

OVERVIEW

This Report includes two chapters on the state of finances and the Appropriation Accounts of the Government of NCT Delhi for the year 2001-02 and five other chapters comprising of seven reviews and 28 paragraphs dealing with the results of audit of selected programmes and schemes and of the financial transactions of Government including its commercial and trading activities. A synopsis of the findings contained in the audit reviews and important paragraphs are presented in the overview.

Accounts of the Government of NCT of Delhi

During 2001-02, the total receipts and expenditure of Government of NCT of Delhi on revenue account were Rs. 6254 crore and Rs. 5044 crore respectively which yielded a revenue surplus of Rs. 1210 crore. The loans and advances disbursed by the Government during the year were Rs. 2789 crore while the recoveries were merely Rs. 458 crore. The Government of NCT of Delhi borrowed Rs. 2039 crore from the Union Government during the year.

(Paragraphs 1.4, 1.13, 1.16 & 1.17)

Revenue receipts increased from Rs. 5444 crore in 2000-01 to Rs. 6254 crore in 2001-02. The share of tax revenue in total revenue receipts was Rs. 4897 crore, which constituted 78 *per cent* of the total revenue receipts. Sales tax continued to be the major contributor to tax revenue and constituted 76 *per cent* of total tax revenue.

(Paragraphs 1.4 & 1.5)

Revenue expenditure increased by 36 *per cent* from Rs. 3697 crore in 2000-01 to Rs. 5044 crore in 2001-02. Capital expenditure decreased by 30 *per cent* from Rs. 869 crore in 2000-01 to Rs. 612 crore in 2001-02. Loans by the State Government increased by 6.90 *per cent* from Rs. 2609 crore in 2000-01 to Rs. 2789 crore in 2001-02.

(Paragraph 1.8)

The outstanding loans given by State Government to local bodies, autonomous bodies, cooperative institutions, Public Sector and other undertakings and Government departments increased from Rs. 12622.69 crore in 2000-01 to Rs. 14953.68 crore in 2001-02 which constituted an increase of 18 *per cent*, indicating that the Government agencies relied more on borrowings from Government rather than raising their own resources.

(Paragraph 1.13)

Government of NCT of Delhi made an investment of Rs. 170 crore in 2001-02 in Government Companies, and Co-operative Societies bringing the total investment at the end of March 2002 to Rs. 945.72 crore. The dividend received however, was only Rs. 5.39 crore.

(Paragraph 1.15)

2976 utilisation certificates relating to grants-in-aid of Rs. 5269.52 crore released upto 30 September 2000 were outstanding against various departments at the end of March 2002.

(Paragraph 1.11)

Government of NCT of Delhi was in a position to meet its revenue expenditure from its own resources and therefore borrowed funds together with revenue surplus were applied for capital expenditure including loans and advances given by Government of NCT of Delhi. Revenue surplus declined from Rs. 1747.51 crore in 2000-01 to 1209.57 crore in 2001-02. Fiscal deficit increased from Rs. 1609.66 crore in 2000-01 to Rs. 1733.03 crore in 2001-02.

(Paragraph 1.16)

Appropriation Accounts

Total expenditure during 2001-02 increased to Rs. 9302.99 crore from Rs. 7751.13 crore in 2000-01 registering an increase of 20.02 *per cent*. Charged expenditure increased from Rs. 961.00 crore in 2000-01 to Rs. 1189.19 crore in 2001-02 registering an increase of 23.75 *per cent* and voted expenditure increased from Rs. 6790.13 crore in 2000-01 to Rs. 8113.80 crore in 2001-02 registering an increase of 19.49 *per cent*.

(Paragraph 2.3)

During 2001-02, Government of NCT of Delhi was authorised Rs. 8105.92 crore as Original Grant and Rs 2210.92 crore as Supplementary Grant. Against the total provision of Rs. 10316.84 crore, total expenditure aggregated Rs. 9302.99 crore. Savings of Rs. 1013.85 crore accounted for 9.83 *per cent* of total grant for the year.

(Paragraph 2.4)

The main reasons for savings were slow progress of work (Rs. 367.14 crore), release of less grants (Rs. 196.20 crore), non-release of equity contribution to DTC (Rs. 200.00 crore) and non-filling of vacant posts (Rs. 184.59 crore).

(Paragraph 2.5.1)

Against the unspent provision of Rs. 1013.85 crore, Rs. 396.74 crore was surrendered on the last day of the financial year and the remaining provision of Rs. 617.11 crore was not surrendered.

(Paragraph 2.5.2)

In two grants the entire amount of supplementary provision of Rs. 3.07 crore proved unnecessary as the final expenditure was less than the original provision.

(Paragraph 2.5.5)

In 13 grants, 11.24 per cent to 79.23 per cent of total expenditure of the year was incurred in the month of March 2002.

