PRESS RELEASE

OFFICE OF THE
COMPTROLLER & AUDITOR GENERAL OF INDIA
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CAG STATE AUDIT REPORT ON GOVT OF DELHI PRESENTED

Comptroller and Auditor General's Audit Report on Government of NCT of Delhi, for the year ended March 2016 covering the activities of Social Sector (Non- PSUs), Social, General and Economic Sectors (Non-PSUs), Revenue and Social and Economic Sectors (PSUs) and State Finances were prepared for submission to the Lieutenant Governor under Section 48 of the Government of National Capital Territory of Delhi Act, 1991 for being laid before the Legislative Assembly of National Capital Territory of Delhi. The Audit Reports were placed in the Legislative Assembly today.

While Audit Report No. 3 of the year 2016 on Social Sector (Non-Public Sector Undertakings) was submitted to the Lieutenant Governor on 22 August 2016, the Audit Report No. 1 of the year 2017 on Social, General and Economic Sectors (Non-Public Sector Undertakings) and Audit Report No. 5 of the year 2016 on Revenue and Social and Economic Sectors (Public Sector Undertakings) were submitted on 23 February 2017. The Audit Report No. 4 of the year 2016 on State Finances was submitted to the Lieutenant Governor on 6 March 2017.

1. Audit Report No. 3 of the year 2016 on Social Sector (Non-Public Sector Undertakings)

This Audit Report contains a performance audit on 'Prevention and Control of Dengue in National Capital Territory of Delhi' with a financial implication of ₹ 53.69 crore and audit findings relating to 'Re-development of Rajiv Gandhi Chowk' and 'Advertisement and Publicity Campaigns of the Government of NCT of Delhi' involving ₹ 83.28 crore.

Prevention and Control of Dengue in National Capital Territory of Delhi

Delhi has been experiencing outbreaks of dengue since 1967 and various steps had been initiated over the years by the Government, municipal corporations and other concerned agencies to prevent and control its occurrence as well as provide medical assistance and relief to afflicted persons. However, dengue continues to occur every year with the number of reported dengue cases fluctuating cyclically over the years necessitating commitment of significant financial resources to tackle the problem. A performance audit covering the period from January 2013 to December 2015 was conducted to assess whether the steps taken by government agencies and municipal corporations to control dengue were adequate and effective.

Audit observed that despite the recurrence of dengue over the years in the NCT of Delhi and the spike in dengue cases as well as mortalities during 2015, the institutional mechanisms and steps taken by the departments as well as the municipal corporations were not commensurate with the magnitude of the problem though funds were not a constraint. The main audit findings are summarized below:

- The first critical element for dengue prevention is effective surveillance that could provide early warning of impending outbreak. The three municipal corporations (MCsD) of East, North and South as well as New Delhi Municipal Council (NDMC) had neither developed a Standard Operating Procedure for epidemiological and entomological surveillance nor was there any laboratory facility for this purpose. Consequently, epidemiologists and entomologists were not utilized for their primary purpose of evaluating epidemiological and entomological data to assess risks. Moreover, only 289 out of 967 reporting units (30 *per cent*) reported data of dengue patients to the State Surveillance Unit thereby undermining its objective of meaningful surveillance enabling timely intervention.

- Mosquito breeding can be controlled through environment modification that includes solid waste management, proper sanitation and regulation of construction sites, tyre markets, etc. However, no institutional mechanism was in place either in the MCsD or NDMC for collaboration or coordination with other line departments/agencies for environmental modification to control mosquito breeding.

- The municipal corporations deployed domestic breeding checkers to target larvae in houses within their jurisdictions. While NDMC deployed anti-malaria gang men who were on their regular staff for the purpose, MCsD engaged 3,358 unskilled persons for the task incurring an expenditure of ₹ 109.43 crore. However, there was no monitoring or supervision of the work done or an assessment of their effectiveness.

- An expenditure of ₹ 88.26 crore was incurred on procurement of insecticides, diluents and equipment during April 2013 to March 2016 for control of adult mosquitoes. However, in the absence of a definitive policy on use of chemicals and entomological surveillance, there was no system for selecting the most suitable insecticide and techniques to deal with a particular type of situation and identifying localities/premises where chemicals could be effectively used.

- A total of 83.63 lakh houses were treated with six different types of insecticides applying three different techniques. Of these, 72.07 lakh houses (86*per cent*) were treated adopting techniques/chemical formulations that are not prescribed or recommended by either the Directorate of National Vector Borne Disease Control Program or the Program Guidelines for Containment of Chikungunya and Dengue Epidemic Outbreak. The expenditure incurred on such treatment was ₹ 2.55 crore. There was also no assessment as to the effectiveness of the methods adopted in vector control.

