

Chapter II
Compliance Audit

Chapter-II COMPLIANCE AUDIT

Department of Urban Development

2.1 Re-development of Rajiv Gandhi Chowk

The re-development of Rajiv Gandhi Chowk was undertaken to restore its architectural and heritage character while easing traffic and pedestrian movement to improve the overall ambience of this premier commercial center of the national Capital. This was not achieved. Lack of realistic planning coupled with poor execution and monitoring of implementation of works led to non-achievement of the project objectives of upgradation of public conveniences and improvement in civic services. The scope of the project as originally envisaged was drastically reduced from ₹ 615.20 crore to ₹ 477.02 crore. Expenditure amounting to ₹ 18.05 crore on utility corridors, surface development, water supply and flooring of corridors was either unfruitful or avoidable. The efficacy of augmentation of fire-fighting capabilities done at a cost of ₹ 4.97 crore could not be assured in audit.

Connaught Place (CP), originally designed in 1929 as a shopping-cum-residential complex has three circles – outer, middle and inner. The buildings, all private, are aligned along these circles. Connaught Place was renamed as Rajiv Gandhi Chowk in the year 1995. Over the years, the ageing process as well as adhoc 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.

A meeting was held in February 2005 under the Chairpersonship of the Secretary, Ministry of Urban Development (MoUD), Government of India (GoI), that was attended by Chairperson, New Delhi Municipal Council (NDMC) and officers from other agencies viz. Delhi Urban Art Commission (DUAC), Delhi Development Authority (DDA), Central Public Works Department (CPWD), and Delhi Traffic Police, where the Engineer-in-Chief, NDMC made a presentation highlighting the status of the area and its problems. Based on the discussions, NDMC submitted a Status Note to the Secretary MoUD, GoI on 30 May 2005 recommending preparation

of a comprehensive Redevelopment Plan for CP including the augmentation/ upgradation of engineering services. The New Delhi Municipal Council (the Council) in February 2006 approved this recommendation and resolved that the final proposal shall be brought before it for administrative approval and expenditure sanction.

New Delhi Municipal Council entered into an agreement with Engineers India Limited (EIL) on 03 May 2006 for consultancy services for re-development of Connaught Place and its precincts. EIL submitted a Detailed Project Report (DPR) for re-development of Connaught Place comprising of sub plans with cost estimates, for:

- a. Restoration of architectural/heritage character of CP and examining the structural stability of its buildings;
- b. Construction of new subways, re-modeling of existing subways and re-designing of roads to make the outer circle signal free to enable free flow of traffic and safe movement of pedestrians;
- c. Enhancing the parking capacity of CP by construction of new underground parking facilities and development of surface level parking;
- d. Upgradation of public conveniences, environmental improvement, landscaping and streetscaping; and
- e. Engineering improvement of civic services *viz.* water and electricity supply, drainage and sewer system.

The Council approved the Project Report (November 2007) and decided to fund the project under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM). The Council also approved (28 April 2008) entering into a turnkey consultancy agreement with EIL for the project (signed on 21 May 2008) where under EIL would be responsible for conceptualization, planning, design, engineering and execution of the project including award of works to contractors and subsequent inspection, testing and handover of the project to NDMC in a fully operational state. This agreement superceded the earlier agreement of May 2006. The consultancy fee was 8 *per cent* of the executed cost of the project (*plus* service tax) or ₹ 48 crore (*plus* service tax) whichever is less and was applicable upto December 2010. In the event of any delay in completion of project which was not attributable to EIL, additional fee beyond December 2010 was to be settled based on mutually agreed terms. The Council also accorded administrative approval and expenditure sanction of ₹ 615.20 crore for the implementation of the DPR.

Meanwhile, a DPR for ₹ 448.03 crore prepared for those works which were to be funded under JNNURM was sent to Government of India (GoI) on 15 April 2008 against which GoI sanctioned ₹ 88.82 crore as its share and

released the first instalment of ₹ 22.21 crore in February 2009. The Government of NCT of Delhi also released ₹ 38.06 crore as its share in the project to NDMC under JNNURM. Remaining expenditure on the project was met by NDMC from its own resources.

As per the turnkey consultancy agreement entered into with EIL in May 2008, the project was to be completed by November 2010. The final responsibility for implementation of the Project rested with the Engineering Department of NDMC under the supervision of its Engineer-in-Chief. A Project Co-ordination Committee (PCC) comprising of officers from NDMC was formed on 14 May 2008 to monitor the progress of the project and to give decisions as may be necessary during implementation. Subsequently, EIL with the approval of PCC, awarded 15 contracts to different contractors between April 2009 and July 2012 with a total contractual cost of ₹ 462.12 crore with stipulated dates of completion falling between 05 April 2010 and 10 November 2013. The contracts were actually executed between April 2010 and December 2014.

Since some major items¹ included in the DPR were not ultimately implemented by EIL, the Council reduced the scope of the project and revised the expenditure sanction from ₹ 615.20 crore to ₹ 477.02 crore in June 2012. As of March 2016, NDMC had transferred ₹ 423.77 crore to the 'EIL-CP Project Account'. EIL had paid ₹ 387.05 crore to the contractors as of April 2016. Though EIL had withdrawn its work force from the site in December 2014, the project was yet to be formally declared complete and the accounts were yet to be closed (April 2016).

The first audit appraisal of the project appeared in Audit Report of the Comptroller and Auditor General of India (No. 6 of 2011-12) on XIX Common Wealth Games, 2010, relating to the Union Government (Civil), highlighting undue delay in completion of the project, change in scope of work, improper project planning and contract management. These findings were re-produced along with other audit observations on extra expenditure in the Report of the Comptroller and Auditor General of India for the year ended March 2011, relating to GNCTD. The Action Taken Notes on these Reports have not been submitted by GNCTD as of January 2016. The present audit appraisal of the project was conducted to assess the achievement of the project objectives and level of compliance with the extant rules and the principles of financial propriety.