(Paragraph 2.5.10)

Trans Yamuna Area Development Board

Government of NCT of Delhi set up the Trans Yamuna Area Development Board in March 1994, for the planned growth of Trans Yamuna Area. The Board was required to formulate and implement a unified and coordinated Area Plan specifically keeping in mind the functioning of various Government agencies in Delhi including Municipal Corporation of Delhi, Delhi Vidyut Board, Delhi Jal Board, etc.

Even after more than eight years of its existence, the Board had not studied the drawbacks in the existing infrastructure and failed to formulate a unified and coordinated Area Plan. Resultantly, only *ad hoc* schemes/ works of routine nature were executed and an expenditure of Rs. 413.42 crore thereon up to March 2002 failed to achieve the intended objective of planned growth of the Area.

Scrutiny of records relating to execution of works also revealed instances of avoidable/wasteful expenditure of Rs. 90.91 lakh attributable to delay in finalisation of tenders, non observance of prerequisites for award of works, etc.

Monitoring of implementation of schemes by the Board was ineffective as Delhi Jal Board failed to utilise Rs. 25 crore allotted to it. Test check of 42 out of 113 specific works recommended by the Board during 1994-02 revealed that there were delays in awarding the works ranging from 15 to 62 months in respect of 36 works.

(Paragraph 3.1)

National Scheme of Liberation and Rehabilitation of Scavengers and their dependents

The scheme envisaged rehabilitation of scavengers in other dignified occupations by providing appropriate training and financial assistance to them. The Delhi Scheduled Castes Financial and Development Corporation Ltd. Delhi was entrusted with the responsibility of implementing the scheme. The surveys conducted to identify the scavengers were inconsistent, resultantly the exact number of scavengers was not known. Training was imparted to persons other than identified scavengers or their dependents in most of the cases and often there was no nexus between the training imparted and the rehabilitation efforts.

The implementing agency could utilize only 59 per cent of the funds received from the Government of India. Even this utilization of funds was doubtful, as the Corporation had no information on the details of the subsidy/ loan actually disbursed by the banks and the number of beneficiaries involved.

The claim of the Corporation that there were no scavengers left in Delhi did not also have an adequate factual basis given the fact that as per Annual Plan for the year 2001-02, 1.39 lakh dry latrines were stated to be in existence. A scheme for conversion of dry latrines into water borne ones which was a critical prerequisite for ensuring that scavengers gave up their obnoxious and inhuman hereditary occupation, was not implemented by Municipal Corporation of Delhi despite availability of funds aggregating to Rs. three crore for the purpose.

(Paragraph 3.2)

Irregularities in land acquisition

In terms of the provisions of the Land Acquisition Act 1894, the Land and Building Department is empowered to take possession of any land needed for public purpose, by invoking urgency clause on expiry of 15 days from the publication of notification. Test check of 55 cases during 1996-97 to 2001-02 revealed that there was a delay ranging from 50 days to 739 days in taking the possession of land adversely affecting the ongoing projects for which the lands were to be acquired. Moreover, there were mistakes in determination of compensation and interest resulting in excess payment of Rs. 263.40 lakh to the land owners.

(Paragraph 3.3)

Deficiencies in procurement of vital equipment

The Deen Dayal Upadhyay Hospital failed to ensure concurrent procurement of a Radiolucent C-Arm Table essential for proper utilisation of a mobile Imaging System which would have been possible by a proper assessment of the system requirement and better coordination with the Directorate General of Supplies and Disposals and the positioning, in advance, of qualified personnel to facilitate the commissioning of a Refrigerated Blood Bank Centrifuge, which resulted in non-realisation of the intended objectives. Consequently, notwithstanding investments of Rs. 51.35 lakh, patients were deprived of essential diagnostic and curative facilities.

(Paragraph 3.4)

Construction of Bicycle Paths

The Transport Department commissioned a study in June 1996 for preparation of a bicycle map for Delhi to facilitate construction of segregated tracks for cyclists at a cost of Rs. 49.50 lakh. Though the report was received in August 1998, no decision was taken as of May 2002. In the meantime, there has also been a steady increase in the number of cyclists involved in fatal road accidents since 1998-99.

(Paragraph 3.7)

Non-adherence to fire safety norms in Players Building

Project Manager, Players Building Project, awarded the work of remodelling of the vehicular ramp and plaza without ensuring adherence to fire safety norms. As the present load bearing capacity of the ramp is only 6.80 tonnes as against the stipulated requirement of 45 tonnes, substantial cost overrun is also likely and the expenditure of Rs. 46.43 lakh already incurred could prove infructuous in the final analysis.

(Paragraph 4.1)

Avoidable additional payment on account of cost escalation

The Executive Engineer, Public Works Division, failed to ensure the timely availability of clear sites and complete set of architectural and structural drawings to the contractors before award of two works which resulted in avoidable additional payment of Rs. 409.35 lakh on account of escalation in the cost of labour and materials.