- Outdoor space fogging is recommended only in emergency situations to suppress an ongoing epidemic or to prevent an incipient one. However, MCsD and NDMC undertook outdoor fogging during 2013-2015 as a routine exercise at a cost of ₹ 95.10 lakh. No study was carried out to ascertain the efficacy of the exercise.

- The formulations used or methods adopted by MCsD and NDMC for chemical control of larvae were not in accordance with those recommended in the guidelines. The Corporations used an insecticide in flowing drains and at a frequency which was not envisaged in the guidelines. The expenditure incurred was ₹ 37.26 crore. In addition, there was no record of usage of insecticides valued at ₹ 79.76 lakh while larvicide valued at ₹ 2.09 crore was used in circumstances that could have been better dealt with by simply mandating regular cleaning of containers in which water was liable to collect.

- The Delhi Cantonment Board could not utilize 74 *per cent* of funds totalling ₹ 1.80 crore allocated for anti-mosquito operations during 2013-14 to 2015-16. No action plan was prepared for fogging and spraying of areas under its jurisdiction nor was there any record of any work actually done.

- The institutional arrangements to respond to outbreaks of dengue was weak. The Dengue Task Force constituted to formulate action plans for containment of dengue remained inactive. There was no mechanism in place for reporting outbreaks of dengue and Rapid Response Teams were not constituted in MCsD, NDMC, Northern Railway and Delhi Cantonment Board for taking emergency action to interrupt or reduce transmission and eliminate mosquito breeding sites.

- A Dengue Death Review Committee was to be constituted to carry out medical audit of all dengue cases and guidelines were to be developed by the Directorate of the National Vector Borne Disease Control Program for the Committee. No such guidelines were developed. Out of 67,578 positive dengue cases reported by hospitals, South Delhi Municipal Corporation, as the nodal agency, intimated only 22,436 cases to the Directorate. For the year 2015, while the hospitals reported 409 dengue deaths, the Death Review Committee confirmed only 60 deaths.

- A Malaria circle is the primary unit from where all field operations are carried out. Over 67 *per cent* of the Malaria circles lacked basic infrastructure facilities like water connections while 22 *per cent* lacked electricity connection and 88 *per cent* lacked a landline telephone which impaired their ability to effectively carry out their functions. About 26 *per cent* and 65 *per cent* of available pumps/machines were not functional in MCsD and NDMC respectively.

- The Government of Delhi spent₹ 10.04 crore on awareness campaigns for prevention of dengue during 2013-14 to 2015-16. However, the advertisements were released between September and November i.e. after the outbreak of dengue which defeated the objective of creating awareness of measures to prevent the outbreak. Similarly, the MCsD also started their public awareness campaigns in October every year after the monsoons.

Re-development of Rajiv Gandhi Chowk

Connaught Place (CP) was originally designed in 1929 as a shopping-cum-residential complex. Connaught Place was re-named as Rajiv Gandhi Chowk in the year 1995. Over the years, the ageing process as well as *ad hoc* changes and additions to the structure had resulted in deterioration of the overall condition of the heritage complex and defacement of its original façade. Further, development of the underground Palika Bazar and Rajiv Chowk Metro Interchange Terminal inside the inner circle increased footfalls and number of vehicles in CP resulting in traffic congestion and conflict between vehicular and pedestrian on roads. Increase in commercial activities and growing population put additional pressure on the civic infrastructure of CP.

The over-arching objective of the project for re-development of Connaught Place was to restore its architectural and heritage character while at the same time facilitating and easing traffic and pedestrian movement to improve the overall ambience and experience of the visitors to this premier commercial centre in the national capital. This primary objective could not be achieved.The scope of the project as envisaged in the Detailed Project Report was drastically reduced from ₹ 615.20 crore to ₹ 477.02 crore. The main findings are summarized as follows:

- Restoration of the façade was completed only in the outer and inner circles while study to ascertain the structural stability of the buildings was not carried out. Facilities like subways, escalators, underground parking space and improvement of landscaping and lighting intended to ease both traffic and pedestrian movement and improve visitors' experience were not completed.

- Expenditure amounting to ₹ 14.67 crore on utility corridors, surface developmentand water supplywas rendered unfruitful.

- There was extra expenditure of ₹ 3.38 crore in flooring of corridors and providing of kerbs and the efficacy of augmentation of fire-fighting capabilities done at acost of ₹ 4.97 crore could not be assured in audit.

- The turnkey consultants, Engineers India Ltd. did not submit the financial implication of change in technology adopted for construction of service tunnel to NDMC for review and decision despite increase in cost from the original ₹ 71.21 crore to ₹ 192.95 crore.

