

Chapter IV: Municipal Services

Reviews

4.1 Sewerage System in Delhi

Delhi Jal Board (Board) provides sewerage facilities in the area under the jurisdiction of the Municipal Corporation of Delhi. It constructs and maintains sewer lines so that sewage is conveyed to sewage treatment plants for treatment before it enters the river Yamuna. The review revealed that the Board failed to trap the sewage generated from the unsewered area. Further, the existing sewerage system was not functioning properly as 18 out of 28 main trunk sewers were either not functioning at all or functioned partially for the last five to ten years due to collapsed/silted sewers. Poor coordination of works and deficient planning resulted in non-commissioning of various sewer lines though funds were available. Consequently, against a sewage generation of 652 Million Gallons per day (MGD), 296 MGD of sewage was flowing untreated into the river Yamuna. Audit also noticed cases of works awarded at higher rates, undue benefit to contractors, cost over runs and delay in finalization of tenders. Resultantly, the Board incurred extra expenditure of Rs. 17.46 crore due to delay in processing of proposals and award of works while an avoidable expenditure of Rs. 10 crore was incurred due to execution of work at higher rates and undue benefit to the contractors. In addition, poor utilisation of the departmental resources led to avoidable expenditure of Rs. 1.58 crore.

Highlights

Out of the loans and grants of Rs. 326.40 crore released during 1998-99 to 2002-03 by the Government of NCT Delhi, the Board could utilise only Rs. 185.94 crore.

(Paragraph 4.1.4)

Board failed to trap the sewage generated from unsewered areas. Sewerage system of sewerred areas was also not functioning properly as 18 out of 28 main trunk sewers were either not functioning at all or were functioning only partially during the last five to ten years due to collapsed/ silted sewers. Fifty urban villages and 154 unauthorised regularised colonies out of 135 urban villages and 567 unauthorised regularised colonies either had no sewerage system or the sewerage system was not functioning.

(Paragraphs 4.1.5 and 4.1.7)

The Board failed to implement works due to deficient planning and physical achievements fell short by 57 per cent.

(Paragraph 4.1.6)

Thirty sewer lines which were taken up for construction/ completed during the period 1998-99 to 2002-03 could not be made functional due to non-completion/non-functioning of connected systems.

(Paragraph 4.1.8)

Ring Road trunk sewer was not functioning for more than five years despite incurring of an expenditure of Rs. 13.12 crore. In three cases, the Board incurred excess expenditure of Rs. 7.90 crore due to execution of works at higher rates. In another case, an amount of Rs. 1.19 crore was paid to the contractor in excess of actual execution of work.

(Paragraphs 4.1.9, 4.1.12 & 4.1.14)

Failure of the Board to finalise tenders within their validity period or even by the extended dates necessitated re-invitation of these tenders and resultant additional expenditure of Rs. 20.77 lakh.

(Paragraph 4.1.10)

Deficient planning and failure to provide clear site to the contractor in time resulted in cost overrun of Rs. 4.13 crore besides time overrun of more than nine years.

(Paragraph 4.1.11)

Poor utilisation of departmental resources resulted in loss of Rs. 1.58 crore.

(Paragraph 4.1.16)

Against sewage generation of 652 million gallons per day (MGD), the Board had a sewage treatment capacity of 512.60 MGD. Out of this, 296.24 MGD sewage was flowing into the river Yamuna untreated.

(Paragraph 4.1.17)

The water quality of the river Yamuna in Delhi stretch was poor. While the water quality at its entry point in Delhi was fit for bathing purposes, it was not fit for any purpose at the point it left Delhi.