(Paragraph 4.3)

Irregular expenditure on deployment of personnel

Public Works Division XXI engaged the services of 40 private security guards during April 2001 to August 2002 without the approval of the competent authority, notwithstanding the availability of 13 Chowkidars in excess of sanctioned strength, resulting in irregular expenditure of Rs. 38.16 lakh.

(Paragraph 4.5)

Unfruitful expenditure on construction of City Museum

A prestigious project for the construction of a City Museum conceived more than fifteen years ago is yet to take off, on account of failure to foresee restrictions on construction activities in the vicinity of protected monuments. Expenditure of Rs. 30.85 lakh initially incurred has also remained unfruitful.

(Paragraph 4.6)

Provision of Basic Facilities in Primary Schools

Under the Delhi Municipal Corporation Act 1957, primary education is an obligatory function of the Municipal Corporation of Delhi. Accordingly, the Municipal Corporation is implementing various schemes involving capital expenditure on expansion of primary education, welfare of children and provision of basic infrastructure facilities in the schools.

The Corporation failed to utilise funds totaling Rs. 56.60 crore meant for expansion of primary education and welfare schemes and consequently could achieve only partially its objectives of opening of new schools and enrolment of additional children. Textbooks were provided to the students after considerable delays. The Corporation also failed to provide uniforms to the students during 1998-99 and 2001-02. Owing to abnormal delays in finalizing the tender for purchase of winter jerseys during the period from 1999-00 to 2001-02, the Corporation could issue winter jerseys to the students at the end of the winter season.

The Corporation also failed to provide adequate classrooms, replace tented accommodation with pucca/semi pucca classrooms and provide other basic facilities like water, electricity and lavatory/toilet notwithstanding the availability of funds. As against the requirement of 3,908 new classrooms, construction of only 729 classrooms was completed upto March 2002. The planning for construction of classrooms appeared to be quite inconsistent. While there was a shortage of rooms in some schools, 354 rooms were found to be in excess of requirements in 41 other schools. Audit also noticed

instances of time overruns in completion of five school buildings ranging from 17 to 41 months resulting in cost overrun of Rs. 3.44 crore.

(Paragraph 5.1)

Functioning of the Slum and JJ Department

The Slum and JJ Department of Municipal Corporation of Delhi responsible for implementation of various schemes and programmes to provide minimum basic amenities and resettlement of squatter families located on project land, failed to provide the intended amenities and to relocate the jhuggi dwellers due to its lax attitude. The number of JJ Clusters had increased from 929 in 1990 to 1,100 in 2001 inspite of the adoption of a three-pronged strategy for relocation of the existing JJ Clusters.

No priority criteria for shifting of clusters were prescribed. As against the growth of 30,000 jhuggis annually, targets were fixed for development of 18,125 sites and service plots for relocation of jhuggis on an average and only 4,817 jhuggis were relocated during 1997-02.

No foolproof system was devised by the Department to verify the genuineness of ration cards, which resulted in allotment of plots on the basis of fake or bogus ration cards. In about 75 *per cent* of the cases the plots allotted to slum dwellers were sold or changed hands ultimately leading to a continued cycle of encroachment and expenditure on resettlement. Further, Licence fee due from dwellers of resettlement colonies was not recovered due to poor pursuance leading to accumulation of arrears aggregating to Rs. 10.80 crore.

(Paragraph 5.2)

Revenue Receipts

Total sales tax demand awaiting recovery which was Rs. 6616.58 crore at the end of the year 2000-01 increased to Rs. 6999.37 crore in 2001-02.

(Paragraphs 6.1 to 6.4)

Under the Central Sales Tax Act, no tax is payable by a registered dealer on movement of goods to other States, which is not by way of sale, transfer of stock to other places of his business or to his agent or principal. Short accountal of such transfers is liable to be taxed as per the Act. During 1995-96 to 2000-01, the Government of NCT of Delhi failed to realise revenue amounting to Rs. 123.63 crore. This was largely attributable to acceptance of invalid/incomplete declarations, allowing exemption for amounts higher than that shown in forms, exemption on stock transfer of

goods to agents prior to their registration, concealment of stock transfer and non-existence of procedure for cross verification of forms.

(Paragraph 6.8)

Short accountal of purchase/sales/stock resulted in under assessment of sales tax amounting to Rs. 63.01 lakh. In addition, interest and penalty amounting to Rs. 1.97 crore were also leviable.

(Paragraph 6.9)

Irregular grant of exemption on tax free sale/purchases resulted in short levy of sales tax amounting to Rs. 60.83 lakh and interest of Rs.36.56 lakh.