Advertisement and Publicity Campaigns of the Government of NCT Delhi

The Directorate of Information and Publicity (DIP) of the Government of the National Capital Territory of Delhi is responsible for informing and publicizing the programs, policies and activities of the Government of the National Capital Territory of Delhi (GNCTD) and to look after the publicity requirements of all its departments.

In May 2015, the Hon'ble Supreme Court approved 'Guidelines on Content Regulation of Government Advertising' with a view to preventing arbitrary use of public funds for advertising without any attendant public interest. Audit test checked the records of DIP as well as that of five other departments and the Delhi Jal Board relating to advertisements released during the period from 1 April 2013 to 31 March 2016 in order to ascertain whether expenditure on publicity and advertisements was being incurred economically, efficiently and effectively in accordance with the fundamental principles governing expenditure from public funds. The guidelines and principles approved by the apex Court were adopted as the benchmark for assessing and evaluating the expenditure incurred.

GNCTD incurred an expenditure of ₹ 47.74 crore during 2013-14 and ₹ 27.43 crore during 2014-15. During 2015-16, the expenditure incurred was ₹ 101.46 crore including ₹ 20.23 crore paid by DIP in 2016-17 but relating to advertisements of 2015-16. In addition, there were committed liabilities of approximately ₹ 12.75 crore in respect of audio-visual advertisements released during 2015-16. The details of committed liability in respect of print and outdoor media were not provided to audit though asked for. Thus, the actual expenditure on advertisements released during 2015-16 may go beyond ₹ 114.21 crore.

Advertisements and publicity campaigns funded from the public exchequer should be related to the Government's responsibilities and be explicitly directed at informing the public of the State/Union Territory concerned of the government's policies, programs, services and initiatives.On test check of records, Audit observed the following:

- Expenditure of ₹ 24.29 crore was incurred on advertisements and publicity campaigns that were not in conformity with the generally accepted principles governing expenditure from public funds or the guidelines on content regulation approved by the Hon'ble Supreme Court.

- Expenditure of ₹ 28.71 crore (86*per cent*)out of ₹33.40 crore incurred in one specific publicity campaign pertained to advertisements released outside the NCT of Delhi which was beyond the responsibility of the GNCTD.

- There was no prior exercise to identify target audiences or necessary visibility or outreach nor was there any post campaign impact assessment.

- While 'Shabdarth' was established with the stated objective of economizing expenditure on advertisements, this was not achieved.

- Non-adherence to extant instructions relating to inclusion of cost estimates in proposals for release of advertisements/publicity campaigns while seeking approval of the competent authority coupled with improper or non-maintenance of necessary registers undermined expenditure control and provided no assurance as to the comprehensiveness and accuracy of the expenditure incurred and liabilities created on advertisements and publicity.

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2. Audit Report No. 1 of the year 2017 on Social, General and Economic Sectors (Non-PSUs)

The total expenditure of the Government of the National Capital Territory of Delhi (GNCTD) increased by 33.36 *per cent* from ₹ 25,314.54 crore to ₹ 33,760.34 crore during 2011-16 while the revenue expenditure increased by 46.63 *per cent* from ₹ 17,964.85 crore in 2011-12 to ₹ 26,342.55 crore in 2015-16. Non-Plan revenue expenditure increased by 55.88 *per cent* from ₹ 11,524.00 crore to ₹ 17,963.23 crore and capital expenditure increased from ₹ 4,004.27 crore to ₹ 4,723.47 crore during the period 2011-16.

This Audit Report contains four performance audits viz. (i) 'Implementation of the Right of Children to Free and Compulsory Education Act, 2009', (ii) 'Implementation of the Food Safety and Standards Act, 2006 in Delhi', (iii) 'Up-gradation of Healthcare Facilities in Delhi', and (iv) 'Implementation of Labour and Safety Laws in Industries by the Labour Department' as well as 12 audit paragraphs relating to avoidable/wasteful expenditure, lack of monitoring of surplus balance, non-claiming of refund, deviation of rules/provisions of agreement, non-recovery and idle investment. The total financial implication of the audit findings was ₹ 336.87 crore.

<u>**Performance Audits**</u>

Implementation of the Right of Children to Free and Compulsory Education Act, 2009.

The Right of Children to Free and Compulsory Education Act, 2009 (RTE Act),provides a fundamental right to the children in the age group of 6-14 years for free and compulsory elementary education. A performance audit covering the period 2010-16 brought out that effective implementation of the Act suffered due to poor planning and preparation, continuing vacancies,and delay in release of funds and its utilisation.

- The Government lacked effective planning for implementing the RTE Act in Delhi. It failed to complete the mandatory household survey to collect and maintain a database of all children from their birth till they attain the age of 14 years and link it with the mapping of schools for the purpose of determining and establishing neighborhood schools. In the absence of such crucial data base, it was not possible for the Government to ensure enrolment of every child in the age group of 6 to 14 years in school. No specific targets for enrolment of children were fixed by GNCTD and local bodies.

