as of March 2007(Annexure-X), the arrears against some other institutes increased considerably.

Out of total arrears of Rs.10.98 crore, recovery of Rs.4.17 lakh was under stay and Rs.51.64 lakh was under remand. The arrears against individual institutes ranged from Rs.25821 to Rs.1.32 crore. An analysis of outstanding arrears further revealed that in two cases, the amount of arrears of property tax against individual institutes was up to Rs. one lakh and in eight cases, the amount of arrears of tax was more than Rs.50 lakh and upto Rs.1.32 crore. The detailed analysis of the arrears of tax against institutes is given in the table below:

S.No	Range of arrears	No. of institutes	Arrears (Rs.in crore)
1	Up to Rs1 lakh	2	0.01
2	Above Rs. 1 lakh and up to Rs. 10 lakh	14	0.59
3	Above Rs. 10 lakh and up to Rs. 25 lakh	5	0.87
4	Above Rs. 25 lakh and up to Rs. 50 lakh	6	2.70
5	Above Rs.50 lakh	8	6.81
	Total	35	10.98

It would be seen from the table above that out of the total arrears of Rs.10.98 crore from 35 institutes, Rs.9.51 crore were due from 14 institutes.

The dates from which the institutes had not paid the tax and the year-wise break up of the arrears were not made available to audit. It was further observed that penalty as required under the rules was not imposed against all the defaulting institutes. The reasons for not levying the penalty against these institutes were also not made known to audit.

The heavy arrears of property tax against institutes clearly indicate that adequate action was not taken by the Department to enforce recovery of tax which had resulted in non-recovery of property tax amounting to Rs.10.98 crore as of 31 March 2007.

The matter was referred to the Department in November 2007.

The Department in their reply dated 26 February 2008 explained the position of outstanding recoveries of property tax due from institutes. Out of total dues of Rs. 10.98 crore, Rs. 0.36 crore had been recovered. As regards, balance amount, it is stated that demand of Rs. 1.06 crore had been withdrawn, Rs. 3.86 crore were under court cases and notices under section 100(1) of NDMC Act, 1994 were being issued against the defaulters for the remaining amount of Rs. 5.70 crore.

The reply of the Department indicates unsatisfactory pace of recovery. Further, withdrawal of huge amount of Rs. 1.06 crore also reflects over assessment of tax. Besides, the Department has also not been taking timely and adequate action against the defaulters as no regular notices under various provisions of the NDMC Act were being issued to enforce the recoveries.

14.4 Less recovery of property tax on account of non-revision of rateable value

Non-revision of rateable value on the basis of documentary evidence and non-recovery of arrears before allowing mutation of properties resulted in less recovery of tax amounting to Rs. 97.60 lakh in 8 cases as of March 2007.

As per section 63 of the New Delhi Municipal Council Act, 1994 the rateable value of any land or buildings shall be the annual rent at which such land or building might reasonably be expected to let from year to year less a sum equal to ten per cent of the said annual rent towards cost of repairs etc. Section 72 inter alia provides that Chairperson may at any time amend the assessment list by increasing or reducing for adequate reasons, the amount of any rateable value and the assessment there upon. Section 77 of the Act further provides that the Chairperson may require the owner or occupier of such property to furnish complete details of the property including the actual cost and rent, if any obtained from the property, in order to determine the rateable value of the property.

A test check of assessment cases in respect of certain properties revealed that in some cases though the Department had complete details of the cost or actual rent of the property, they failed to revise the rateable value correctly or did not revise it for years and continued to recover tax on the old rateable value. In some of the cases mutation was allowed without recovery of arrears. Non-revision of tax and non-recovery of dues before allowing mutation resulted in less recovery of property tax amounting to Rs. 97.60 lakh in eight cases as of 31 March 2007 as discussed below:

A. Non-revision of assessment of property tax

(i) Property 'A' Kailash Building

The rateable value of the above mentioned property was fixed at Rs. 688500 w.e.f. 15 November 2001 on the basis of rent being received by the assessee @ Rs. 60000 per month. However, as per clause 3 of the lease deed, the rent was to be enhanced by 20 per cent after every two years. Accordingly, the owner of the building enhanced rent by 20 per cent at Rs. 72000 per month w.e.f. 15 November 2003. The enhanced rent was also shown in the annual return filed by the assessee for the year 2004-05 and 2005-06, but Department took notice of the

enhanced rent only during 2005-06 and issued notice u/s 72 of the NDMC Act, 1994 in March 2006 provisionally revising the rateable value to Rs. 777600 with effect from 1 April 2005. The Department again proposed to increase rateable value w.e.f. 15 November 2005 on the basis of further enhancement of monthly rent from Rs. 72000 per month to Rs. 86400 and revising the rateable value to Rs. 933100. The assessee was required to file objection, if any, within 35 days from the date of issue of notice failing which it was to be presumed that the assessee had no objection to the proposed amendment.

Audit revealed that neither the assessee filed any objection nor the Department finally revised the rateable value. Further, the rateable value was to be revised w.e.f. 15 November 2003 and 15 November 2005 i.e. date of 20 per cent enhancement of monthly rent from Rs. 60000 to Rs. 72000 and from Rs. 72000 to Rs. 86400 respectively. The Department failed to revise the rateable value resulting in loss of revenue amounting to Rs. 96222 to the Council as detailed below :-

(Amount in Rupees)					
Period	Rateable value at which Tax was assessed	Tax levied	Rateable value at which tax was to be assessed	Tax to be levied	Less recovery of tax
15.11.03 to 31.03.04	688500	51638	777600	58320	6682
2004-05	688500	137700	777600	155520	17820
01.04.05 to 14.11.05	688500	86063	777600	97200	11137
15.11.05 to 31.03.06	688500	58320	933100	69983	11663
2006-07	688500	137700	933100	186620	48920
				Total	96222

ii) Property 'B' Janpath

Notice under Section 77 of NDMC Act, 1994 was issued on 14 February 2005 to the owner of the property to furnish rent information in response to which the owner intimated that the total rent of the property was Rs. 18406 per month. However, further scrutiny by the Department revealed that the owner had concealed the actual rent received by him which worked out to Rs. 109156 per month. The Department issued Notice under Section 72 of the NDMC Act, 1994 on 30 March 2005 to the owner intimating the proposed revision of rateable value from Rs. 113400 to Rs. 1178800 w.e.f. 1 April 2004.