2.1.1 Planning and preparation

Proper planning and preparation is a pre-requisite for effective and timely implementation. This is all the more imperative in a project that involves

¹ DMRC vomitories (₹ 5.60 crore), Horticulture (₹ 2.24 crore), CCTV/PA system in underground parking (₹ 6.72 crore), Underground parking (₹ 111.99 crore), Retrofitting (₹ 5.60 crore).

multiple stakeholders/agencies and execution in a busy commercial center in an urban area. Effective planning entails realistic conceptualisation and assessment of all factors that are relevant to execution of the project including identification and availability of site, allotment of resources to ensure optimal utilisation, timely execution of contracts and mechanisms for effective monitoring to ensure quality and timeliness of works done. Deficiencies in realistic conceptualization and planning would be reflected in the extent of achievement of the stated objectives.

Audit observed that the achievements of the project were not commensurate with some of the established objectives as originally envisioned as reflected in **Table 2.1.1** below:

Table 2.1.1: Short Achievement of Project Objectives

Sl. No.	Primary objective	Item of work to be executed	Work Executed/ Not Executed	Status of Work
1.	Conservation of heritage character and structural stability of buildings.	Restoration of façade of buildings in outer, middle and inner middle circles.	Restoration of façade was done only in outer and inner circles at an expenditure of ₹ 40.02 crore Middle circle was not covered.	In August 2010, PCC asked EIL to forward a plan for middle circle to be taken up after CWG 2010. PCC raised the issue in its meeting in November 2010 and March 2011. However, there was no further progress.
2.	Flooring of façade corridors.	Providing symmetrical flooring of sand stone in façade corridors matching with the original architecture of CP, as suggested by DUAC.	EIL included this work in three contracts, but it was not executed.	No reasons were produced to audit for non-execution of this item of work.
3.	Assessment of structural stability of buildings	EIL was required to appoint a specialized agency to study structural stability of buildings and forward recommendations/ suggestions to NDMC. Owners were to take remedial measures directly.	Desired structural stability study report was not obtained by NDMC from EIL and owners were not made aware of stability status of their buildings.	No reasons were produced to audit for non-execution of this item of work.

4.	Free flow of vehicular traffic and safety of pedestrians.	Construction of 8 subways and remodeling of existing 5 subways adding extra mouths all along outer circle, to provide uninterrupted signal free flow of traffic on outer circle and safe passage to pedestrians.	EIL awarded the work in November 2009 at a cost of ₹ 56.05 crore. Only two subways were completed and three existing ones were remodeled at a cost of ₹ 22.31 crore. Two other new subways, though taken up, were abandoned midway after incurring an expenditure of ₹ 3.21 crore.	Reasons not on record. PCC never pursued the matter with EIL for remaining subways. Expenditure of ₹ 3.21 crore on the abandoned subways was rendered unfruitful.
5.	Improvement in riding quality and longevity of roads.	Reconstruction of outer, inner and radial roads by cement concrete and middle circle road by granite cobbles at a cost of ₹ 12.56 crore.	Outer circle, inner circle and radial roads were resurfaced with bituminous concrete as extra item or deviation in the quantity through other ongoing contract. Middle circle was reconstructed with cement concrete.	Under the terms of the turnkey agreement, all statutory clearances to be obtained by EIL and any assistance required from government bodies was to be provided by NDMC. Hence, it was the responsibility of both EIL and NDMC to obtain the requisite clearances. The work was held up due to delay in tree cutting permission from Forest department. Due to the delay in seeking requisite clearance and release of work orders and the ensuing cycling event of CWG 2010, NDMC was left with no option but to construct the bituminous road.
6.	Providing escalators in subways to facilitate pedestrian movement and encourage people to use subways.	Installation of 64 escalators in new and existing subways at a cost of ₹ 80 crore. All subways were to be roofed.	EIL awarded the work for 58 escalators at a cost of ₹ 29.24 crore without the provision of roofed enclosures. Only 22 escalators were provided at a cost of ₹ 11.17 crore but no roof was provided to any of them. Fourteen of them were dysfunctional (18 March 2015) as expensive components were stolen.	36 escalators were not constructed. Further, of the 22 constructed, 14 were dysfunctional. Hence, only eight out of the originally envisaged 58 escalators were actually functional and the objective of facilitating pedestrian movement was not achieved.

7.	Augmentation of parking facilities.	Construction of two level underground parking of a capacity of 2200 Equivalent Car Space (ECSs) below the inner circle at a cost of ₹ 112 crore.	No such works were taken up for execution. NDMC deleted the parking facility from the scope of the work on 25 June 2012.	PCC asked (December 2008), EIL to give a presentation for automatic underground parking in inner circle. When EIL was asked to submit feasibility of new parking, EIL submitted on 04 March 2010 a concept of semi-automated parking. In December 2011, PCC deferred the parking project for next phase. As such there was no construction of underground parking facility in CP that would have eased congestion.
8.	Rain water harvesting system.	Rain water harvesting system in CP at a cost of ₹ 60.82 lakh to use surface run-off water from roofs, central park and pedestrian plaza for recharging of ground water purpose.	The proposed system was not constructed.	EIL attributed (May 2015) the reasons to space constraints which was indicative of deficient planning and conceptualisation.

As evident from above, none of the primary objectives of restoring the heritage character of Connaught Place, ascertaining the structural stability of the building and of easing traffic and pedestrian movement was achieved. This was attributable to lack of realistic planning as reflected in the drastic curtailment of the scope of work of the original DPR from ₹ 615.20 crore to ₹ 477.02 crore as well as delay in execution of works.

Audit also noted the following:

(i) EIL constructed an underground feeder corridor of 200 m length behind Madras Hotel in P-Block at a cost of ₹ 2.83 crore as part of a service corridor network to place power cables, water mains and other utilities. However, this feeder corridor was not connected to the main tunnel or to any other service tunnel and was lying idle. EIL stated (May 2015) that feeder corridor could not be completed as NDMC could not resolve issues of encroachment and *tehbazari* on construction site. Failure of NDMC to provide hindrance free site to EIL resulted in unfruitful expenditure of ₹ 2.83 crore.

(ii) As per the approved plan, an underground service trench was to be constructed all along the outer circle to place electric cables and other utilities. It was noticed that out of 2,317 meters only 1,000 meter of trench was constructed at a cost of ₹ 1.40 crore, as NDMC did not provide work site to

EIL. The incomplete trench was lying idle rendering the entire expenditure of ₹ 1.40 crore unfruitful.