(Paragraph 4.1.17)

4.1.1 Introduction

Delhi Jal Board (Board), the erstwhile Delhi Water and Sewage Disposal Undertaking, a wing of the Municipal Corporation of Delhi, came into existence in April 1998 with the enactment of the Delhi Water Board Act, 1998. It is responsible for making adequate arrangements for supply of water as well as disposal of waste water. It provides sewerage facilities in the area under the jurisdiction of the Municipal Corporation of Delhi. The New Delhi Municipal Council, the Cantonment Board and the Delhi Development Authority (DDA) provide the internal, peripheral and outfall sewers in the areas under their respective jurisdiction. However, the Board provides and maintains trunk sewers and sewage treatment plants for the entire area of Delhi. Sewage disposal involves collection of sewage through internal, peripheral and trunk sewers which, is thereafter intercepted at respective pumping stations from where it is routed to various sewage treatment plants. In order to provide sewerage facilities and to control the pollution of the river Yamuna, the Board implements schemes for providing, laying, jointing, rehabilitation and de-silting of trunk and branch sewers (internal/peripheral sewers) so that sewage is conveyed to sewage pumping stations and sewage treatment plants.

4.1.2 Organisational Set up

Member (Drainage) heads the Engineering wing of the Board which is under the overall control of the Chief Executive Officer who is responsible for construction, operation and maintenance of trunk, peripheral and internal

sewers. He is assisted by Chief Engineers/Superintending Engineers/ Executive Engineers.

4.1.3 Scope of Audit

Audit conducted a test check of the records for the years 1998-99 to 2002-03 maintained at Headquarters and of 10 out of 26 divisions during February 2003 to May 2003 with a view to assessing the effectiveness and impact of implementation of various schemes undertaken by the Board.

4.1.4 Financial Management

The Government of NCT Delhi releases loans and grants to the Board for construction, restoration and rehabilitation of trunk and branch sewers on the following terms and conditions: (i) no unspent balance shall be carried over to the next financial year; (ii) financial and physical achievement reports as well as Utilisation Certificates shall be submitted regularly; and (iii) no funds shall be diverted for any purpose. Year-wise and head-wise loans and grants received by the Board and actual expenditure incurred were as follows:

Table 4.1.1: Funds received as Loan

(Rupees in crore)

Sl. No.	Name of the Scheme	1998-99	1999-00	2000-01	2001-02	2002-03
1.	Trunk Sewers					
	Loan received	10.00	20.00	33.00	18.60	45.00*
	Actual expenditure	6.09	12.02	14.74	14.25	18.86
	Saving/Excess	(-) 3.91	(-) 7.98	(-) 18.26	(-) 4.35	(-) 26.14
2.	Branch Sewers					
	Loan received	10.00	6.00	50.00	46.10	44.63*
	Actual expenditure	3.23	2.52	14.19	39.97	31.78
	Saving/Excess	(-) 6.77	(-) 3.48	(-) 35.81	(-) 6.13	(-) 12.85

*Provisional figures

As per the terms and conditions, the loan was to be repaid annually with interest at 13 per cent in 15 years. The Board did not make any provision/plan for repayment of principal as well as interest. No moratorium was allowed by the Government during the period under review.

Table 4.1.2: Funds received as Grant

(Rupees in crore)

Sl. No.	Name of the Scheme	1998-99	1999-00	2000-01	2001-02	2002-03
1.	Development Work in Urban Villages					
	Grants-in-aid received	3.00	2.00	1.40	3.00	2.50*
	Actual expenditure	0.98	0.53	0.52	0.87	0.45
	Saving/ Excess	(-) 2.02	(-) 1.47	(-) 0.88	(-) 2.13	(-) 2.05
2.	Improvement Work in Re-settlement Colonies					
	Grants-in-aid received	6.67	8.00	8.00	6.50	2.00*
	Actual expenditure	4.43	6.01	7.06	4.62	2.82
	Saving/ Excess	(-)2.24	(-)1.99	(-) 0.94	(-) 1.88	0.82

*Provisional figures

Audit scrutiny revealed that savings under each scheme were due to delay in implementation of various works, non-execution of works, administrative inefficiency and other lapses which are discussed in the succeeding paragraphs.