Audit revealed that though the assessee did not file any objection yet the Department failed to finalize the enhanced rateable value which resulted in loss of revenue of Rs. 666060 as detailed below :-

(Amount in Rupees)

Period	Rateable value at which Tax was assessed	Tax levied	Rateable value at which tax was to be assessed	Tax to be levied	Less recovery of tax
2004-05	113400	22680	1178800	244700	222020
2005-06	113400	22680	1178800	244700	222020
2006-07	113400	22680	1178800	244700	222020
				Total	666060

(iii) Property 'C' Surya Kiran Building

The rateable value of the above property up to the year 2004-05 was Rs. 359600 fixed on the basis of monthly rent of Rs. 30000. As per the return filed by the owner, the rent of the property had increased to Rs. 36000 per month w.e.f. 16 January 2005. Audit noticed that the Department failed to issue notice under Section 72 of the NDMC Act, 1994 proposing revision of rateable value as a result Rs. 12897 was less recovered as detailed below :-

(Amount in Rupees)

Period	Rateable value at which Tax was assessed	Tax levied	Rateable value at which tax was to be assessed	Tax to be levied	Less recovery of tax
15.01.05 to 31.03.05	359600	14983	388800	16200	1217
2005-06	359600	71920	388800	77760	5840
2006-07	359600	71920	388800	77760	5840
				Total	12897

(iv) Property 'D' Surya Kiran Building

Audit noticed that as per information filed by the tenant under Section 77 of NDMC Act, viz. The Bank of Rajasthan limited, the monthly rent of the above said property from 1 September 1999 to 31 August 2002 was Rs.82500 whereas on the basis of information furnished by owner of the property, the monthly rent was taken as Rs.77000 and accordingly rateable value was fixed at Rs.831600. The rateable value on the basis of monthly rent of Rs. 82500 works out to Rs.891000. Non-revision of rateable value on the basis of information received from the tenant resulted in less levy of tax amounting to Rs.35640 as detailed below:-

(Amount in Rupees)

Period	Rateable value at which Tax was assessed	Tax levied	Rateable value at which tax was to be assessed	Tax to be levied	Less recovery of tax
01.09.99 to 31.08.2000	831600	166320	891000	178200	11880
01.09.2000 to 31.08.01	831600	166320	891000	178200	11880
01.09.01 to 31.08.02	831600	166320	891000	178200	11880
				Total	35640

(v) Property 'E' Janpath

A notice under section 72 of NDMC Act, 1994 was issued to the owner of the above said property on 20 February 2006 proposing the rateable value on the basis of enhancement of monthly rent of the premises. However, audit noticed that tax revision was not done at the revised rateable value of Rs.7582200 w.e.f. 1 April 2005, Rs.7586300 w.e.f. 15 April 2005, Rs.7682200 w.e.f. 11 June 2005 and Rs.7778100 w.e.f. 21 June 2005 which resulted in less recovery of tax amounting to Rs. 815323 as detailed below:-

(Amount in Rupees)

Period	Rateable value at which Tax was assessed	Tax levied	Rateable value at which tax was to be assessed	Tax to be levied	Less recovery of tax
01.04.05 to 14.04.05	6399200	67881	7582200	81494	13613
15.04.05 to 10.06.05	6399200	276373	7586300	331988	55615
11.06.05 to 20.06.05	6399200	48487	7682200	59032	10545
21.06.05 to 31.03.06	6399200	1377018	7778100	1698898	321880
2006-07	6399200	1769760	7778100	2183430	413670
				Total	815323

B. Mutation of property allowed without recovery of outstanding dues

(i) Properties 'F' Narain Manzil, Barakhamba Road

The properties 'F' at Narain Manzil were purchased by the new owner in June 2005. The purchaser applied for mutation of these flats in September 2005 and filed indemnity bond indemnifying therein that the new assessee agrees to make payment of arrears of property tax on the existing rateable value or on the rateable value that may be fixed. The Department without ascertaining the amount of outstanding arrears of property tax allowed the mutation. Subsequently, outstanding dues were calculated and it was found that up to 2004-05 arrears of tax was Rs. 24.08 lakh. Further, the Department did not take any action to recover the tax for the subsequent period. As a result an amount of Rs. 17.65 lakh was further added to the outstanding arrears for the years 2005-06 to 2006-07. The total recoverable amount of tax was Rs. 41.72 lakh as of March 2007.

(ii) Property 'G' Tolstoy House

On 16 November 2004, the new owner of the property informed the House Tax Department that the above said property was purchased by him on 15 October 1996 with details of aggregate rent, rateable value last assessed with the request for assessment and mutation of property. The Department allowed the

mutation but no rectification was carried out. Audit observed that Rs. 4.93 lakh was outstanding against the assessee at the time of mutation of property. The Department also did not take any action to revise the rateable value after 29 October 2004. Thus, failure of the Department to recover the dues of Rs. 4.93 lakh before allowing mutation besides non-revision of rateable value resulted in accumulation of arrears of tax and loss of revenue to the Council.

(iii) Property 'H' Aurangzeb Road

Property 'H' Aurangzeb Road was mutated in the name of the new owner vide order No.AO/05/AS(T)/2006 dated 28.9.2006. Audit noticed that at the time of mutation in September 2006, Rs.35.27 lakh was outstanding against the flat owner. The new owner of the property had earlier submitted indemnity bond on 22 March 2005 in which he had agreed to pay the dues. The Department failed to recover the outstanding dues at the time of allowing mutation. As per Demand and Collection register, recovery of Rs.34.69 lakh was outstanding against the owner as of March 2007. Thus, non-recovery of outstanding dues before allowing mutation resulted in non-realization of arrears of tax.

Non-revision of rateable values and non-recovery of arrears before allowing mutation of properties resulted in less recovery of tax amounting to Rs.97.60 lakh as of March 2007.

The matter was referred to the Department in March 2008; their reply was awaited as of June 2008.