Under the turnkey agreement, it was the obligation of NDMC to remove hindrances and provide land free from encumbrances to EIL for execution of work. Thus, failure of NDMC to provide hindrance free site to EIL coupled with taking up of work before ensuring encumbrance free site resulted in unfruitful expenditure of ₹ 4.23 crore.

2.1.2 Surface development plan

The Surface Development Plan, as approved by the Council, included environmental improvement, enhancement in landscaping, up-gradation of public conveniences and adequate lighting arrangements. EIL awarded the work on 11 March 2010 to a contractor with stipulated date of completion as 10 October 2010. The work was actually completed on 15 March 2013. Details of items included in the contracts and actually executed are given in **Table 2.1.2** below:

Table 2.1.2: Non/short execution of contract items of public utility

Sl. No.	Item of work	Nos. to be constructed/Installed	Nos. actually constructed/Installed	Shortfall (%)
1.	New toilets	34	11	63
2.	Kiosks	36	Nil	100
3.	Street lights	267	116	57
4.	High mast lights	10	Nil	100
5.	Litter bins	214	60	72
6.	Garden lights	1449	154	89
7.	Street furniture	300	Nil	100
8.	Drinking water fountains	Nos. not specified	Nil	100
9.	Playground equipment	-do-	Nil	100
10.	Development of gardens on terrace of Palika Bazar and Palika Parking along with two foot over-bridges to connect both	02	Not constructed	100
11.	A viewing platform of 15 m height to provide a spectacular view of CP	01	Not constructed	100

In terms of numbers, the percentage of shortfall ranged from *57 per cent* to *100 per cent*. The reasons for short execution of contract items were neither on record nor pursued by the PCC with EIL. Non/short execution of contract items of public utility deprived the general public of improved civic facilities and upgraded environment of CP as conceptualized in the approved DPR.

Audit also noted the following:

- (i) EIL incurred an expenditure of ₹ 1.27 crore on construction of plant beds along the inner circle, inner side of outer circle and radial roads and for providing good earth and manure in these plant beds. It was, however, noticed that no plant bed was existing at the inner side of the outer circle. NDMC informed (April 2015) that since the plant beds at inner side of the outer circle were creating problems for commuters and vehicles were being parked on these plant beds, the space was subsequently covered by stone slabs. Thus, construction of plant beds at an unsuitable location resulted in wasteful expenditure of ₹ 60 lakh out of ₹ 1.27 crore incurred on construction of plant beds at the inner side of the outer circle.
- (ii) Similarly, an expenditure of ₹ 64.73 lakh was incurred on providing grass, grass grid and other line items inside the inner circle. Subsequently, EIL dismantled these items due to objection raised by New Delhi Traders Association (NDTA) rendering the expenditure infructuous.
- (iii) EIL provided 581 bollard lights valuing ₹ 31 lakh in CP. As some of the lights were stolen, EIL removed the remaining lights and handed them over to NDMC where they were kept in storage. Thus, providing these lights without ensuring their suitability for the location resulted in wasteful expenditure of ₹ 31 lakh.
- (iv) DUAC had approved use of sand stone in place of proposed granite flooring in the corridors of the façade. However, EIL used granite stone slabs. This resulted in extra expenditure of ₹ 2.69 crore as granite stone is costlier than sand stone. No reasons were found on record for use of granite in place of sandstone.
- (v) At a meeting held with the Secretary, NDMC, on 16 December 2011, it was decided that work for facade lighting should be executed in such a way as to avoid maintenance problem in future. EIL awarded two contracts for facade lighting work at a cost of ₹ 3.29 crore. During a joint survey with the officers from NDMC and EIL, it was found that LED lights in the floor and LED strips at upper *Jalies* were either not in place or broken in most of the blocks, electrical wirings were not in place and the system had become defunct. EIL stated (May 2015) that complete façade lightings in inner circle were handed over (February 2014) to NDMC, which did not maintain them.
- (vi) The contract for the work of surface development had two items for providing granite kerbs of *sindoori* red color or equivalent at the rate of ₹ 43,000 and ₹ 54,000 per cubic meter respectively. Audit scrutiny showed that EIL considered these items as extra items and made a payment of ₹ 1.99 crore at the rate of ₹ 68,981 per cubic meter. The cost of this item as per contracted rate works out to ₹ 1.30 crore, resulting in additional expenditure of ₹ 69 lakh. EIL stated (May 2015) that *rajshree* red granite stone was provided in place of *sindoori* red stone as directed

by NDMC. However, EIL did not produce documentary evidence in support of its contention and also did not mention the reason for the change in the specifications after award of the contract.

Thus, deficiencies in planning and implementation resulted in unfruitful expenditure of ₹ 4.84 crore as well as extra expenditure of another ₹ 3.38 crore.

2.1.3 Water supply system

Audit noted the following:

- (i) In order to address the issue of intermittent water supply in CP, the Council approved construction of a new underground water tank of 2,700 KL capacity and laying of a new water supply network to ensure 24x7 water supply. The proposed water tank was also to be used for water treatment and to supply water to Palika Bazar and Palika Parking. Audit scrutiny of records revealed that EIL incurred expenditure of ₹ 3.16 crore on laying a new water supply network. However, the proposed underground water tank could not be constructed because the land identified earlier for the underground water tank was not found feasible and NDMC failed to arrange any alternate land space for the same. The new network thus only connects to the existing underground old water tank and the objective for 24x7 water supply in CP, Palika Bazar and Palika parking remained unachieved.
- (ii) The Council approved an expenditure of ₹ 1.28 crore for an irrigation system in CP for maintenance of green spaces. Audit scrutiny revealed that EIL incurred ₹ 2.44 crore on two contracts during November 2009 to December 2012, for providing an irrigation system comprising of underground distribution lines and garden hydrants. However, this newly constructed irrigation system was not connected to any source of water and was lying idle. EIL informed (May 2015) that decision regarding location of water tank and source of water was not finalised by NDMC. Thus, laying the new irrigation system without ensuring availability of source of water resulted in unfruitful expenditure of ₹ 2.44 crore.