- There were delays and short release of funds by the Union Ministry of Human Resource Development and the Directorate to the 'Universalization of Elementary Education Mission' (UEEM). Against approval of ₹ 1,115.72 crore by the Project Approval Board, only ₹ 647.48 crore was made available to UEEM during 2010-16. The UEEM actually spent only ₹ 534.29 crore during the same period.

- Enrolment in class 1 in the Government and aided schools decreased by 23 *per cent* from 2,04,884 in 2010-11 to 1,56,911 in 2015-16 while the almost static position in respect of overall enrolment (including private schools) during 2010-16 was not consistent with the increase in the population of Delhi during the same period.

- Provisions relating to special training of children and for children with disabilities or those belonging to weaker sections and disadvantaged groups were not adhered to. In unaided schools of the Directorate, only 90,262 children belonging to Weaker Section and Disadvantaged Group were admitted against 1,45,142 seats which should have been reserved for them during 2011-16.

- Despite the need to augment infrastructure, ₹ 18.29 crore sanctioned during 2015-16 to UEEM for construction of additional rooms and toilets remained unutilized as of June 2016 while 69 to 81 *per cent* of construction works of classrooms, halls, toilets and boundary walls remained unexecuted in North and South Municipal Corporations.

- In Directorate schools, 8,579 posts (22 *per cent*) out of 38,916 sanctioned posts of teachers and librarians were vacant as of July 2016.

- Uniforms, text books and writing materials were not distributed to all the students of 34 selected Delhi Municipal Corporations (DMCs) schools and where provided, issued with delay. Uniforms and writing materials were not issued even to a single student of aided schools of DMCs.

- Institutional mechanisms envisaged under the Act for monitoring the implementation of the RTE Act were ineffective as various advisory and monitoring committees were either not constituted or did not meet regularly.

Implementation of the Food Safety and Standards Act, 2006 in Delhi

The Food Safety and Standards Act, 2006, provides for food safety standards in the country. A performance audit covering the period from August 2011 to March 2016 brought out weak regulatory and administrative mechanism for enforcement of the Act and non-compliance with key provisions which compromised with the quality of food posing health hazard to the general public.

- The Department neither conducted a survey to identify food business operators nor maintained the database of food business establishments. Many food business operators engaged in mass consumption items remained out of the coverage under the Act.

- State Food Laboratory got accreditation from National Accreditation Board for Testing and Calibration Laboratories in the year 2012 for two years. The accreditation could not be renewed beyond March 2014 as no up-gradation could take place due to shortage of technical staff and lack of requisite equipment.

- There was delay in issue of licenses and registrations to Food Business Operators. A total of 1,914 Licenses and 12,200 Registration Certificates expired due to non-renewal.

- No inspection was carried out in 97 *per cent* of cases. Lifting of samples was very low at four per day against from 49,796 licensed food establishments and others without valid license. Department prescribed no criteria for lifting food samples. The food samples were declared to be conforming to the food safety standards without testing them in totality for the prescribed parameters.

- The Department did not monitor compliance with its internal orders for monitoring the implementation of the Act. Non-maintenance of daily diaries for allocation of field duties to Food Safety Officers, complaint registers for grievance redressal and progress registers to watch the pendency of cases in various courts showed weak internal control.

Up-gradation of Healthcare Facilities in Delhi

In NCT Delhi, healthcare facilities are managed by the Department of Health and Family Welfare (DHFW). The performance audit of 'Up-gradation of Healthcare Facilities in Delhi' covering the period 2010-16 brought out poor planning and execution of plans and projects resulting in delay in their fructification and denial of the intended benefits to needy patients.

- Directorate of Health Services (DHS) took possession of 77,558.35 sqm of land for 30 projects of new health facilities during 2007-16 at a cost of ₹ 14.26 crore and incurred additional expenditure of ₹ 3.28 crore on boundary walls, fencing, entry gates and security. But none of these plots were utilised as of August 2016.

- No headway could be achieved in 11 other projects of new hospitals with proposed bed capacity of 2,575 though executing agencies had been decided. DHS had incurred expenditure of ₹ 17.06 crore on these projects towards land cost, boundary walls, and security.

- Maternal and Child Health(MCH) and Diabetes, Endocrine and Metabolic (DEM) Blocks of Guru Tegh Bahadur Hospital constructed at a cost of ₹ 72.07 crore remained under-utilized even after 2-4 years of their completion due to shortage of staff, non-installation of medical gas pipeline, and delay in procurement of requisite equipment. Rajiv Gandhi Super Speciality Hospital and Janakpuri Super Speciality Hospital remained underutilized even after 4 to 8 years of completion due to non-recruitment of staff and lack of equipment.