(MEENAKSHI GUPTA)
CHIEF AUDITOR

New Delhi
Dated August 2008

ANNEXURES

Annexure-I
{ Refer para 1.15.7 A(a) }

Statement of heads of account with NIL expenditure against budget estimates and revised estimates exceeding Rs. One lakh

(Rs. in lakh)

S.No.	Head of Account	Description	B E 2006-07	RE 2006-07
1.	A.1.9	Traveling Allowance/ Daily Allowance	1.00	2.24
2.	C.3.8(ii)	Telephone charges/PBX i)GA	70.00	78.00
3.	C.3.8(ii)	Telephone charges/PBX iii)PH	8.00	1.50
4.	C.3.8(viii)a	Other items-General	30.00	40.00
5.	C.3.8(viii)b	Other items Enforcement	15.00	15.00
6.	C.7.9	Incentive Scheme to meritorious workers	1.00	1.00
7.	C.16.1	Engineer in Chief Salary & Allowances	5.16	5.28
8.	D.1.2.8(ii)	Purchase & Repair of Furniture & Equipment	1.00	1.00
9.	D.1.2.17	Purchase of Sports Material	1.00	1.00
10.	D.1.2.A.12	Lab/Library Furniture	1.00	1.00
11.	D.1.2.A.13	Sports Material	1.00	1.00
12.	D.1.3.5 (i)	Free Text Books	1.00	1.00
13.	D.1.3.5(vi)	Lab/Library Furniture	1.00	1.00
14.	D.1.4.5(ii)	Free Text Books N. Plan	6.00	16.00
15.	D.1.4.(II)A	Cultural Education - Salary & Allowances	8.85	9.23
16.	D.1.7.6.A(i)	Staff for Population Research and material Salary & Allowances	9.49	7.84
17.	D.1.2.11	Qualitative improvement in education	0.20	2.00
18.	D.1.3.13	Sports Material	1.00	1.00
19.	D.1.4.5(x)	Sports material	2.00	2.00
20.	D.1.4.5(xi)	Musical Instruments	1.00	1.00
21.	D.1.4.9(i)(b)	Expansion of Physical Education	0.30	1.00
22.	D.1.6.6	Scheme for Social Education	2.00	2.00
23.	D.1.7.7.1	Work Experience Programme & Hobby Centre Salary & Allowances	2.66	1.53
24.	D.1.8.1	Public Reading Room Salary & Allowances	1.62	1.35
25.	D.1.10.14	L.T.C.	2.00	2.00
26.	E.2.3	Share cost for running of OMBUDSMAN office	3.00	3.00
27.	E.2.4	Payment of Consultancy fee/legal fee professional charges	16.00	16.00
28.	E.4.3(a)	Tools & Plants Electric 11 KV	13.00	1.00

29.	E.6.(I)	Purchase of vehicles (a) Electric 11 KV (b) Electric 33 KV	18.00 6.00	12.00 6.00
30.	E.6(VI)	Furniture –Electric 11 KV	9.30	6.00
31.	I(b)	House Building Advance	20.00	10.00
32.	D.2.17.12(A)	Rehabilitation of old sewers	500.00	4.00
33.	D.2.19.4	Anti Malaria LARVACIDES & Equipment	2.00	2.00
34.	D.2.20.1	Birth Control of Stray Dogs Salary & Allowances	8.19	8.35
35.	D.2.20.4	Other charges	15.00	3.00
36.	D.3.1.7	Disposal of Hospital Waste	7.00	1.00
37.	D.4.1.4	Maintenance (Civil)	10.00	10.00
38.	D.4.4.7	Purchase of Vehicles including Water tankers for spraying water on road BERMS	25.00	10.00
39.	D.4.4.13	Compost Plan Non-Plant Fund Revenue	10.00	1.00
40.	D.1.19.1	Social Welfare Workers Salary & Allowances	19.63	19.40
41.	D.1.21	Cash Award to teachers on best performance	2.00	2.00
42.	D.1.22	Supply of Canvas Shoes Plan Fund	5.00	5.00
43.	D.2.2.12	Establishment of Blood Bank, Salary & Allowance	20.75	20.99
44.	D.2.12.5	Diet	15.00	5.00
45.	D.4.5.1	Cattle Pond-Salary & Allowances	71.08	71.41
46.	D.4.5.6	Ex-Gratia	1.07	1.07
47.	D.4.6.6.10.168	Original Works (Capital) Improvement to Anchal complex CBM-I	2.00	3.00
48.	D.4.13.6	L.T.C.	2.00	2.00
49.	D.7.10	L.T.C.	0.70	1.45
50.	D.8.4	Ex-Gratia	1.12	1.12
51.	D.8.7	L.T.C.	1.21	1.21

Annexure-II
{ Refer para 1.15.7 A (b) }

Statement of heads of account with NIL expenditure against revised estimates where provisions were made subsequently

(Rs in lakh)

S.No.	Head of Account	Description	BE 2006-07	RE 2006-07
1.	C.3.8(iii)	Forms & Stationery-General Administration	-	90.25
2.	C.3.8(iii)	Forms & Stationery AO(CBS)	-	0.30
3.	C.3.8(x) C	GA	-	30.00
4.	C.3.8(xi)	Human Resources Development E 33 KV	-	5.00
5.	C.3.8(xi)	Human Resources Development E 11 KV	-	3.50
6.	C.3.8(xiii)	Fire/Fighting arrangement in MPL Building CBM-III	-	1.00
7.	C.3.8(xiii)	Fire/Fighting arrangement in MPL Building CC-II	-	6.00
8.	C.4.8	L.T.C	-	1.00
9.	C.4.9	Traveling Allowance/ Daily Allowance	-	1.72
10.	C.7.5 (iii)	Staff Welfare Activity-Welfare	-	30.00
11.	D.1.3.6.32	Improvement to N.P. Middle School, Vinay Marg CC-V	-	2.00
12.	D.1.3.6.33	Improvement to N.P. Middle School A-Block Kidwai Nagar, BM-II	-	1.00
13.	D.1.3.6.36	Improvement to N.P. Middle School Narouji Nagar CC-III	-	3.00
14.	D.1.3.6.39	Improvement to Middle School at R.K. Ashram Marg CC-V	-	5.00
15.	D.1.3.8	Qualitative Improvement to Elementary Education (Revenue)	-	20.00
16.	D.1.4.7.53	Improvement to N.P. Primary School Jor Bagh CBM-II	-	2.00
17.	D.1.4.7.55	Improvement to Model School, East Kidwai Nagar (Construction BM-II)	-	2.00
18.	D.1.4.7.58	Improvement to Navyug School, Tilak Marg BM-III	-	2.00
19.	D.1.4.7	Raising of Boundary wall with M.S. Railing at DTSS AC BM-II	-	1.50
20.	D.1.4.7	P/F Stainless steel signage in various schools CBM-III	-	1.00
21.	D.1.14.8	L.T.C.	-	1.00
22.	H.1.5	Ground Rent for land Civil Project	-	3.50