Audit observed that it was the responsibility of NDMC under the consultancy agreement to provide the requisite land for the works. Further, general principles of execution of works, as also stipulated in CPWD Works Manual adopted by NDMC require that encumbrance free site should be ensured before commencement of work. Failure of NDMC and EIL to ensure availability of site for all elements of water supply network before commencement of work resulted in unfruitful expenditure of ₹ 5.60 crore.

2.1.4 Firefighting system

The Council approved an expenditure of ₹ 9.50 crore for the firefighting system. As against this, EIL incurred an expenditure of ₹ 4.97 crore on a new

system including underground water tank and fire equipment. Audit scrutiny revealed the following:

- (i) 129 hydrant boxes were installed near fire hydrants across CP, all of these were damaged and rendered unserviceable as their doors were stolen. As a result, essential firefighting equipment to be placed in each hydrant box for use in case of fire emergencies (*viz.* six 15 m hose pipes and fire axe and other equipment) were not placed in these boxes, though such items were supplied by the contractor.



Empty and damaged Fire Hydrant Box

- (ii) Fire hydrants were to be provided with flow switches along with control wiring from these flow switches to the central control room for ascertaining the exact location of a fire. However, neither the control room was setup nor the flow switch, control wiring and indicating panel provided.
- (iii) A single head type hydrant valve to operate fire hydrants in case of fire emergencies was to be provided in each hydrant box. These valves were provided in chambers in the ground covered with mechanically locked covers. No tool or mechanism to remove the cover of underground chamber housing the valve was provided in the hydrant boxes. As such, possibility of operating these valves in case of fire was problematic. Further, there were multiple chambers covered with similar types of lid for other services such as telecommunication, water, electricity, sewerage, etc. situated around each hydrant. Since the chamber having valve to be used in case of fire to make the system operational is not marked distinctly, it would be difficult to identify the lid to be removed to operate the valve.

Hence, the efficacy of the works to augment fire fighting capabilities was not established despite expenditure of ₹ 4.97 crore.

2.1.5 Construction of service tunnel in middle circle

The DPR approved by NDMC provided for an expenditure of ₹ 71.21 crore for construction of underground service tunnel (corridor) below the middle circle having a height of 23 feet and width of 22 feet to be constructed by Open Cut Technology for placing the trunk water lines, telecommunication cables, irrigation pipeline, IGL pipelines, power cables and transformers with

a view to avoiding excavation for replacement of pipes and cables in future. It also provided for an expenditure of ₹ 70.40 crore for revamping of electrical, water, drainage and sewerage system in CP. The total cost approved for doing these works was ₹ 141.61 crore.

EIL invited common tenders in June 2009 for both these works. After pre bid meeting (June 2009) and on the request of a contractor, EIL changed the 'Open Cut Technology' to the costlier 'Diaphragm Wall Technology'. A combined work was awarded at a cost of ₹ 236.70 crore in November 2009 (₹ 157.85 crore for the construction of the service tunnel and ₹ 78.85 crore for revamping of electrical, water, drainage and sewerage system).

As of May 2015, EIL had incurred ₹ 180.48 crore on construction of the service tunnel and an additional ₹ 12.47 crore on other items required to make the tunnel operational, which was not included in the cost approved by the Council. Thus, as against an allocation of ₹ 71.21 crore and contractual cost of ₹ 157.85 crore, EIL incurred ₹ 192.95 crore on service tunnel, due to change in technology and execution of unapproved items. Neither prior nor ex-post-facto approval of the Council was sought for the revised estimate and change in technology despite the huge increase in cost of 171 per cent.

Audit observed that, Clause 2.3.4 of CPWD works manual stipulates that material deviations that significantly alter the scope of work from the original sanction should not be made without the approval of the authority that accorded administrative approval to the work, even though the cost of the same may be covered by savings on other items. Further, under the consultancy agreement also, EIL was to periodically appraise NDMC regarding design, cost and program to achieve the best value for money in terms of technology, quality and operational performance. Further, at any stage during the execution of works, if it was felt that the work is not going as per the conceptual/re-development plan already approved by NDMC, the Council will have a right to intervene for corrective measures and decision will be binding on EIL. Given the higher escalation in cost involved, EIL should have referred the adoption of Diaphragm Wall technology to NDMC for acceptance before execution of the work.

2.1.6 Conclusion

The over-arching objective of the project was to restore the architectural and heritage character of CP 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 objective could not be achieved. The scope of the project as envisaged in the original DPR was drastically reduced from ₹ 615.20 crore to ₹ 477.02 crore.

Even after delay ranging upto over four years in completion of the contracted works, 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. Further, expenditure amounting to ₹ 14.67 crore was rendered unfruitful while extra expenditure of ₹ 3.38 crore was incurred in flooring of corridors and providing of kerbs. The efficacy of augmentation of fire-fighting capabilities done at a cost of ₹ 4.97 crore could not be assured in audit. The project is yet to be formally declared complete and accounts were yet to be closed (March 2016).

The matter was earlier referred to the Government and NDMC in September 2015 and again in May 2016; their replies were awaited (16 August 2016).

Directorate of Information and Publicity

2.2 Advertisement and Publicity Campaigns of the Government of National Capital Territory of Delhi

Test check of records of GNCTD brought out expenditure of ₹ 24.29 crore on advertisements and publicity campaigns that were not in conformity with the fundamental principles governing expenditure from public funds and the guidelines approved by the Hon'ble Supreme Court. Over 85 per cent of expenditure 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. Establishment of Shabdarth as a dedicated agency to handle advertisements and publicity campaigns of GNCTD did not result in any cost benefit. There was neither any prior assessment of necessary visibility or outreach nor any post campaign impact assessment. Weak expenditure controls and internal controls provided no assurance as to the comprehensiveness and accuracy of the expenditure incurred or liabilities created.