Implementation of Labour and Safety Laws in Industries

With a view to assessing the performance of the Labour Department in enforcing labour laws and safety measures in industries, a performance audit covering the period 2011-16 was conducted from May 2016 to September 2016. The audit exercise brought out that lack of diligent adherence to and enforcement of the provisions of the Acts provided no assurance as to the achievement of the fundamental objective of ensuring expeditious and fair resolution of industrial disputes and protection of the legitimate interests of the workers in terms of safety and health standards and protection from exploitation.

- The conciliation and dispute redressal machinery for industrial disputes was neither fully constituted nor activated. Works Committees had not been set up.

- There was delay ranging from one to 121 days in commencement of the conciliation proceedings by the Conciliation Officers and also in completion of conciliation proceedings beyond the prescribed period of 14 days in 891 cases.

- There were delays in publication and implementation of awards. Forty five *per cent* of the awards were published with a delay ranging from three months to more than six months.

- The enforcement of awards and recovery of dues from the employers of workmen was inadequate. Out of 1,245 recovery certificates aggregating ₹ 36.32 crore issued during 2011 to 2016 (April), recoveries in 379 cases amounting to ₹ 4.46 crore were pending.

- The department did not carry out periodical verification of establishments/contractors to ensure that they were registered and had the requisite licenses under the Contract Labour Act. Inspections were not conducted in a planned manner and follow-up action on inspection reports was not adequate to ensure prevention of exploitation of contract labour.

- Factory licenses were granted without ensuring whether factories had prepared the Health and Safety Policy in 54 out of 55 cases.

- The assessment of cess cases under the Building and Other Construction Workers' Welfare Cess Act, 1996, was done without considering all cost factors in construction of buildings resulting in short levy and collection of cess and interest thereon of ₹ 1.53 crore.

Compliance Audit

Department of Education

- The Directorate of Education failed to take cognizance of notification exempting payment of service tax by educational institutions for auxiliary services resulting in avoidable expenditure of ₹ 1.09 crore to a firm.

Department of Home

- Procurement of satellite phones by Directorate General of Home Guards without ensuring availability of hub for their connectivity and purchase of an ambulance without ensuring services of a Medical Officer resulted in wasteful expenditure and blocking of ₹ 59.08 lakh.

Department of Information Technology

- Implementation of the Right to Public Services Legislation was tardy as all the notified services were not uploaded on the electronic-Service Level Agreement (e-SLA) portal, and where uploaded, was partial and incorrect. The Competent Officers were not vested with powers of Drawing and Disbursing Officers for making payment of cost or compensation to applicants for delayed delivery of service. Timelines were not fixed for each stage for time bound delivery of services. Though services were delivered with delay, neither the applicants were paid any compensatory costs nor the defaulting government servants penalized. No action was initiated either for identifying the erring official for fixing responsibility or for encouraging the efficient employees through cash incentive.

Department of Labour

- Failure of the Delhi Building and Other Construction Workers' Welfare Board (DBOCWWB) to file income tax returns and claim refund of tax deducted at source (TDS) by banks resulted in blocking of funds of ₹ 15.95 crore and consequential loss of interest of ₹ 2.73 crore, which could have been earned had the refund of TDS been claimed timely and invested in Fixed Deposits in banks.

- Further, failure to effectively monitor transfer of funds from district account to the main account of the DBOCWWB resulted in loss of interest of ₹ 3.74 crore.

- DBOCWWB projected a requirement of 20 mobile van dispensaries against 10 approved and thereafter released ₹ 4.24 crore without ensuring their availability. This resulted in loss of interest of ₹ 1.15 crore that the Board could have earned by investing the unspent amount of ₹ 2.07 crore.

Public Works Department

- The Public Works Department (PWD) did not invest adequate efforts and time in planning and design for the projects before their actual execution resulting in inflated detailed estimates, revision of drawings and designs and increase in quantities of items/execution of extra items after award of works. There were delays in completion of works and non-levy of compensation in delayed works. PWD failed to incorporate penal clause for variation in estimation of quantities in agreements entered into with consultants and did not levy compensation on consultants for delay in supplying of drawings for the works despite contractual provisions. There were both avoidable payments on account of price variation as well as cost escalation. Incorrect adoption of base price and taking incorrect quantities, while calculating cost variation, resulted in non/short recoveries. These shortcomings have financial implications of ₹ 241.20 crore.

- Failure of Public Works Department to challenge an arbitral award within the stipulated time resulted in rejection of the application and an opportunity lost to defend its case to avoid payment of ₹ 14.92 crore.