23.	K(I)	Deposit Works (Horticulture Capital)	-	2.00
24.	D.2.17.11	Original Works Non-Plan Fund CBM-III	-	10.00
25.	D.2.17.11	Original Works Non-Plan Fund CR-II	-	22.20
26.	D.2.18.4	Running & Maintenance of Vans	-	2.00
27.	D.2.19.6	Anti Malaria Running & Maintenance of Vans PH	-	10.00
28.	D.4.4.4.B	CR-III	-	7.00
29.	D.1.16.4	Other charges including opening of more Youth Centres	-	1.50
30.	D.1.17	Home for aged/handicapped persons CBM-II	-	1.00
31.	D.2.3.13	Original Works CBM-II	-	3.50
32.	D.2.4.8.81	C/o Ayurvedic Dispensary at South End Lane CBM-II	-	2.50
33.	D.2.16.7	Other charges CR-V	-	5.00
34.	D.1.2.10.9	Improvement Navyug School Laxmi Bai Nagar CC-V	--	2.00
35.	D.1.2.10.12	Improvement Navyug School Lodhi Road CC-II	--	1.50
36.	D.1.2.10.14	Improvement Senior Secondary School Bapu Dham CBM-I	--	2.50
37.	D.1.2.10.19	Improvement to School A-Block East Kidwai Nagar CBM-II	--	2.00
38.	D.1.2.10.22	Improvement to Kitechner Road School CBM-II	--	2.00
39.	D.1.2.10.25	Improvement to N.P. Boys &/Girls Secondary School at Balmiki Basti BM-I	--	3.00
40.	E.6 (viii)	Other item Commercial (Billing)	--	1.00
41.	D.2.16.13	Annual repair and maintenance of dustbin CR-II	--	1.00

Annexure-III
{Refer para 1.15.7 A (c)}

Statement of heads of account with savings exceeding 50 per cent of revised estimates

(Rs. in lakh)

S. No.	Head of Account	Description	BE 2006-07	RE 2006-07	Actual 2006-07	Savings	Percentage
1.	A.1.7	Honorarium/OTA	5.00	2.00	0.22	1.78	89.00
2.	A.1.8	L.T.C.	2.00	2.00	0.96	1.04	52.00
3.	C.1.5	Other Charges	10.00	15.00	1.13	13.87	92.46
4.	C.1.10	L.T.C.	2.00	2.00	0.53	1.47	73.50
5.	C.2.4	Other Charges	-	2.50	0.94	1.56	62.40
6.	C.2.9	L.T.C.	2.00	2.00	0.53	1.47	73.50
7.	C.2.10	Traveling Allowance daily Allowances	1.00	2.15	0.45	1.70	79.06
8.	C.3.8(i)	Furniture	15.00	15.00	7.38	7.62	50.80
9.	C.3.8(vi)	Liveries	100.00	100.00	6.09	93.91	93.91
10.	C.3.15	L.T.C.	100.00	12.30	5.48	6.82	55.44
11.	C.3.17	TA/DA	100.00	14.40	4.07	10.33	71.74
12.	C.6.4	Scheme for propagation including purchase of tape recorder &Photographic equipment	1.50	1.50	0.08	1.42	94.66
13.	C.7.5(ii)	Sports & Games Plan Fund CBM-I	200.00	200.00	16.68	183.32	91.66
14.	C.7.5(iii)	Staff Welfare Activity-CBM-I	-	5.50	2.66	2.84	51.63
15.	C.7.5(v)	Expenditure on Daksha (Club for Category 'C' & D employees)	10.00	3.00	0.03	2.97	99.00
16.	C.7.10	Holiday Home for NDMC employees at Hill Resorts	15.00	15.00	3.62	11.38	75.86
17.	C.15.1	Information Technology-Salary & Allowance	75.06	76.10	20.10	56.00	73.58
18.	D.1.1.11	L.T.C.	2.00	4.00	1.35	2.65	66.25
19.	D.1.2.8(iv)	Other items	4.00	15.00	3.86	11.14	74.26
20.	D1.2.16	L.T.C.	4.00	5.50	1.62	3.88	70.54
21.	D.1.2.A.8	Other items	2.00	15.00	3.71	11.29	75.26
22.	D.1.3.5(v)	Other items	33.00	60.00	24.83	35.17	58.61

23.	D.1.4.5	Other charges Non-Plan Fund (iii) Free Uniform (viii) other items (ix) Supply of wool/woollen sweaters	30.00 6.00 9.00	75.00 4.00 41.00	9.22 1.45 0.79	65.78 2.55 40.21	87.70 63.75 98.07
24.	D.1.5.4	Other charges (i) Free Uniform (ii) Other items	8.00 2.50	10.00 1.50	2.54 0.28	7.46 1.22	74.60 81.33
25.	D.1.26	Educational Vocational Guidance-Non-Plan	4.00	3.50	0.66	2.84	81.14
26.	D.2.2.10.A	Disp. of Hosp. waste	10.00	2.50	0.01	2.49	99.60
27.	D.2.2.11.D	L.T.C.	-	25.00	0.02	24.98	99.92
28.	D.2.2.14.1	Salary & Allowance CC-I	14.03	14.29	4.11	10.18	71.23
29.	D.2.2.A.12	Disposal of Hospital waste	5.00	2.50	0.14	2.36	94.40
30.	D.2.3.13	Original works CBM-I	14.00	28.00	6.26	21.74	77.64
31.	D.2.3.20	L.T.C.	7.25	7.28	0.36	6.92	95.05
32.	D.2.4.13	L.T.C.	2.50	2.50	0.14	2.36	94.40
33.	D.2.5.8	Original works CBM-III	-	2.00	0.11	1.89	94.50
34.	D.2.5.13	L.T.C.	2.50	2.50	0.12	2.38	95.20
35.	D.2.8.11	L.T.C.	7.20	5.00	0.02	4.98	99.60
36.	D.2.11	Collection of Vital Statistics	43.69	20.10	0.97	19.13	95.17
37.	D.2.12.6	Other charges	5.00	125.00	61.18	63.82	51.05
38.	D.2.12.15	L.T.C.	3.52	3.52	0.26	3.26	92.61
39.	D.2.13	Family Planning	36.80	36.04	4.15	31.89	88.48
40.	D.2.16.7	Other charges Health	84.00	70.00	33.19	36.81	52.58
41.	D.2.16.17	L.T.C.	27.73	27.73	5.47	22.26	80.27
42.	D.2.17.19	L.T.C.	1.64	8.58	2.16	6.42	74.82
43.	D.2.19.7	Other charges	20.00	25.00	9.71	15.29	61.16

Annexure-IV
{Refer para 1.15.7.A(e)}

Statement of heads of account of excess expenditure

(Rs. In lakh)