The Directorate of Information and Publicity (DIP) is responsible for informing and publicizing the programs, policies and activities of the Government of the National Capital Territory of Delhi (GNCTD) and looks after the publicity requirements of all its departments. As per guidelines for empanelment of newspapers/journals issued by DIP on 7 June 2007, all heads of departments have full powers to sanction expenditure at prescribed rates of Directorate of Advertising and Visual Publicity (DAVP) or DIP. However, they have to take administrative approval of the Hon'ble Chief Minister or authorities authorized by him and then get financial concurrence of Finance Department for incurring expenditure for advertisements at DIP's 'special rates' i.e. commercial rates. The guidelines reiterate existing instructions that all display ad-creatives in print and outdoor media and jingles or spots in radio or TV need prior approval of the Hon'ble Chief Minister before they are released. On 30 March 2015, DIP issued instructions that the designs are required to be put up to the Deputy Chief Minister through the Director Information & Publicity or the Principal Secretary (Public Relations) to the Deputy Chief Minister. In June 2015, the Delhi Government set up 'Shabdarth' as a society under the Societies Registration Act, 1860, that became the advertising agency through which all government advertisements were routed.

The Hon'ble Supreme Court, in its judgement dated 13 May 2015, approved the 'Guidelines on Content Regulation of Government Advertising' with a view to preventing arbitrary use of public funds for advertising without any attendant public interest. The apex Court enunciated five principles of content

regulation viz. (a) advertising campaigns should be related to government responsibilities, (b) advertisement material should be presented in an objective, fair and accessible manner and be designed to meet the objectives of the campaign, (c) advertisement materials should be objective and not directed at promoting political interests of ruling party, (d) advertisement campaigns should be justified and undertaken in an efficient and cost-effective manner, and (e) government advertising must comply with legal requirements and financial regulations and procedures.

In pursuance of the directions of the Hon'ble Court, the Union Ministry of Information and Broadcasting instructed all Ministries/agencies on 20 May 2015 to issue suitable directions to take note of all aspects of the judgement for compliance. DIP uploaded the Court's judgement on its website. GNCTD subsequently issued a circular on 3 August 2016 circulating the guidelines on content regulation approved by the Supreme Court for reference by all departments/autonomous bodies/corporations.

In order to ascertain whether expenditure on publicity and advertisements was being incurred economically, efficiently and effectively in accordance with general principles of financial propriety, audit test checked the records of DIP relating to advertisements released during the period from 1 April 2013 to 31 March 2016. In addition, audit selected five other departments² as well as the Delhi Jal Board (DJB) on the basis of number of advertisements released for audit scrutiny. The guidelines and principles approved by the Hon'ble Supreme Court were adopted as the benchmark for assessing and evaluating the expenditure incurred.

2.2.1 Budget and Expenditure

During the period 2013-15, DIP met the expenditure on advertisements out of the budget allotted under the head 'Other Charges' viz. ₹ 29.66 crore in 2013-14 and ₹ 20.23 crore in 2014-15. There was no allocation under the head 'Advertisement and Publicity'. For the budget of 2015-16, DIP proposed an allocation of ₹ 26.90 crore which included ₹ 20 crore for 'Other Charges' and the balance for salary and other recurring expenditure. However, DIP was allocated ₹ 500 crore under the head 'Advertisement and Publicity' and ₹ 22 crore under the head 'Other Charges' totaling ₹ 522 crore. This allocation was subsequently reduced to ₹ 100 crore in the Revised Estimates.

² Department of Education, Department of Environment, Department of Transport, Department of Health & Family Welfare and Public Works Department.

The Budget (Revised Estimates) and expenditure on advertisements during 2013-16 is in **Table 2.2.1**.

Table 2.2.1: Budget and Expenditure for Advertisement and Publicity

(₹ in crore)

Year	Budget (Revised Estimates)			Expenditure		
	DIP	Other Departments	Total	DIP	Other Departments	Total
2013-14	29.66	26.48	56.14	25.25	22.49	47.74
2014-15	20.23	21.65	41.88	11.12	16.31	27.43
2015-16	122.00	12.11	134.11	81.23	Not available	

Note: 1. Figures have been sourced from Detailed Demand for Grants under the head 'Advertisement and Publicity'. Actual figure may be higher than that shown in the table as other departments had also incurred advertisement expenditure from other heads such as Office Expenses, Projects, Schemes, Programs, etc.

2. Figures of other departments include expenditure on publication of tenders, notices, etc. also.
3. Expenditure of DIP for 2015-16 also includes expenditure on tender and other notices.
4. RE for 2015-16 under DIP includes Other Charges of ₹ 22 crore.

Scrutiny of expenditure registers revealed that apart from the expenditure of ₹ 81.23 crore by DIP, a further amount of ₹ 20.23 crore was paid by DIP in 2016-17 for advertisements released in 2015-16 bringing the total expenditure on advertisements released during 2015-16 to ₹ 101.46 crore. DIP informed audit that there was also a committed liability 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 by DIP though requested for. Thus, the actual cost of advertisements released during 2015-16 may go beyond ₹ 114.21 crore.

2.2.2 Content of publicity material

2.2.2.1 Projecting personality/party in publicity campaigns

The Guidelines on Content Regulation of Government Advertising stipulate that advertisement material should be objective and not directed at promoting political interests of the ruling party. It further stipulates that government advertising shall maintain political neutrality and avoid glorification of political personalities and projecting a positive impression of the party in power or a negative impression of parties critical of the government. It adds that advertisement material must not mention the party in government by name or include party political symbol, logo or flag.