4.1.5 Inadequate Coverage of Sewerage Projects

Satisfactory waste water disposal arrangements should be provided to every citizen. However, the Board currently provides sewerage facilities to only about 60 per cent of the population living in NCT of Delhi. Fifty urban villages and 154 unauthorised regularised colonies out of a total of 135 urban villages and 567 unauthorised regularised colonies either had no sewerage facilities altogether or the sewerage system was not functioning. Approximately 40 per cent of the population thus remained without a sewerage system. The sewage from these areas is discharged untreated into the river Yamuna through open drains which were meant originally for carrying storm water. The Board has so far failed to trap the sewage from the unsewered areas.

4.1.6 Implementation of Works vis-à-vis Annual Plans

Details of works contemplated to be taken up in the Annual Plans, targets fixed by the Board and the actual achievement during the period 1998-99 to 2002-03 are tabulated in Annex-I. It would be seen that the Board fixed targets which were far lower than those contemplated in the Annual Plan though adequate funds amounting to Rs. 283.33 crore were provided by the Government during the period under review against the budget estimates of Rs. 290.90 crore. Audit scrutiny further revealed that the Board could not achieve even these targets as only 36 per cent and 51 per cent of the works relating to laying/ jointing of trunk sewers and branch sewers respectively were actually completed during the period under review. The Board also failed to commission sewer lines in five urban villages and 47 regularised/ unauthorised colonies due to non functioning of the connected sewer lines/ sewage pumping station etc.

Reasons for non-implementation of the works were neither found on record nor did the Board furnish these to Audit. However, audit scrutiny revealed that non-implementation of the works was mainly due to deficient planning, non-synchronisation of works and non-finalisation of tenders in time.

4.1.7 Operation and Maintenance of existing Trunk Sewers

Trunk sewers intercept the sewage from peripheral/ internal sewers through gravity and convey it to the sewage pumping stations and thereafter to the sewage treatment plants. As of 2002-03, the existing sewerage conveyance

Fifty urban villages and 154 unauthorised regularised colonies were without a functional sewerage system

The Board failed to implement the planned works though funds were not a constraint

18 main trunk sewers were not functioning properly either due to their having settled, collapsed or silted up for more than five years

system was around 5,600 kms. in length. There were 28 main trunk sewers with a total length of about 130 kms. In terms of a pre-feasibility study report of January 2000 for rehabilitation of the damaged sewerage system conducted jointly by the Union Ministry of Environment and Forests and the Board, 18 trunk sewers of 91 kms. length were not found functioning properly either due to their having collapsed or due to siltation. Ten trunk sewers of total length of 41.36 kms. required de-silting while the remaining eight trunk sewers of 49.64 kms. length needed rehabilitation/restoration due to their settlement at various places. The Board accordingly prepared an action plan to rehabilitate these trunk sewers by March 2002. However, the Board could de-silt (March 2003) only 20 kms. length of six trunk sewers while rehabilitation/restoration works in respect of four trunk sewers of length 28.40 kms. was in progress. In addition, audit scrutiny revealed that these trunk sewers had not been functioning properly for periods ranging from five to 10 years. Apart from the above, Tri Nagar trunk sewer was also not functioning for about ten years. Poor maintenance of the trunk sewers resulted in the sewage finding its way to the river Yamuna and polluting it.

The Chief Engineer stated (May 2003) that the work of rehabilitation of the trunk sewers could not be taken up due to non-availability of any firm having experience in trenchless technology in India. However, some joint ventures had been established recently by Indian firms with foreign collaborators to whom these works had been awarded. He added that it was not technically advisable to award all the works in one go since new technology was involved.

The reply of the Chief Engineer is not tenable as these trunk sewers were not functioning for periods ranging from five to 10 years and no efforts were made by the Board to rehabilitate them. Further, while the first work of rehabilitation of Ring Road trunk sewer using trenchless technology was awarded in April 1999 and completed in November 1999, the works relating to the four trunk sewers using the same technology were awarded only in October 2002, viz. after nearly three years. Evidently, the technology was proven with completion of the first work in November 1999. Hence, the delay of three years in awarding of the remaining four works was unjustified.