Department of Training and Technical Education

An audit review of activities of four Institutes/Universities to develop and modernize infrastructural facilities in technical institutes brought out that while the institutes were suffering from shortage of infrastructural facilities *viz.* class rooms, hostels, and laboratories, projects intended to cater to the increased requirement could not be progressed in a timely manner leading to both denial of benefits to the students as well as cost escalations. The project of World Class Skill Centre was lagging behind the schedule while Delhi Technological University failed to commence construction of much needed infrastructural facilities and implement the Technical Education Quality Improvement Programme. Inordinate delay in execution of project of installation of lifts in Netaji Subhash Institute of Technology and construction of PG Block of Delhi Institute of Pharmaceutical Sciences and Research resulted in cost overrun of₹ 22.29 crore.

Department of Urban Development

- Inclusion of a price variation clause in a lump sum contract without specific approval of the competent authority resulted in avoidable payment of ₹ 10.22 crore by the Delhi Jal Board.

- Failure of Delhi Jal Board to have any Agreement with Delhi Development Authority before supply of treated effluent water (TEW) to its Golf Course at Bhalswa resulted in non- recovery of ₹ 3.95 crore as cost of TEW supplied for the period from April 2004 to March 2016.

- Due to lackadaisical approach of the Department in taking concrete decisions, a land measuring 3.78 acre where ₹ 2.86 crore had been invested remained idle for 15-16 years depriving the residents of trans-Yamuna area of the intended facilities.

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3. Audit Report No. 5 of the year 2016 on Revenue and Social and Economic Sectors (PSUs)

This Report comprises contains audit findings relating to the Revenue sector and to the Socialand Economic Sectors (PSUs).The total money value of this Report is ₹ 1,080.32 crore.

Revenue Sector

The total revenue receipts of the Government for the year 2015-16 was₹ 34,998.85 crore as compared to ₹ 29,584.59 crore in the year 2014-15. Out of this, 88 *per cent* was raised through tax revenue (₹ 30,225.16 crore) and non-tax revenue (₹ 515.40 crore). The balance 12 *per cent* was received from the Government of India as grants-in-aid (₹ 4,258.29 crore). The increase in tax revenue was 13.61 *per cent* and decrease in non-tax revenue was 18.52 *per cent* over the previous year.

Test check of the records of 80 units of the Department of Trade and Taxes, State Excise, Transport and Revenue conducted during the year 2015-16 revealed under assessment/short levy/loss of revenue and other irregularities involving ₹ 164.17 crore in 459 cases. During the course of the year, the concerned Departments accepted under assessment and other deficiencies of ₹ 7.02 crore.

The Audit Report contains four illustrative paragraphs involving ₹ 122.97 crore relating to under-assessment, short payment/loss of revenue, interest and penalty as summarized below.

System for collection of arrears of revenue

A review of the efforts of the Departments of Trade and Taxes and Excise, Entertainment and Luxury Tax in collection of government revenues as arrears of land revenue as provided for under the respective Acts brought out ineffective monitoring and poor maintenance of details of defaulters that undermined the ability of the department to pursue the arrears and effect recovery. There was an evident lack of seriousness in timely enforcement of the provisions relating to recovery of government dues that resulted in an increase of arrears by 31 *per cent* from ₹ 15,249.16 crore at the start of 2012-13 to ₹ 20,039.34 crore at the end of 2014-15 in the Department of Trade and Taxes. The recovery process in Department of Trade and Taxes and Department of Excise, Entertainment and Luxury Tax was not initiated in pending demand cases implying inherent system deficiencies and weak internal checks. Improper reflection of payments and system designing flaws resulted in non-recovery of demands. Refund of ₹ 80.53 lakh was allowed in Value Added Tax though the registration of the dealers was cancelled. The Demand and Collection Register was not properly maintained in Department of Excise, Entertainment and Luxury Tax to watch the payment and arrears of revenue.

Department of Trade and Taxes

- Irregular allowance of concessional rate of tax on Forms 'C' by two assessees resulted in short levy of tax of ₹ 0.58 crore. In addition, interest of ₹ 0.39 crore and penalty of ₹ 0.57 crore were also leviable.

- The Department failed to recover demand of ₹ 2.84 crore from the dealers whose registration had been cancelled. It also resulted in loss of interest of ₹ 0.38 crore.

Department of Revenue

- Incorrect categorization of localities by Sub-Registrars resulted in short levy of stamp duty and registration fee of ₹ 36.44 lakh.