Test check of advertisements and television clips (**Annexure**) brought out the following:

- (i) DIP approved in June 2015 the telecast of a TV clip of 120 seconds duration in 14 news channels for a period of seven days from 16 June 2015 at a cost of ₹ 1.74 crore. In the same month, DIP approved another TV clip to inform the general public about increase in the Education Budget, the Education Loan Guarantee Scheme for students in Delhi and the concern of the government for education. This TV clip of 90 seconds was approved to be telecast on 18 news channels from 9 July 2015 for a period of seven days with 60 spots a day. The period of telecast of this TV clip was extended for 10 more days i.e. up to 25 July 2015 and two more news channels were added to the previously approved 18 channels. The total expenditure incurred on telecast of this TV clip was ₹ 5.38 crore. Both these TV clips referred to the “Delhi Government” as “*Kejriwal Sarkar*” and refers specifically to “Kejriwal” at a number of places attributing achievements of the Government to his personal endeavors.
- (ii) During August and September 2015, DIP launched a media campaign through 13 creatives displayed at sites like bus queue shelters, public utilities/garbage dumps, unipoles, bill boards, railway bridges, inside metro trains, media screens and rent free sites. Audit observed that all the creatives included the caption line “*Kejriwal Sarkar ke 6 mahine*” (six months of Kejriwal government). The records relating to payments made to only three out of the 23 agencies were made available to audit. An amount of ₹ 95.51 lakh was sanctioned to these three agencies. The total expenditure incurred on this campaign could not be worked out as records of payments made/due to the remaining 20 agencies were not made available to audit.
- (iii) Government approved (12 February 2016) publishing of advertorials (two full pages each on 14, 15, 16 and 17 February 2016) in 26 national newspapers and 37 regional newspapers in 14 States. Nine TV clips were also approved for telecast on 89 TV channels including regional language channels of other States as well as seven radio jingles for broadcast on seven FM channels. The TV clips were telecast for seven days between 15 February and 1 March 2016 and radio jingles were broadcast between 13 and 19 February 2016. The total expenditure incurred on the campaign was ₹ 33.40 crore. Test check of expenditure of ₹ 15.50 crore brought out the following:
 - (a) In the advertorial published in ‘Dainik Jagran’ in different editions from 30 cities on 14 February 2016, the text of the article read ‘*Aam Admi Party Sarkar ne shiksha ke budget ko doguna kar racha itihaas*’ (Aam Admi Party Government made history by doubling the budget for education);

- (b) In the advertorials published in 'Hindustan Times' on 14 to 17 February 2016, Delhi Government was almost invariably referred to as 'AAP Government' or simply 'AAP';
 - (c) 'Daily Excelsior' of 29 February and 1 March 2016, a newspaper published from Jammu, carried the heading of the page, as - '*First year success of AAP Government*';
 - (d) Similarly, the advertorial released in February 2016 contained critical comments on the Central Government and other State Governments. The advertorial alleged that Central Government misused government machinery and an agency to suppress financial irregularities committed by them while the same agency was used to implicate Delhi Government and the office of the Chief Minister;
 - (e) One TV clip shows a person in a group of people waving a broom which is the political symbol of a political party while the display on the screen in Hindi says "*Yeh hai AAP ki Sarkar, Pehla Saal Bemissal.*" The caption (slogan) is written in Hindi except the word "AAP" which is in English. It also shows a procession with a banner displaying "*Aam Admi Party*". The term "AAP" evidently signifies the political party;
 - (f) In another TV clip, improvement in the education in Government schools was claimed to have been brought about by "*Kejriwal Sarkar*;"
 - (g) In two other TV clips, Delhi Government was referred to as "*Kejriwal Sarkar*;"
 - (h) Another TV clip refers to specific achievements of "Aam Admi Sarkar" and reference is made to hurdles faced by the government and seeks to project the Central Government and Delhi Police in a negative light; and
 - (i) Similarly, radio jingles relating to educational facilities, compensation to farmers for crop damage, odd-even scheme, medicines and tests in government hospitals and reduction in electricity and water bills refer to "*Kejriwal Sarkar*"
- (iv) Further, as part of an advertisement campaign on "Safety of Women," a TV clip of 105 seconds duration was telecast for seven days from 21 to 27 July 2015 at a cost of ₹ 71.65 lakh which attempts to project the Central Government and the Delhi Police in a negative light as responsible for "deteriorating law and order situation in Delhi."

The expenditure incurred on the above advertisements and publicity campaigns that were not in conformity with the guidelines as brought out during the test check was ₹ 24.29 crore.

The Directorate stated (July 2016) that the audit observation was subjective and that ‘Kejriwal Government’ was simply a nomenclature used by the public and the media to refer to the Delhi Government which was used for effective communication. It added that the expression ‘AAP Government’ refers to the ‘Delhi Government’ and is only about the achievements of the Delhi Government. Regarding the negative comments, the Directorate cited various observations/remarks of Courts/media relating to crime against women and role of Delhi Police to assert that the law and order situation in Delhi had worsened. Insofar as mention of the Central Government was concerned, the Directorate stated that it was a political issue between two legally constituted governments which was put before the public and there was no targeting of any other political party.

Audit observed that advertisement and publicity campaigns that are funded from the public exchequer should be to inform the public of their rights, obligations and entitlements as well as to explain government policies, programs, services and initiatives. Advertisements that attribute the achievements of Delhi Government to personalities and include specific written, pictorial and visual reference to a political party or its symbol are evidently directed at promoting the political interests of a political party and were contrary to the fundamental principles governing expenditure from public funds as well as the guidelines approved by the apex Court. Content relating to other governments cannot be said to be politically neutral or free of political argument and partisan standpoint as they tended to project a positive impression of the party in power and a negative impression of parties critical of the government.

2.2.2.2 Non-verifiable content in advertisements

The Guidelines state that contents of advertisement must enable the recipients of the information to distinguish between facts and analysis and where information is presented as a fact, it should be accurate and verifiable. Audit observed the following:

(a) TV clips telecast in February 2016 asserted that three bridges were completed at a cost that was less than the estimates by about ₹ 350 crore. Audit requested the Public Works Department for details of the projects and expenditure incurred. However, no details were provided. In response to the draft report, Government stated (July 2016) that there was a saving of ₹ 347 crore in construction of three bridges (Mangolpuri to Madhuban Chowk, Madhuban Chowk to Mukarba Chowk and Prembari Pul to Azadpur) when compared to the sanctioned cost. Of these, one bridge had been completed on 25 January 2016 while “minor items of work” were in progress in respect of the remaining two bridges. The remaining works included widening/strengthening of roads, construction of service road, footpath, drain, street lights, etc. The total expenditure projected was only an “assessment” and was not the actual expenditure incurred.

Audit observed that two of the three bridges were yet to be fully completed though they had been opened to traffic and the projected savings was admittedly based on an assessment and not on actual expenditure. The cost of the balance works were not informed to Audit. In the absence of the project records that detail the item-wise sanctioned cost and the expenditure actually incurred, Audit is unable to verify the accuracy of the savings asserted in the advertisements.