S. No.	Head of accounts	Description	B.E. 2006-07	RE 2006-07	AE 2006-07	Excess 2006-07	Percentage
1.	A.1.1.	Commercial & Taxation Office-Salary & allowance	145.19	143.70	166.12	22.42	15.60
2.	C.3.8(ii) (A)	Telephone Exchange/EBX Vidyut Bhawan	11.50	15.75	20.10	4.35	27.62
3.	C.3.8(x) (A)	Fire maintenance services in NDMC Buildings-Fire	-	210.00	215.15	5.15	2.45
4.	C.3.8(xi)	Human Rresource Development-Welfare	-	5.00	17.42	12.42	248.40
5.	C.3.8(xiii)	Fire/Fighting arrangements in MPL Buildings CBM-III	-	1.00	5.77	4.77	477.00
6.	C.3.8(xv)	Bank Charges	7.00	2.00	7.17	5.17	258.50
7.	C.7.1	Staff & Labour Welfare- Salary & Allowances	26.05	25.44	53.79	28.35	111.43
8.	C.14.1	Auto Workshop Salary & Allowances	297.00	228.40	280.59	52.19	22.85
9.	D.1.2.A.1	Secondary School-Salary & Allowances	657.49	585.29	686.83	101.54	17.34
10.	D.1.2.10	Improvement to Navyug School, Peshwa Road CBM-I	-	2.00	6.00	4.00	200.00
11.	D.1.3.6.29	Improvement to N.P. Middle School, Gole Market CBM-I	-	11.00	22.46	11.46	104.18
12.	D.1.4.1	Primary School Salary & Allowances	931.48	770.85	1103.60	332.75	43.17
13.	D.1.4.5(iii)	Free uniform Plan	25.00	25.00	28.28	3.28	13.12
14.	D.1.4.6	R.M. Girls Primary School No.1 Doctor Lane	44.00	33.50	40.34	6.84	20.42
15.	D.1.4.7.51	Improvement to N.P. Primary School, Pandara Park CC-V	-	50.00	53.98	3.98	7.96
16.	D.1.4.9(i)(A)	Physical Education-Salary & Allowances	11.34	3.50	7.13	3.63	103.71
17.	D.1.6.1	Social-cum-Adult-Education-Salary & Allowances	132.18	123.36	143.85	20.49	16.60
18.	D.1.7.1	In service-cum-science centre, work experience programme & Hobby Centre- Salary & allowance	6.39	6.79	23.53	16.74	246.53
19.	D.1.10.1	Mid-day Meal Scheme- Salary & Allowance	28.23	7.59	12.10	4.51	59.42
20.	D.1.14.4	Other Charges	2.50	1.00	24.88	23.88	2388

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21.	D.2.2.1	Charak Palika Hospital, Moti Bagh-Salary & Allowances	615.39	581.20	609.31	28.11	4.83
22.	D.2.2.7	Strengthening of Hospital Services at NDMC Hospital, Moti Bagh Plan Funds MS	20.00	20.00	22.83	2.83	14.15
23.	D.2.2.A.1	Palika Maternity Hospital, Salary & Allowances	248.27	226.49	249.11	22.62	9.99
24.	D.2.3.13.78	Improvement to Maternity Centre P.K. Road CBM-I	-	1.00	4.94	3.94	394
25.	D.2.15.13(i)	Epidemiology Unit Salary & Allowances	20.16	20.00	27.62	7.62	38.10
26.	E.2.2.	Expenditure for Electric Consumer Grievances Redressal Forum	20.00	5.00	13.88	8.88	177.60
27.	E.8	Bonus	0.05	0.50	2.10	1.60	320
28.	G.1.1.1	Roads Civil Works Repairs & Maintenance CR-III	-	45.00	64.07	19.07	42.38
29.	G.1.3	Original Works-Non-Plan CR-III	-	240.50	516.37	275.87	114.70
30.	H.1.4	Repair & Maintenance of Buildings CBM-I	-	92.00	93.25	1.25	1.36
31.	D.2.19.6	Running & Maintenance of Vans-Auto	-	2.00	5.48	3.48	174.00
32.	D.4.2.2.1	Crèches- Salary & Allowances	29.21	16.12	51.41	35.29	218.92
33.	D.4.4.4.B	CR-II	-	2.50	6.32	3.82	152.80
34.	D.4.4.5	Running & maintenance of Vans	12.00	10.00	12.23	2.23	22.30
35.	D.4.6.1	Social Welfare Salary & Allowances	34.80	34.79	47.63	12.84	36.90
36.	D.4.7.3	Palika Service Officers Institute	10.00	10.00	17.71	7.71	77.10

Annexure-V
(Refer para 2.5)

Statement showing details of BQS awarded between 1999 and 2006

(a) 28 BQS awarded in the year 1999

S.No.	Agreement No. and Period	No. of BQS awarded	Name of firm	Rate of licence fee per month per BQS (Amount in Rs.)	Period of contract
1.	85 (1999-2000)	2	M/s Rose Advertising Pvt Ltd	51510	3 years
2	86 (1999-2000)	4	M/s Rose Advertising Pvt Ltd	51510	3 years
3.	95 (1999-2000)	2	- do -	21810	3 years
4	150 (1999-2000)	2	- do -	51510	3 years
5.	97 (1999-2000)	7	M/s Adwel Advertising Pvt Ltd	49286	3 years
6.	98 (1999-2000)	2	- do -	18650	3 years
7.	99 (1999-2000)	1	- do -	51400	3 years
8.	100 (1999-2000)	1	- do -	28300	3 years
9	101 (1999-2000)	1	- do -	76505	3 years
10.	167 (1999-2000)	2	- do -	19000	3 years
11.	102 (1999-2000)	4	Hindustan Publicity Pvt Ltd	94975	3 Year

(b) List of 197 BQS awarded in March 2006

S.No.	Locations	North of Rajpath	South of Rajpath
1.	Africa Avenue	-	5
2.	Ashoka Road	9	-
3.	Aurobindo Marg	-	14
4.	Baba Kharak Singh Marg	6	-
5.	B-Avenue	-	6
6.	Bhai Veer Singh Marg	3	-
7.	Brig. Hoshiar Singh Road	-	12
8.	Church Road	1	-
9.	Dr.Rajendra Prasad Marg	2	-
10.	Dr.Zakir Hussain Marg	-	4
11.	Firozshah Road	5	-
12.	Humayun Road	-	2
13.	Jai Singh Road	4	-
14.	Janpath	2	2
15.	Jantar Mantar Road	2	-
16.	Jor Bagh Road	-	3
17.	Kasturba Gandhi Marg	10	-
18.	Kamraj Road	-	2
19.	Lodhi Colony Market	-	4
20.	Lodi Road	-	2
21.	Maharishi Raman Marg	-	6
22.	Mandir Marg	5	-
23.	Maulana Azad Road	-	4
24.	Max Mueller Marg	-	4

