

**Chapter 1**  
**Introduction**



## Department of Transport

### Delhi Transport Corporation

#### Performance Audit on 'Functioning of Delhi Transport Corporation'

#### Chapter 1: Introduction

Delhi Transport Corporation (Corporation) was established as a Statutory Corporation in 1971 under the Road Transport Corporations Act, 1950 (Act) as amended by Delhi Road Transport Laws (Amendment) Act, 1971, to provide an efficient, economical and properly coordinated road transport service in Delhi. The Union Government took over (November 1971) the assets and liabilities from the erstwhile Delhi Transport Undertaking, operated by Municipal Corporation of Delhi. Subsequently, the administrative control of the Corporation was transferred to the Government of National Capital Territory of Delhi (GNCTD) in August 1996.

As of March 2022, the Corporation had a fleet of 3,762 buses operating from 36 depots on 461 city and seven National Capital Region (NCR) routes catering to an average of 15.62 lakh passengers per day. For carrying out its operations, it had a manpower of 30,591 employees.

#### Financial Performance

The Corporation had paid up Capital and Turnover of ₹ 1,983.85 crore and ₹ 660.37 crore respectively as on 31 March 2022. Turnover comprised of Operating Revenue of ₹ 558.78 crore and Non-Operating Revenue of ₹ 101.59 crore. Further, the Corporation received Revenue Grants of ₹ 2,320 crore during the year 2021-22. The total expenditure incurred by the Corporation was ₹ 11,489.72 crore comprising operating expenditure of ₹ 3,060.33 crore and non-operating expenditure of ₹ 8,429.39 crore. Non-operating expenditure mainly included interest cost of ₹ 8,375.92 crore for the year 2021-22 on GNCTD Loan, which has not been paid by the Corporation since 2011-12. The Corporation incurred Loss of ₹ 8,498.35 crore in the year 2021-22 which, after excluding unpaid interest for the year, was reduced to ₹ 122.43 crore. The Corporation had been incurring losses mainly due to heavy burden of interest cost on GNCTD loan, which was 72.90 *per cent* of the total expenditure. To meet the deficit after excluding interest cost, GNCTD financed the Corporation by Revenue Grants.

#### 1.1 Objectives of the Corporation

Following objectives are laid down for the Corporation as per the Act:

- (i) To provide or secure or promote an efficient, economical, reliable and properly coordinated system of road transport;
- (ii) In doing so, it shall act on Business principles;
- (iii) To achieve a high level of Operational efficiency;

- (iv) To charge fares not exceeding those prescribed by the State; and
- (v) To attain financial self-sufficiency.

## **1.2 Organisational set up**

The Board of the Corporation comprises Chairman and 17 Directors to be appointed by Lieutenant Governor. As per requirement seven official members and 10 non-official members are to be appointed in the Board. As against this, the existing Board consists of Chairman (Hon'ble Minister of Transport, GNCTD), the Managing Director (MD) and five Directors (official members) and no non official Director. MD, being the Chief Executive, manages day-to-day operations of the Corporation with the assistance of four Chief General Managers<sup>1</sup>, four Regional Managers, Financial Advisor and Chief Vigilance Officer.

## **1.3 Share of the Corporation in Public Transport**

The Hon'ble High Court directed (September 2007) (GNCTD) to augment the city bus fleet to 11,000 buses, by the end of March 2009. Based on the "Report on Methodology for Operation of Privately owned Stage Carriage Buses in Delhi" prepared by M/s Delhi Integrated Multi-Modal Transit System Limited (DIMTS) in October, 2007, the GNCTD introduced a new scheme (May 2011) which envisaged concurrent operation of the Corporation and private operators in 'Cluster' under a Unified Time Table with each cluster being part of a network, for providing stage carriage services in Delhi through the Corporation and Cluster buses in equal ratio on each route (5,500 buses each by the Corporation and Cluster buses). Against this, fleet of the Corporation and Cluster buses consisted of 3,937 and 3,293 buses respectively as on 31 March 2023.

## **1.4 Audit objectives**

Main audit objectives were to assess whether:

- Operational planning was done to provide an efficient, economical, reliable and coordinated system of road transport;
- adequate resources (financial, human and equipment) were available and utilised optimally to achieve operational efficiency;
- implementation and management of services were based on sound business principles; and
- internal control mechanism was effective.

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<sup>1</sup> One each for Technical, Operations & Personnel, Strategic Business Unit and Legal.

### 1.5 Audit criteria

The Audit findings were evaluated against criteria sourced from the following:

- Performance standards and operational norms fixed by the Association of State Road Transport Undertakings (ASRTU), and State Transport Undertakings Profile and Performance published by the Central Institute of Road Transport, Pune (CIRT);
- Agenda and minutes of the meetings of the Board of Directors and Audit Committee of the Corporation.
- Physical and financial targets/ norms fixed by GNCTD and the Management;
- Manufacturers' specifications, norms for life of buses, preventive maintenance schedules and fuel efficiency norms;
- Relevant rules and regulations and instructions issued by Government of India (GoI) and Transport Department (Department), GNCTD;
- Sanction orders of grants/subsidies received by the Corporation and their utilisation certificates, and
- Procedures and norms laid down by the Corporation for operation of buses.

### 1.6 Audit scope and methodology

A Performance Audit (PA) on the working of the Corporation for the period 2010-11 to 2014-15 appeared as Para No 2.2 in the Audit Report for the year ended 31 March 2015, GNCTD. The Report had not been discussed by the Committee on Government Undertakings (CoGU) so far (May 2023). The present Performance Audit on the functioning of the Corporation was conducted from July to December 2022, covering a period of seven years from 2015-16 to 2021-22. Audit examined records of the Corporate Office, Traffic Department, Strategic Business Unit, Operations Department, Publicity Division, Stores Purchase Department, Civil Engineering Department, Central Workshops, Information Technology Department, four Regional offices (controlling 36 depots/Cluster depots), 10 depots (selected for audit through random sampling method) and Transport Department.

An Entry Conference with the Managing Director of the Corporation, to discuss Audit methodology, Scope, Objectives and Criteria, was held in June 2022. The Draft PA report was issued (February 2023) to both Department and Corporation. Reply of the Corporation was received on 18 May 2023 while the reply of the Department was awaited (November 2023). The Audit findings were also discussed with the Corporation Management in an Exit Conference held on 20 April 2023. No representative from Department attended the Exit Conference. The replies received from the Corporation have been suitably incorporated in the Report.

### **Acknowledgment**

We acknowledge the cooperation extended by the Corporation and the Department during the conduct of performance audit.

### **1.7 Structure of the Report**

The findings of the performance audit have been arranged in line with the audit objectives and are discussed in the following chapters:

- Chapter 2: Planning and Financial Management;
- Chapter 3: Operational Performance;
- Chapter 4 Procurement of buses and Implementation of Intelligent Transport System;
- Chapter 5: Human Resource Management;
- Chapter 6: Other issues; and
- Chapter 7: Internal Control Mechanism