Public Sector Undertakings (PSUs)

As on 31 March 2016, there were 17 PSUs which included 15 Government companies and two statutory corporations. The investment in these 17 PSUs as on 31 March 2016 was ₹ 27,289.04 crore. This total investment consisted of 35.24 *per cent* towards capital and 64.76 *per cent* in long-term loans. The total investment decreased by 2.37 *per cent* from ₹ 27,951.87 crore in 2011-12 to ₹ 27,289.04 crore in 2015-16. The Government contributed ₹ 1,904.41 crore towards Equity, Loans and Grants/ Subsidies to State PSUs during 2015-16.

Out of 17 PSUs, 12 PSUs earned profit of ₹ 1,177.81 crore and four PSUs incurred loss of ₹ 2,917.77 crore. One PSU prepared its accounts on a 'no profit no loss' basis.

The number of accounts in arrears increased from 16 (2011-12) to 27 (2015-16). One PSU, namely the Delhi SC/ST/OBC/Minorities & Handicapped Financial and Development Corporation Limited had an arrear of accounts of 12 years while the arrear in other PSUs ranged from one to three years as on 30 September 2016. Delay in finalization of accounts may result in risk of fraud and leakage of public monies apart from violation of the relevant statutes.

The Audit Report contains one performance audit and six paragraphs involving₹ 957.35 crore.

Performance Audit

Working of Power Generation Companies of Delhi

A performance audit of the working of the two power generation companies, Indraprastha Power Generation Company Limited (IPGCL) and Pragati Power Corporation Limited (PPCL),covering the period 2011-12 to 2015-16 brought out deficiencies in capacity addition programmes, excess consumption of fuel, non-achievement of generation targets and plant load factor norms due to less scheduling of power, unplanned major shutdowns, and delays in repair and maintenance. Some of the significant findings are as under:

- Outstanding dues of ₹ 4,911.07 crore recoverable from DISCOMs adversely affected the cash flow of IPGCL and PPCL and the companies had to resort to heavy short term borrowings.

- Out of planned commissioning of six power plants of 3,340 MW by the end of 12th Five Year Plan, only 1,500 MW PPS-III, Bawana has been commissioned while other projects were held up due to non-availability of either gas or land. Inability to effectively monitor execution of project of Block I and Block II and delayed commissioning of the projects which resulted in PPCL not being able to recover ₹ 474.32 crore in tariff and avail of additional return of ₹ 163.32 crore on equity.

- Operational performance of the power plants was sub-optimal. Gross Station Heat Rate of the plants was higher than the norms resulting in excess consumption of fuel of ₹ 125.92 crore. Rajghat Power House, Gas Turbine Power Station and PPS-III could not achieve targeted plant availability resulting in under recovery of capacity charges of ₹ 616.87 crore. Further, auxiliary energy consumption of these power plants was higher than the norms leading to excess consumption of 154.75 MUs valued at ₹ 48.04 crore.

- Undertaking major overhauling of Unit-2 of RajghatPower House without incorporating any action plan to comply with norms of Delhi Pollution Control Committee resulted in the plant lying idle and unfruitful expenditure of ₹ 15.09 crore expended on the major overhauling.

Compliance Audit

Department of Finance

- The Delhi Financial Corporation not only failed to fulfil the objectives of promotion and development of small scale industries but it also could not take timely decision to diversify its activities to overcome the shrinking business. The business of the Corporation declined due to its inability to secure potential business of ₹ 14.69 crore. The Corporation could not rent out its excess space at the Corporate Office to earn additional revenue of ₹ 0.81 crore.

Department of Power

- Delay in disposal of scrap resulted in blocking of ₹ 5.45 crore and loss of interest of ₹ 1.71 crore in Delhi Transco Limited.

- Non-synchronization of activities of purchase of transformers and commissioning of associated bays resulted in blocking of funds of ₹ 13.15 crore and associated loss of interest of ₹ 4.55 crore in Delhi Transco Limited.

- Avoidable payments to Pension Trust on account of TDS instead of claiming it from DISCOMs resulted in blocking of funds of ₹ 29.97 crore and consequent loss of interest of ₹ 2.52 crore.

Department of Tourism

- Delhi Tourism and Transport Development Corporation Limited did not enforce terms of agreement relating to payment of parking charges of ₹ 1.93 crore by private operator though it granted concession of extension of moratorium for payment of revenue share foregoing income of ₹ 1.20 crore.

Department of Transport

- Delhi Transport Infrastructure Development Corporation Limited failed to recover Concession Fee as per an agreement resulting in short recovery of ₹ 1.49 crore. It also failed to charge interest of ₹ 1.49 crore on delayed payment of Concession Fee.

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4. Audit Report No. 4 of the year 2016 on State Finances

The Audit Report on State Finances provides an analytical review of the annual accounts of the Government of NCT Delhi (GNCTD) for the year ending March 2016.