25.	North Avenue	4	-
26.	Park Street	4	-
27.	Parliament Street	1	-
28.	Prithviraj Road	-	2
29.	Pandit Pant Marg	8	-
30.	Peshwa Road	2	-
31.	R.K.Ashram Marg	2	-
32.	Rafi Ahmed Kidwai Marg	1	2
33.	Raisina Road	1	-
34.	Sardar Patel Marg	-	7
35.	Satya Marg	-	2
36.	Shahjahan Road	-	2
37.	Shanti Path	-	5
38.	Shivaji Stadium Bus Terminal	7	-
39.	Shaheed Bhagat Singh Marg	4	-
40.	South Avenue	-	4
41.	Subramaniam Bharti Marg	-	1
42.	Sunehri Bagh Road	-	1
43.	Third Avenue	-	2
44.	Teen Murti Marg	-	2
45.	Tilak Marg	4	-
46.	Tuglak Road	-	4
47.	Vinay Marg	-	4
48.	Willingdon Crescent	2	-
	Total = 197	89	108

Annexure-VI
(Refer para 3.12.2)

Statement showing details of works awarded at higher rates

(Amount in Rupees)						
S. No	Agreement No./Year	Name of work	Amount	Estimate	Justification	Remarks
1	25/2003-04	Annual comprehensive maintenance contract of central AC plant at Dr. SPMS pool complex, Talkatora Garden	210000	No estimate was prepared. NIT was issued on last approved rate i.e. Rs.193200	L-1 rates were 22.51 % above NIT cost. After negotiation work was awarded at 8.70% above NIT.	Even after negotiation work was awarded at 8.70% above NIT which was more than permissible limit of 5%. The approving authority was SE-IV and approval of next higher authority was not taken.
2	11/2004-05	Annual Comprehensive Maintenance contract for split/window type AC and water coolers in NDMC area	633500	503600	L-1 rates were 25.79% above estimated Cost Justified on the basis of previous to previous year rates although previous year rates were comparable with estimated cost.	Only two tenders received, that too on high rates of 25.79% above estimated cost. Moreover, no negotiation was held to bring down the rates. The approving authority was CE and approval of next higher authority was not taken.
3	12/2004-05	Addition/alternation of IEI and fans at Palika Maternity Hospital, Lodhi Colony	163120	152275	L-1 rates were 18-25% above estimated cost for item No. 4 to 7 which were market rate items.	Justification prepared to justify higher rates and work was awarded after negotiation at 7.12% above estimated cost which was more than permissible limit at 5%. The approving authority was EE(BM-II) and approval of next higher authority was not taken.
4	36/2005-06	Replacement of old wiring at old Barat ghars, Allopathic Dispensaries, Homeopathic Dispensary and caretakers residence at Kidwai Nagar (E)	199459	207058	L-1 rates were 49.4% above SR-94 rates.	Enhancement over SR-94 during 2005-06 was 40%, but work was awarded at 49.4% above SR-94 rates, that too without negotiation. The approving authority was EE(BM-II) and approval of next higher authority was not taken.
5	41/2005-06	Replacement of old Alm. wooden batten wiring at 11 Nos. Type-III flats, Sarojini Vihar, Sarojini Nagar.	195046	208358	L-1 rates were 61.5% above SR-94 rates.	Enhancement over SR-94 rates during 2005-06 was only 40% but even after negotiation work was awarded at 52% above SR-94 rates which was more than the permissible limit of 5%.

6	4/06-07	Providing essential electrical work in various Navyug School, South of Rajpath	43034	37549	Rates of 1st lowest were 14-60% above the estimated cost & work was awarded.	No negotiation was conducted. As the tendered amount is more than 5% of the estimated cost approval of next higher authority was required which was not obtained.
7	38/2006-07	Overloading of chilling units of AC Plants at Palika bazaar	4538720	3389348	Rates of 1 st lowest were 40.96% above the Estimated cost	Negotiation were held & party offered a discount of 5% on the lowest offered rate. The approving authority was Engineer-in-Chief but the approval of next higher authority was not obtained though the amount exceeded 5% of the estimated cost
8	09/06-07	AMC of AC Plant & Allied service of Indoor Stadium	408774	372451	Rates of 1 st lowest tender were 9.75% above the estimated cost	Negotiation held; approving authority was EE, but approval of next higher authority was not obtained though tender amount is 5% above the estimated cost.

Annexure VII
(Refer para 3.13)

Statement showing details of works/supply orders and agreements awarded to the contractors/firms

BM-I

S. No.	Year	Total No. of WO/SO/Agreements	Name of Contractor/Firm	No. of WO/SO/Agreements awarded to the firm	Per cent of total of Col. 5 to total of Col.3	Per cent of first contractor to total WO/SO/Agreements
1	2001-02	105	(i) M/s Kamal Electricals (ii) M/s OVN Trading Engineering (P) Ltd. (iii) M/s Arcee Trading Corp. (iv) M/s Batra Electricals	20 9 7 8		19.04
			Total	44	41.90	
2	2002-03	102	(i) M/s Kamal Electricals (ii) M/s Fair Deal Electric Co (iii) M/s Vicky Enterprises (iv) M/s Batra Electricals	13 12 7 6		12.74
			Total	38	37.25	
3	2003-04	128	(i) Sh. Kamal Electricals (ii) M/s Arcee Trading Corp. (iii) M/s OVN Trading Engineering (P) Ltd. (iv) M/s Fair Deal Electric Co.	31 12 9 6		24.21
			Total	58	45.31	
4	2005-05	169	(i) M/s Kamal Electricals (ii) M/s Vicky Enterprises (iii) M/s Ekta Electricals & Mechanical Works (iv) M/s Arcee Trading Corp	36 29 11 11		21.30
			Total	87	51.47	
5	2005-06	98	(i) M/s Kamal Electricals (ii) M/s Vicky Enterprises (iii) M/s Ekta Electricals & Mechanical Works (iv) M/s OVN Trading & Engineer (P) Ltd.	19 15 10 7		19.38
			Total	51	50.20	
6	2006-07	131	(i) M/s Kamal Electricals (ii) M/s Goyal Enter (iii) M/s OVN Trading CO. (iv) M/s Batra Electricals (v) M/s Vicky Enterprises	22 12 11 6 6		16.79
			Total	57	43.51	
		733	Grand Total	335	45.70	

