Executive Summary

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Why did we take up this audit?

Delhi Transport Corporation was established as a Statutory Corporation in 1971 under the Road Transport Corporation Act, 1950 as amended by Delhi Road Transport Laws (Amendment) Act 1971, to provide an efficient, economical and properly coordinated road transport service in Delhi. The Corporation, as on 31 March 2022, had a fleet of 3,762 buses in its 36 depots operating on 461 city and seven National Capital Region (NCR) routes. It carried on an average of 15.62 lakh passengers per day, with a manpower of 30,591 employees and had a turnover of ₹ 660.37 crore in 2021-22. As on 31 March 2023, the Corporation had a fleet of 3,937 buses.

This Performance Audit was taken up considering the essential bus service being provided by the Corporation in Delhi and the fact that it has been continuously incurring losses.

Audit examined whether the resources were utilised optimally to achieve operational efficiency and management of services was done based on sound business principles during the period of seven years from 2015-16 to 2021-22.

What audit found?

The key audit findings are detailed as below:

The Corporation had not prepared any Business Plan or Perspective Plan. No MoU was signed with Government of National Capital Territory of Delhi (GNCTD) for setting targets in respect of various physical and financial parameters to contain its working losses. It did not benchmark its performance with parameters of other State Transport Undertakings (STUs). Further, the Corporation had not conducted any study on profitability/sustainability even though it was incurring losses continuously.

During the period 2015-23, fleet of the Corporation reduced from 4,344 (2015-16) to 3,937 buses (2022-23). The Corporation could procure only 300 Electric buses (EBs) during 2021-22 and 2022-23 despite availability of funds from GNCTD. There was delay in addition of EBs in the fleet for which penalty amounting to ₹ 29.86 crore for delayed delivery was not imposed on the operators.

The number of low floor overaged buses in the Corporation during 2015-22 increased from 0.13 *per cent* (five buses) to 17.44 *per cent* (656 buses) which further increased to 44.96 *per cent* (1,770 buses) as on 31 March 2023 of its total fleet. The proportion of overage buses would be rising further if the Corporation does not make sincere efforts to procure/add new buses.

The operational efficiency of the Corporation vis-à-vis All India Average in respect of fleet utilization and vehicle productivity was on lower side. The fleet utilisation of the Corporation ranged from 76.95 *per cent* to 85.84 *per cent* and vehicle productivity per day per bus ranged from 180 kilometers (Kms) to 201 Kms as against target ranging from 189 to 200 Kms per bus per day during 2015-22, due to frequent breakdowns and existence of 656 overaged buses in its fleet as on 31 March 2022.

Route planning was deficient. The Corporation was operating on 468 routes (57 *per cent*) out of 814 routes as on 31 March 2022. The Corporation was unable to recover its operational cost in any of the routes operated by it. As a result, it suffered operational loss of ₹ 14,198.86 crore on operations during 2015-22. The scheduled Kms missed by buses ranged from 7.06 to 16.59 *per cent* and number of breakdowns ranged from 2.90 to 4.57 per 10,000 Kms of operations during 2015-22. This resulted in loss of potential revenues of ₹ 668.60 crore due to missed scheduled Kms and higher rates of breakdowns during 2015-22.

Project for Automatic Fare Collection System (AFCS) Phase-I was commissioned (December 2017), but due to inability of system integrator to run the same, it was not functional since May 2020.

CCTV System was installed and commissioned in 3,697 buses in March 2021 and payment of ₹ 52.45 crore was released to the contractor but pending the user acceptance test of the system, it was not declared Go live. Thus, this system was not fully operational in buses as of May 2023.

The performance of Cluster buses operated by Delhi Integrated Multi-Modal Transit System Limited (DIMTS) was better in every operational aspect except operational revenue per Kms as compared to the performance of the Corporation buses even though both were operating in the same city and under similar circumstances.

The Corporation does not have the autonomy for fare determination due to which it was unable to fully recover its operational cost. The fare of the Corporation buses was last revised and made effective from 3 November 2009. To compensate the same, GNCTD extends financial support as Annual Revenue Grant and reimbursement against concessional passes and subsidy for free travels by lady commuters.

The Corporation had outstanding dues of ₹ 225.31 crore recoverable from the Transport Department against unreceived rent, service tax and water charges for space transferred for operation/parking of Cluster buses. Further, Property Tax and Ground Rent of ₹ 6.26 crore on these depots and ₹ 4.62 crore in providing vehicles to the Transport Department also remained unrecovered.

The Corporation lost the opportunity to earn potential revenue due to delay in awarding of advertising contracts and also failed to augment its revenue by utilising the available space at depots for commercial purpose.

The Corporation incurred avoidable liability of interest and penalty of ₹ 63.10 crore due to wrongly availing of Input Tax Credit for Goods and Services Tax on exempted services.

There seems to be no laid down road map for checking the downward spiral of the finances of the Corporation and ensuring its fiscal sustainability.

The Personnel Policy of the Corporation was approved in principle by the Board in 2013 but thereafter, no revision of same was made. Consequently, the Corporation was not able to decide the cadre-wise actual requirement of its staff with respect to available fleet of buses. There were shortages across all the cadres except Conductors. Surplus Conductors were deployed in other administrative jobs.

Internal control mechanism was deficient. There were inefficient managerial controls and lack of accountability. Audit noticed indecisiveness in finalising the tenders for purchase of new buses, weak operational control, lack of coordination amongst divisions, lack of follow up with debtors, delay in statutory compliances, etc., leading to losses to the Corporation.

What we recommend?

1. *The Department should ensure that Short and Long Term Plans prescribing benchmarks and taking into account the best practices of Industry are formulated to make the operations of the Corporation effective and sustainable.*

2. *The Corporation needs to maximize its potential to generate non traffic revenue, explore new avenues and make all out efforts to develop pending projects for commercial use of land to improve its financial position.*

3. *The Corporation needs to expedite availability of the prescribed number of road-worthy buses for operations with the AMC contractors.*

4. *The Corporation needs to undertake periodic review of load factor and re-strategise the distribution of buses to optimise the revenue within the ambit of its social commitment. Further, the Corporation should conduct periodic review of routes for optimum utilisation of buses.*

5. *The Corporation needs to analyse the gaps between its performance and that of DIMTS and steps need to be taken to adopt the factors necessary to improve its performance.*

6. *The Corporation should take up the matter with the Department to speed up the process for implementing the AFCS system and also installation of CCTV System for safety of passengers.*

7. *The Personnel Policy of the Corporation should be reviewed for optimum utilisation of manpower and to have proper mechanism for their engagement and deployment.*