The Report is structured in three chapters. Chapter-1 is based on audit of Finance Accounts and provides a broad perspective of the finances of GNCTD for the year ending March 2016. It also analyses critical changes in the major fiscal aggregates relating to the previous years keeping in view the overall trends during the last five years. Chapter-2 is based on audit of Appropriation Accounts and gives the grant wise description of appropriations and the manner in which allocated resources were managed by the service delivery departments. Chapter-3 is an overview and status of the GNCTD compliance with various financial rules, procedures and directives

Finances of the Government of National Capital Territory of Delhi

- Revenue receipts increased by ₹ 5,414.26 crore (18.30 *per cent*) over the previous year. The tax revenue had increased by ₹ 3,621.26 crore (13.61 *per cent*) while non-tax revenue decreased by ₹ 117.14 crore (18.52 *per cent*) and grants from Government of India increased by ₹ 1,910.15 crore (81.35 *per cent*) over the previous year. The share of State's own tax revenue to total revenue receipts was 86.36 *per cent* in 2015-16.

- The revenue expenditure during the current year at ₹ 26,342.55 crore has increased by ₹ 2,833.06 crore (12.05 *per cent*) over the previous year. The revenue expenditure constituted 84.80 *per cent* of total expenditure (excluding loans and advances) during 2015-16.

- Capital expenditureincreased by ₹ 319.53 croreover the previous year. The capital expenditure constituted only 15.20 *per cent* of total expenditure (excluding loans and advances) during 2015-16.

- As of 31 March 2016, the Government invested ₹ 18,492.15 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives. The return on these investments was 0.07 *per cent* while the Government paid interest at an average rate of 8.54 *per cent* on its borrowings during 2015-16.

- Overall fiscal liabilities of GNCTD increased from ₹ 29,608.29 crore in 2011-12 to ₹ 33,303.87 crore in 2015-16 (12.48 *per cent*). The fiscal liabilities stood at 0.95 times of the revenue receipts and 1.08 times of the State's own resources as at the end of 2015-16.

- The fiscal position viewed in terms of key fiscal parameters show that the revenue surplus increased by ₹ 2,581.20 crore during the year 2015-16 over the previous year. The fiscal surplus of ₹ 218.83 crore in 2014-15 has increased to ₹ 1,331.92 crore in 2015-16. The primary surplus of ₹ 2,992.83 crore in 2014-15 has increased to ₹ 4,141.73 crore in 2015-16.

Financial management and budgetary control

- During 2015-16, expenditure of ₹ 35,434.86 crore was incurred against total grants and appropriation of ₹ 42,809.39 crore resulting in a saving of ₹ 7,374.53 crore. The overall saving of ₹ 7,374.53 crore was a result of saving of ₹ 4,496.92 crore in 13 grants and one appropriation under Revenue Section and ₹ 2,877.61 crore under Capital Section.

- Excess expenditure of ₹ 2.22 crore in two grants for the year 2015-16 required regularisation under Article 205 of the Constitution in addition to excess expenditure of ₹ 83.50 crore in grants relating to 2006-07 to 2014-15.

- Appropriation accounts for the year 2015-16 showed that savings exceeding ₹ 10 crore occurred in 30 cases relating to seven grants totalling ₹ 1,504.36 crore.

- Supplementary grant amounting to ₹ 278.39 crore in a sub-head was obtained in anticipation of higher/additional expenditure. However, the final expenditure was less than the original grant.

- Out of the savings of ₹ 5,176.08 crore under 10 grants (savings of ₹ one crore and above in each grant/appropriation), an amount of ₹ 2,222.26 crore (42.93 *per cent* of amount of savings) was not surrendered.

- There were persistent savings of more than ₹ one crore in 13 cases/sub-heads during the period 2013-14 to 2015-16 under the Grant No. 6-Education. Out of the savings of ₹ 2,684.57 crore during period 2013-14 to 2015-16, an amount of ₹ 924.20 crore (34.43 *per cent* of savings) was not surrendered as of March 2016. Entire provision in 36 sub-head under this grant remained unutilized by the departments.

Financial reporting

- There were delays in obtaining utilization certificates (UCs) from various grantee institutions for the grants released to them. Out of a total of 4,287 grants amounting to ₹ 24,242.35 crore given till March 2015, a total of 3,821 UCs amounting to ₹ 18,908.72 crore were awaited from various departments at the end of March 2016.

- Out of 3,821 UCs due, 2,571 UCs (67.29 *per cent*) involving ₹ 14,230.71 crore were outstanding for the period ranging from two to ten years, while 1,250 UCs (32.71 *per cent*) involving ₹ 4,678.01 crore were outstanding for more than 10 years.

- Ten annual accounts due upto the year 2014-15 of five bodies/authorities were not submitted to audit as of 31 March 2016.