- (b) One of the TV clips telecast in February 2016 also stated that earlier one dispensary used to be built at ₹ 5 crore whereas similar dispensary was now being built at cost of ₹ 20 lakh. However, the relevant file in DIP contained neither any evidence in support of the claim made in the TV clip nor any documents indicating that the contents were provided by the respective department. In response to an audit query, the Directorate of Health Services (DHS) stated that no new dispensary was constructed during the year 2015-16. Thus, there was no basis for comparison of cost of dispensaries built earlier and those built now. As such, the claim relating to construction of dispensaries at a lower cost was not verifiable.

2.2.2.3 Inclusion of photographs of Ministers in advertisements



The Guidelines stipulate that government advertisements should avoid photographs of political leaders and if it is felt essential for effective government messaging, only the photographs of the President/Prime Minister or Governor/Chief Minister should be used. Subsequently, the Hon'ble Supreme Court stated on 18 March 2016 in a review petition that *in lieu* of the photograph of the Chief Minister, the photograph of the departmental (Cabinet) Minister/Minister in charge of the concerned Ministry may be published, if so desired.



DIP released three advertisements on 31 March 2016 in newspapers of Delhi regarding inauguration of Aam Aadmi Mohalla Clinics, inauguration of scheme to grow tree on the side of roads, opening of Ashram Loop Sun Dial Park, Sarai Kale Khan and loop at Silver Oak Park, Jungpura. Audit observed that photographs of Hon'ble Deputy Chief Minister and Hon'ble Minister (PWD) were included in the advertisements in addition to that of the Chief Minister. Since the guidelines envisaged display of photograph of either the Chief Minister or the Minister concerned in lieu of that of the

Chief Minister, inclusion of the photographs of Hon'ble Ministers in addition to that of the Hon'ble Chief Minister was contrary to the guidelines.

2.2.3 Identification of target population

One of the fundamental principles underlying the guidelines was that publicity and advertisement campaigns must serve specific objectives and the content of advertisements should be relevant to the government's constitutional and legal obligations as well as the citizens' rights and entitlements. This pre-supposes that the target audience/section of the society be identified and the campaign be tailored to target this identified population in the most cost effective manner.

Audit observed that no such exercise had been undertaken while designing the campaign or selecting media. There was blanket coverage in print, electronic and outdoor media without any analysis of the visibility/outreach required. In smaller campaigns which include only one of the media, the selection of newspapers was made randomly except in one instance of chat shows aired on TV/radio in the year 2013-14. Selection of media without identifying the targeted audience or the visibility of media to such targeted audience provided no assurance as to the effectiveness of the advertisement campaigns.

Further, the responsibility of a particular government is towards the public of that particular State/Union Territory. Out of the total expenditure of ₹ 33.40 crore incurred on the publicity campaign cited in para 2.2.2.1(iii) above, ₹ 28.71 crore (86 per cent) was incurred in releasing advertisements outside NCT of Delhi as in **Table 2.2.2** below.

Table 2.2.2: Details of Expenditure on advertisements in other States

(₹ in crore)

Media	Newspapers/TV channels/Radio channels	Records provided in respect of payments made	Total expenditure	Expenditure pertaining to Delhi	Expenditure pertaining to other States/Cities
Print	26 National newspapers and 37 regional newspapers	11 National newspapers and 30 regional newspapers	24.04	2.76	21.28
TV	3 agencies covering 98 channels	Two out of three agencies	7.86	1.30	6.56
Radio	7	7	1.50	0.63	0.87
		Total	33.40	4.69	28.71

The actual figure is likely to be higher since this figure does not include expenditure on advertorials in 15 mainstream newspapers, seven regional newspapers and TV clips released through 'Shabdarth.'

The Directorate stated (July 2016) that there was immense potential to promote tourism, trade and retail businesses in Delhi and generate large

scale employment. The achievements made in critical sectors such as health, education, water supply, etc. were highlighted to attract businesses, best talent, best doctors, best engineers and best teachers to the national capital.

The reply is not tenable as the advertorials, TV clips and jingles depicted the achievements of the Delhi Government as that of a political party and the advertisements were not linked to GNCTD's constitutional and legal obligations towards the citizenry of NCT of Delhi or of informing the populace of NCT Delhi of government schemes and initiatives.

2.2.4 Effectiveness of advertisements

The guidelines stipulate, *inter alia*, that it should be the policy of governments to use public funds in such a manner so as to obtain maximum value for taxpayers' money.

While releasing advertisements for telecast on TV channels under four advertisement campaigns³ in May to July 2015, DIP stipulated that the clips should be telecast between 8.00 AM and 11.00 PM. Audit noted from the telecast certificates submitted by the agencies that some of the clips were telecast even before 7.00 AM though the total number of telecast per day was kept as mentioned in the release orders. Audit observed that viewership is likely to be lower during time slots before 7 AM thereby reducing their impact and cost effectiveness. The expenditure incurred on these advertisements was ₹ 29.64 lakh.

The Directorate assured (July 2016) that the audit observation had been noted for future compliance.

2.2.5 Absence of post-campaign impact assessment

The guidelines provide that in case of large volume advertisement campaigns, post-campaign impact assessment is necessary to be included in the planning process itself which should identify the indicators to measure success when the campaign has ended. Audit scrutiny revealed that neither was post-campaign impact assessment included in the planning process for advertisement campaigns nor was it conducted after the advertisement campaigns were over.

2.2.6 Setting up of 'Shabdarth'

The proposal for the setting up of Shabdarth submitted to the Delhi Council of Ministers brought out that DIP was completely dependent on empaneled private advertising agencies which deprived the Delhi Government of the 15 per cent discount that is offered by the media since the discount was retained by the

³ Advertisement campaigns on Electricity tariff, Women Safety, Increase in Education Budget and Completion of 100 days of Delhi Government.

agencies. It proposed that the agency may be allowed to retain 5 *per cent* of the discount to meet its expenses and become self-sustaining and Government can still avail of 10 *per cent* discount. It was also proposed that a loan of ₹ 50 lakh may be provided to Shabdarth to meet its set up and operational expenses which was to be repaid in five years.