4.1.8 Poor Coordination of Works

Sewer lines which were laid during last five years were not functional due to non completion/ functioning of connected system

To prevent the pollution of river Yamuna, it is essential to have a functional sewerage system involving trunk/peripheral/internal sewers and sewage pumping stations/sewage treatment plants. Absence or poor functioning of any of the components would defeat the objective of preventing pollution of the river. Audit scrutiny revealed that in five divisions, 30 works of construction of sewer lines which were taken up/ completed during the period

under review were not made functional due to non-availability/ non-functioning of the connected trunk sewers/peripheral sewers/internal sewers/sewage pumping station/sewage treatment plants. As a result, sewage from the corresponding catchment area continued to be discharged untreated into the Yamuna. While internal sewers in the Najafgarh and Uttam Nagar groups of colonies were laid by the Board seven to 10 years ago, these lines could not be made functional due to non-availability of trunk sewers. On the other hand, trunk sewer from Kailash Nagar to Geeta Colony sewage pumping station was commissioned about 10 years ago but due to the failure of the Board to provide internal sewers in major parts of its catchment area like Shanti Mohalla, Raghupura, Ajit Nagar and Jain Mohalla, it was working only partially. Thus, due to poor coordination, the Board failed to provide effective sewerage system due to which sewage from these areas continues to be discharged untreated in river Yamuna.

4.1.9 Execution of Works

Test check of the records of divisions revealed the following:

Unfruitful Expenditure

Ring Road trunk sewer failed to function for more than five years despite incurring an expenditure of Rs. 13.12 crore

The Ring Road trunk sewer of 1,200-2,700 mm. diameter from Red Fort to Ring Road pumping station was not functioning for more than five years as of March 2003 due to its settlement/collapse at several places. The trunk sewer was meant to collect the sewage generated from part of Civil Lines Zone, Old Walled City, Rajghat, IIPA¹, Pragati Maidan, part of NDMC area, Nizamuddin and Sunlight Colony and convey it to Okhla sewage treatment plant. Due to its settlement/collapse, about 65.80 cusecs per day of sewage was being discharged into the Yamuna without treatment through various storm water drains. The Board decided (April 1999) to rehabilitate the trunk sewer by de-silting and re-lining. The following three works were awarded during April 1999 to August 2000 at a total cost of Rs. 17.78 crore with

stipulated date of completion of February 2001:

¹ Indian Institute of Public Administration

Table 4.1.3: Details of Works Awarded

Sl. No.	Name of work	Length in meters	Period of award of work	Total cost (Rs. in crore)	Stipulated period of completion	Actual Expenditure (Rs. in crore)	Actual period of completion
1.	Restoration work at Bhairon Road Trunk sewer	58	April 1999	1.19	August 1999	1.19	November 1999
2.	Rehabilitation of trunk sewer at Urdu Academy	474	October 1999	10.29	February 2000	10.33	May 2001
3.	Restoration of settled/collapsed portion of trunk sewer at Gurudwara Dam Dama Shahib	685	August 2000	6.30	February 2001	1.60	Under process
	Total			17.78		13.12	

While two works were completed by May 2001, the third work at Damdama Sahib location has not been completed so far (November 2003). Due to this, the sewage from the area was still being discharged in the river Yamuna. Further, the following shortcomings were noticed in the execution of these works:

Undue benefit to the contractors

First restoration work of 58 m. length at Bhairon Road was awarded (April 1999) to the lowest tenderer firm 'X' at a total cost of Rs. 1.19 crore on the basis of cost analysis submitted by the firm. The Board could not prepare its own justification of rates due to adoption of trenchless technology which was then a new technology. Work was awarded on a lumpsum turnkey basis for which a payment schedule was approved by the Board. In terms of cost analysis, the maximum payments for insurance, barricading, closed circuit TV survey, fuel and electricity charges, dewatering arrangement, putting up of site office, de-silting etc. to be made at initial stage worked out to Rs. 18.78 lakh whereas according to the payment schedule approved by the Board in January 1999, the payment towards the above items made to the contractors was