BM-II

S. No.	Year	Total No. of WO/SO/Agreements	Name of Contractor/Firm	No. of WO/SO/Agreements awarded to the firm	Per cent total of Col. 5 to total of Col.3	Per cent of 1 st and 2 nd contractor to total WO/SO/Agreements
1	2001-02	117	(i)M/s Arcee Trading Corp. (ii)M/s DD Electric Works (iii)M/s R.G. Engineers and Assoc. (iv)M/s Vishal Refrigeration and A.C. Works	18 15 7 6		28.20
			Total	46	39.31	
2	2002-03	129	(i)M/s Arcee Trading Corp. (ii)M/s DD Electric Works (iii)M/s R.G. Engineers and Assoc. (iv)M/s Vishal Refrigeration and A.C. Works	24 12 11 8		27.90
			Total	55	42.63	
3	2003-04	173	(i)M/s Arcee Trading Corp. (ii)M/s Bansal Traders (iii)M/s S.J. Electricals (iv)M/s D.D. Electric Works	25 19 14 13		25.43
			Total	71	41.04	
4	2004-05	134	(i)M/s Arcee Trading Corp. (ii)M/s Goyal Enterprises (iii)M/s Kamal Electricals (iv)M/s Vishal Refrigeration and AC Works	20 16 12 10		26.86
			Total	58	43.28	
5	2005-06	93	(i) M/s Goyal Enterprises (ii)M/s Arcee Trading Corp. (iii)M/s Kamal Electricals (iv)M/s Vishal Refrigeration and AC works.	13 11 11 7		25.80
			Total	42	45.16	
6	2006-07	102	(i) M/s Kamal Electricals (ii)M/s Arcee Trading Corp. (iii)M/s Goyal Enterprises (iv)M/s R.V. Electrical Enterprises. (v)M/s Arkey Radio	21 12 9 7 6		32.35
			Total	55	53.92	
		748	Grand Total	327	43.72	

Annexure VIII
(Refer para 3.15.2)

Details of complaints received and attended by staff of Complaints Centres during the years 2001-2007

BM-I													
S. No	Name of complaint Centre	2001-02		2002-03		2003-04		2004-05		2005-06		2006-07	
		No. of complaints	No. of staff	No. of complaints	No. of staff	No. of complaints	No. of staff	No. of complaints	No. of staff	No. of complaints	No. of staff	No. of complaints	No. of staff
1	Talkatora Indoor Stadium	602	24	1160	26	937	26	1945	19	1824	18	2740	200
2	Mohan Singh Place (Mayur Bhawan)	1407	18	2120	18	1986	17	2230	17	1944	16	1827	17
3	Raja Bazar S/S No.6 (Palika Place & SBS Place & Raja Bazar 6)	3317	16	4456	26	3823	27	2734	27	4068	23	--	--
4	Raja Bazar S/S No.8	4858	17	4046	17	5100	17	5340	17	4455	17	--	--
5	Polyclinic	2916	14	3098	16	3123	16	3205	18	3110	19	--	--
6	Palika Bazar	822	24	788	24	796	24	736	24	810	25	694	34
7	Chander Lok Bldg.	2708	21	2987	23	2946	21	2996	22	3019	23	--	--
8	Shivaji Stadium	884	16	1147	15	1272	13	1386	14	1245	11	1413	15
9	Rohini Housing complex	600	N.A.	960	N.A.	1560	N.A.	2279	N.A.	2880	N.A.	--	--
BM-II													
S. No	Name of complaint Centre	2001-02		2002-03		2003-04		2004-05		2005-06		2006-07	
		No. of complaints	No. of staff	No. of complaints	No. of staff	No. of complaints	No. of staff	No. of complaints	No. of staff	No. of complaints	No. of staff	No. of complaints	No. of staff
1	Kidwai Nagar (W)	0	18	0	16	2322	16	1075	16	1172	14	1463	17
2	ESS(Aurangzeb Lane) Jor Bagh	3574	21	3431	22	3707	21	2958	21	2967	21	2881	24
3	ESS Lok Nayak Bhawan	2813	20	2496	15	2536	15	2635	18	2497	17	2529	15
4	ESS No.6 Copernicus Lane (Desert Cooler Enquiry)	--	14	--	14	--	14	--	15	--	15	--	--
5	ESS Moti Bagh	8940	30	8449	29	7569	16	7716	29	7767	27	7115	27
6	Charak Palika Hospital, Moti Bagh	--	17	--	16	--	21	--	16	--	18	3560	21
7	Palika Bhawan	2573	16	2330	16	1567	15	1878	14	1617	13	2274	17
8	Yashwant Place	2246	15	2078	16	1810	14	1569	16	1667	22	2361	24
9	ESS Keventer Dairy Lane (Water Cooler Enquiry)	--	4	--	--	--	--	--	4	--	3	--	--
10	ESS Lok Nayak Bhawan(water cooler enquiry)	Data N.A.	Data N.A.	Data N.A.	Data N.A.	Data N.A.	Data N.A.	Data N.A.	Data N.A.	Data N.A.	Data N.A.	Data N.A.	Data N.A.

Annexure IX
{Refer para 4.6.2.4 (iii) (c)}

Statement showing details of loss of licence fee of Rs.2.90 lakh

S. No.	Name of agency	Location	Date of letter of award	Date of handing over of site	Delay in months	Loss of revenue of licence fee @Rs.5000 P.M. (Amount in Rs.)
1	M/s Hythro Power Corporation Ltd.	(i) Near INA Market, Aurobindo Marg	28.02.01	28.06.01	4	20000
		(ii) Aurobindo Marg near its entry point with Yusuf Sarai	28.02.01	5.04.01	1	5000
		(iii) Babu Market, Sarojini Nagar	28.02.01	20.04.01	1	5000
		(iv) Near AIIMS on Aurobindo Marg	21.12.01	21.12.02	12	60000
2.	M/s Toilet and Toilets	(i) Africa Avenue	28.02.01	22.05.01	2	10000
		(ii) Rajinder Parsad road Opp. Shastri Bhawan	28.02.01	28.06.01	4	20000
3.	M/s Rose Advertising (P) Ltd.	(i) Jantar Mantar Road	28.02.01	05.04.01	1	5000
			28.02.01	02.04.01	1	5000
		(ii) Purana Quila Road Junction in place of existing one	28.02.01	20.06.01	3	15000
		(iii) Malcha Marg Mini Market	28.02.01	22.05.01	2	10000
		(iv) Bangla Sahib Marg, Near entrance gate of Kalawati Saran Hospital				