The Cabinet approved (16 April 2015) the setting up of Shabdarth with the change that the entire 15 *per cent* discount may be retained by Shabdarth and the ₹ 50 lakh be given as a one-time grant instead of loan.

Shabdarth subsequently commenced functioning from August 2015 under the chairmanship of the Minister in charge of Information and Publicity of NCT of Delhi. It was provided space and office facilities in the DIP building. The Memorandum of Association of Shabdarth stated, *inter alia*, that its objective was “Publications and production of print, outdoor TV/radio/other electronics productions and creatives pertaining to the activities, policies, programs and achievements of GNCTD and its communications with citizens.

Audit observed that the changes from the proposal approved by the Council of Ministers allowing Shabdarth to retain 15 *per cent* discount negated the financial benefit that had been put forward in the proposal as justification for the establishment of the society.

Audit further noted that at a meeting chaired by Secretary (Public Relations)/DIP on 9 February 2016 with marketing representatives of mainstream print media relating to the publicity campaign that was to be launched in that month, the newspapers were instructed to submit drafts of the advertorial for approval of the competent authority. Subsequently, DIP released ₹ 24.04 crore to Shabdarth for the advertorials that were published in 26 national and 37 regional newspapers from 14 to 17 February 2016. This included a discount of ₹ 4.04 crore to Shabdarth in respect of 11 national and 30 regional newspapers. Bills of remaining newspapers were not made available to Audit. The bills submitted by the newspapers provided for a discount of 15 *per cent*. However, Shabdarth added the discount back in the bills submitted by it to DIP. Since the work of designing and creatives were done in this instance by the respective newspapers, there was no justification for payment through Shabdarth and for the society to avail of the discount.

The Directorate stated (July 2016) that Shabdarth performed all activities relating to release, billing and payment for advertisements. It added that even if the Directorate had released the advertisements, it would not have saved commission as it was between newspapers and the agency. The reply is not tenable as the agency discount in this case would have been available to DIP had it released the advertorials directly to newspapers.

2.2.7 Lack of budgetary control

GFR provides that due approvals of the competent authority should be obtained before incurring expenditure. This involves making an estimate of the expenditure which should be appraised to the sanctioning authority in order to enable him to accord an informed sanction. DIP issued instructions on 30 March 2015 to all departments to include the estimated total cost of the campaign, cost break up, discount offered by the agencies, etc. while seeking approval of the competent authority for advertisements to be released.

Examination of records in DIP revealed that proposals relating to eight advertisement campaigns involving an expenditure of ₹ 33.46 crore were submitted to and approved by the competent authority during 2015-16 though their estimated cost were not worked out nor brought out in the proposal submitted to the competent authority. Thus, there was no way for the competent authority to know the quantum of expenditure being authorized nor any mechanism to ensure availability of sufficient funds to meet the liability.

Similarly, Directorate of Higher Education (DHE) and Directorate Health Services also accorded approval for advertisements without the availability of estimated cost. The actual expenditure by these two Departments was ₹ 27.02 lakh in 10 cases and ₹ 1.05 crore in 11 cases respectively during 2013-15.

Releasing advertisements without assessing the expenditure involved violated the fundamental norms of expenditure control and amounted to creating liabilities without reference to budget allocations or funds availability.

The Directorate stated (July 2016) that budgetary allocation was always kept in mind before releasing advertisements. It added that DIP had reiterated Standard Operating Procedures in June 2016 to all departments/autonomous bodies/corporations of GNCTD to include the estimated cost of each advertisement in the proposal for administrative approval. However, the fact remained that proposals involving expenditure of ₹ 34.78 crore was submitted and approved without the competent authority being apprised of the financial implications and expenditure outgo of the proposal.

2.2.8 Lack of internal control

Internal controls are safeguards that are put in place by the management of an organization to provide assurance that its operations are proceeding as planned. These are also designed to provide reasonable assurance that the entity's general objectives are being achieved. Reasonable assurance provided by such internal controls strengthens accountability of public authorities. Audit noticed general weaknesses in maintenance of records as detailed below:

- a) Improper maintenance of Registers: DIP maintains a year-wise Advertisement Register for print media advertisements published through different advertisement agencies. The register contains columns viz. DIP No., name of newspapers, type of advertisement (display/classified/tender notice/public notice) and name/address of the department. DIP also maintains an Expenditure Register for print media for payment of bills raised by advertisement agencies against the advertisement published, in which details of payments such as file number, occasion, issued by, name of firm/newspapers, bill number and date, amount, etc. are recorded. Audit observed that there was no link between the two registers in the absence of which Audit could not ascertain whether payment against all the advertisements released during a year had been made and whether there remained any outstanding liability.
- b) Non-maintenance of registers for outdoor campaigns and audio visual media: DIP was not maintaining any release order register for outdoor media and electronic media advertisements although an expenditure register was being maintained in which payment details are recorded. As a result, the number of advertisements released and whether bills against advertisements released had been received and payments made there against could not be ascertained.


The Directorate stated (July 2016) that in most of the instances, due to paucity of time, it was not viable to ascertain the estimated cost of advertisements. Further, the Directorate is fully aware of the budget and did not exceed the budget allocation. The reply is not tenable as such registers constitute primary instruments necessary for effective internal control and monitoring of expenditure and their improper or non-maintenance is fraught with the risk of double payments.

2.2.9 Conclusion

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. Test check brought out that expenditure of ₹ 24.29 crore was incurred on advertisements and publicity campaigns that were not in conformity with the generally accepted principles of financial propriety or the guidelines on content regulation approved by the Hon'ble Supreme Court. Over 85 *per cent* of expenditure 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. Lastly, 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.

The matter was referred to the Government on 8 July 2016; their reply to the report was awaited (16 August 2016).



(DOLLY CHAKRABARTY)

New Delhi

Dated : 21 August 2016

Principal Accountant General (Audit), Delhi

Countersigned



(SHASHI KANT SHARMA)

New Delhi

Dated : 22 August 2016

Comptroller and Auditor General of India