(Paragraph 6.10)

Irregular grant of exemption on exports resulted in non-levy of sales tax amounting to Rs. 7.88 crore and interest of Rs.5.43 crore.

(Paragraph 6.12)

Under assessment of luxury tax resulted in short levy of Rs.1.85 crore which included tax amounting to Rs. 62.85 lakh, interest of Rs. 59.07 lakh and penalty of Rs. 62.85 lakh.

(Paragraph 6.19)

Government Commercial and Trading Activities

As on 31 March 2002, there were 12 Government Companies with total investment of Rs. 499.47 crore (equity: Rs. 63.32 crore, long-term loans: Rs. 436.15 crore) and three Statutory Corporations with total investment of Rs. 10464.36 crore (Capital: Rs. 142.58 crore, long-term loans: Rs. 10321.78 crore).

The accounts of eleven working Government Companies and one Statutory Corporation were in arrears for periods ranging from one to nine years as of September 2002. The other two Statutory Corporations viz. Delhi Transport Corporation and Delhi Financial Corporation had finalised their accounts for the year 2001-02 and the former had accumulated losses aggregating to Rs. 1082.14 crore which had far exceeded its paid up Capital of Rs. 117 crore. Delhi Financial Corporation had earned a profit of Rs. 5.57 crore.

(Paragraphs 7.1 to 7.9)

Delhi Vidyut Board

Material Management and Inventory Control

DVB's average annual spending on power generation stores and other stores was Rs. 636 crore and ranged from 10 to 17 *per cent* of the total budget estimates during the last five years ending 31 March 2002. Audit scrutiny revealed that the procurement and inventory operations of DVB suffered from various system/procedural deficiencies including improper assessment, non preparation of material budget, absence of ABC or other scientific analysis of inventory. Failure on part of Management to take corrective action resulted in extra expenditure of Rs. 21.85 crore on purchase of cables, transformers etc. In addition, bulk purchases of cables, meters and conductors in excess of immediate requirements led to locking up of funds of Rs. 5.86 crore with consequential loss of interest of Rs. 3.38 crore.

Excess inventory holdings burdened DVB with annual carrying cost of Rs. 30.41 crore. It was also noticed that 1478 transformers of various capacities valued at Rs. 35.18 crore failed during guarantee period and 6432 transformers valued at Rs. 62.49 crore were awaiting repair/disposal at the end of March 2002.

(Paragraph 7.12)

Performance of Rajghat Thermal Power Station

Rajghat Thermal Power Station comprises of two generating units with a total installed capacity of 135 MW. Its performance was far from satisfactory over the period 1996-97 to 2001-02. The percentage of actual generation to possible generation with reference to hours actually run ranged between 61.47 and 90.75 during 1996-97 to 2001-02 which resulted in generation loss of 1254.23 MUs of power valued at Rs. 386.81 crore.

Per unit cost of generation ranged between 223 paise and 309 paise during 1997-98 to 2001-02. This was higher by 39 to 69 paise compared to the per unit cost of Thermal Power Station, Faridabad of Haryana Power Generation Corporation Ltd. and Dadri Thermal Power Station of NTPC. The high per unit cost of generation was on account of shut down of Power Station for 4584.45 hours during 1996-97 to 2001-02 thereby causing generation loss of 309.20 MU valued at Rs. 97.59 crore.

Excess consumption of coal and furnace oil (LSHS) compared to norms amounting to 171007 tonnes valued at Rs. 26.90 crore and 17642.19 MT valued at Rs. 11.63 crore respectively also contributed to the excessive cost of generation.

It was also noticed that as against the sanctional strength of 491 for operation & maintenance of RTPS, the staff deployed ranged from 620 to 831 between 1996-97 and 2001-02 resulting in extra expenditure of Rs. 19.99 crore. Despite deployment of excess staff OTA totalling to Rs. 12.26 crore was paid during the six years up to 2001-02.

(Paragraph 7.13)

Delhi Tourism and Transportation Development Corporation Limited

The Corporation set up the Azad Hind Gram Tourist Complex at Tikri Kalan, a site with locational disadvantage. This coupled with abnormally long gestation period has rendered the project a losing proposition and resulted in locking up of funds of Rs. 4.65 crore

(Paragraph 7.15)

Delhi State Industrial Development Corporation Limited

The Corporation decided to construct a Combined Effluent Treatment Plant at Wazirpur Industrial Estate at the primary level in the first instance instead of tertiary level despite instructions of the Supreme Court. Subsequently, fresh work orders were placed resulting in avoidable extra cost of Rs. 1.43 crore.

(Paragraph 7.17)

Delhi State Civil Supplies Corporation Limited

Construction of additional godowns with storage capacity of 7000 MTs despite the fact that existing capacity of 3500 MTs could not be utilised fully resulted in blocking of funds amounting to Rs. 3.16 crore.

(Paragraph 7.18)