4.	M/s Selvel Media Services (P) Ltd.	(i) Chelmsford Road near boundary wall of New Delhi Railway Station	28.02.01	25.04.01	1	5000
		(ii) Segment of Mandi House near Copernicus Marg	28.02.01	01.06.01	3	15000
		(iii) Sikandra Road	28.02.01	20.04.01	1	5000
		(iv) Bhai Veer Singh Marg	28.02.01	12.06.01	3	5000
5.	M/s Walia and Co.	(i) Parking of Connaught Circus	28.02.01	09.04.01	1	5000
		(ii) Shivaji Stadium Bus Terminal	28.02.01	09.04.01	1	6000
		(iii)Punchkuyan Road near entry gate of Sucheta Kriplani Hospital	28.02.01	14.04.01	1	5000
		(iv) Scindia House Lane	28.02.01	30.04.01	2	10000
6.	M/s Fumes International	(i) Bhagwan Dass Road near ITO Intersection	28.02.01	08.05.01	2	10000
		(ii) Africa Avenue Opp. Yaswant Place Complex	28.02.01	15.06.01	3	15000
		(iii) Shahjahan Road near UPSC Lane	28.02.01	08.04.01	1	5000
		(iv) Road connecting Willingdon	28.02.01	06.11.01	8	40000
					Total	290000

Annexure-X
(Refer para 14.3)

Details of arrears of Property Tax against Private institutes during 2006-07

(Amount in Rs.)

S.No	Name of Institute	Balance of arrear as on 01.04.07	N/F	Penalty	Current Demand	Addl. Demand	Addl. Penalty	Stay	Remand	Total Payment received	Balance upto 31.03.07
1.	S.G.H.K. Girls Sr. School	82498	55	5739	6940	0	0	0	0	0	95232
2.	Central Academy School	1425860	55	98076	118880	0	0	0	0	0	1642871
3.	Harcourt Butler Sr. School, Mandir Marg	197915	55	13756	16660	0	0	0	0	0	228386
4.	Krist Raja School, Bangla Sahib Road	831725	60	57783	70040	0	0	0	0	0	959608
5.	Convent of Jesus & Mary School Bangla Sahib Road	2580004	40	0	260325	0	0	0	527561	0	3367930
6.	Residential Building in Carmal Convent School, Malcha Marg	77632	15	0	195040	0	0	0	0	146290	126397
7.	Khalsa Boys Pr. School, Bangla Sahib Marg	22334	55	1552	1880	0	0	0	0	0	25821
8.	Khalsa Middle School, Sarojini Nagar, behind Child Welfare Centre near XY Block, S. Nagar	106920	35	7128	35640	0	0	111379	204932	0	466034
9.	Bidhan Chandra Vidyalaya (The Secretary, Bengal Education Society)	101660	30	0	23920	0	0	0	0	0	125610
10.	Shyama Prasad Mukharjee Sr. Sec. School	235989	45	33144	40160	0	0	0	0	20080	289258
11.	Delhi Kannada School, Lodhi Estate	4013158	50	259659	343400	0	0	0	0	218207	4398060
12.	Kerla Education Society Sr. Sec. School	708305	40	66429	88540	0	0	0	0	200000	663314
13.	Guru Teg Bahadur Sr. Sec. School	166561	55	11578	14020	0	0	0	0	0	192214
14.	Nirmal Shiksha Kendra	654075	35	45441	55080	0	0	0	0	0	754631
15.	Matriyee College	7360957	40	401791	724050	0	0	0	0	0	8486838
16.	Lady Irwin College	3922100	50	254141	335050	0	0	0	0	0	4511341
17.	A.K. Gopalan Trust, 27-29 Bhai Vir Singh Marg	1488412	10	0	234525	0	0	0	0	122467	1600480

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18.	All India Council of Mayors, 8, Bhai Vir Singh Marg	582225	55	42075	94200	0	0	0	0	0	718555
19.	Bharat Sadhu Samaj	1897974	111	132681	155560	0	0	0	0	0	2186326
20.	Centre for Women Development Studies, 25, Bhai Vir Singh Marg	4548791	45	348621	355350	0	0	0	0	0	5252807
21.	Dr. Methews Manid Centre, 26, Bhai Vir Singh Marg	4394621	45	337474	342400	0	0	0	0	0	5074540
22.	Garhwal Hiteshi Sabha (Regd.) Single Storey 4 rooms	560	20	0	140	0	0	121612	0	0	122332
23.	Sh. K.T. Thomas, President IPC Northern Region, 14, Bhai Vir Singh Marg School	4344843	50	72060	522270	0	0	0	0	0	4939223
24.	The Owner, Sapru House, Mandi House	9408214	35	1881643	65580	-8060980	-1612196	48338	0	1565580	165054
25.	Indian National Theatre Trust Building (one portion 8692 Sq ft) Bazar Lane	3703320	51	0	2020050	0	0	0	0	969427	4753994
26.	India International Centre, 40 Lodhi Estate	1054342	15	0	3120630	875162	0	0	0	3746547	1303602
27.	Jawahar Bhawan Trust, Raisina Road	1167804 5	34	0	1279770	0	0	0	0	0	12957849
28.	Masonic Temple, Janpath	9946462	65	49129	1376370	0	0	73375	0	0	11445401
29.	National Youth Hostel Trust of India, GF, FF, 2 nd FL, 3 rd FL, 5, Nyaya Marg	241625	5	0	241625	0	0	0	241625	0	724880
30.	Shastri Indo Canadian Institute 5, Bhai Vir Singh Marg	0	5	318138	319925	0	-318138	0	0	0	319930
31.	Worldwide Fund For Nature India 172-B, Lodhi Estate	2330060	35	0	409700	0	0	0	0	750000	1989795
32.	Yogoda Satsanga Shakha Kendra 11,12, Bhai Vir Singh Marg	395950	68	0	395950	0	0	0	4189905	0	4981873
33.	Council for Social Development 53, Lodhi Estate	8874261	20	0	3206850	0	0	0	0	6000000	6081131
34.	Indian Law Institute Bhagwan Das Road	1088315 9	5	0	2313750	0	0	0	0	0	13196914
35.	Indian Society of International Law, 9 Bhagwan Das Road	5015168	10	135958	1312620	0	0	62235	0	913580	5612411
	Total	1032757 25	1399	4573996	20096890	-7185818	1930334	416939	5164023	14652178	109760642