Rs. 39.39 lakh. Thus, the Board extended undue benefit of Rs. 20.61 lakh to the contractor by releasing early payment as compared to the actual quantity of work executed. Audit scrutiny further revealed that according to the terms of the contract, 20 per cent of the total cost of the work was required to be withheld till successful completion of the works whereas as per the payment schedule only five per cent of the total cost was withheld till the execution of final item of closed circuit TV survey of the sewer line. As the sewer line is still settled at its down stream at Damdama Sahib (as shown at Serial No.3 in

the table) where the work is in progress, successful completion of the work cannot be ensured. Despite this, the entire cost of the work has been paid to the contractor. Thus, the Board not only failed to safeguard its interest but also extended undue benefit to the contractor by releasing early payment.

Faulty payment schedule resulted in undue benefit to the contractor by releasing Rs. 90.95 lakh earlier than warranted

Similarly, scrutiny of payment schedule for the second work of rehabilitation of trunk sewer at Urdu Academy revealed that 7.5 per cent of the total cost of Rs. 9.38 crore was required to be paid to the contractor on account of topographical survey to determine sewer alignment, manhole position, proximity to structures, exact length between manholes and invert levels. Accordingly, an amount of Rs. 70.34 lakh was paid to the contractor. Audit scrutiny revealed that both the works at Serial Nos. (1) and (2) in the table were of similar nature and for rehabilitation of the same trunk sewer line. They were executed by the same contractor with the same scope of work but with different payment schedules. In the first work, no payment was made for execution of these items. Thus the Board gave an undue benefit to the contractor.

Avoidable extra expenditure of Rs. 5.38 crore due to execution of work at higher rate

The Board decided to execute the restoration work of 474 m. trunk sewer near Urdu Academy, Pragati Maidan and inside the Zoological Park. Since a similar work at the same sewer line at Bhairon Road was in progress, an offer was taken from the same contractor firm 'X'. On the basis of the offer of the contractor, the work was awarded in October 1999 on lumpsum turnkey basis at a total cost of Rs. 9.38 crore (about Rs. 1.98 lakh per m.). During execution of the work, it was seen that 60 m. more length in Pragati Maidan near Hall No.6 needed restoration which was not covered in the scope of the work. The Board decided to increase the scope of the work and additional restoration work for the 60 m. length was awarded to the contractor in August 2000 at a rate of Rs. 1.52 lakh per m. at a total cost of Rs. 91.41 lakh against the prevailing awarded rate of Rs. 1.98 lakh per meter. In this regard, the following observations are made:

The Board awarded the work without departmental justification of rates

- Instead of inviting open tenders for the entire work, the Board awarded the work to Firm 'X' without any cost justification. In the absence of open tenders, the possibility of awarding the work at higher rates cannot be ruled out.
- While awarding the first restoration work at Bhairon Road, it was decided that special arrangements would be made to record and document the process to generate an in-house information base of the process as the information collected would be invaluable for rehabilitation of other parts of trunk sewers in future. Audit scrutiny however revealed that no such

data base was generated by the Board and work was awarded to the contractor without any rate justification.

- The work which was initially awarded and executed @ Rs. 2.06 lakh per m. in April 1999 was subsequently executed @ Rs. 1,97,864 per m. and Rs. 1.52 lakh per m. in October 1999 and August 2000 respectively by the same contractor without any justification of rates prepared by the Board. The Board awarded additional work of 60 m. length in Pragati Maidan in August 2000 @ Rs 1.52 lakh per m. Audit scrutiny revealed that the same contractor had quoted a rate of Rs. 1.05 lakh per m. for the restoration work of the same trunk sewer at Damdama Sahib location in July 2000 as shown in Serial No.3 in the table which was however awarded to another contractor @ Rs. 92,000 per meter. Thus, the Board awarded the work at higher rates and consequently incurred avoidable extra expenditure of Rs. 5.38 crore.

Excess payment due to faulty payment schedule

The Board invited lumpsum tenders for restoration of settled/collapsed portion of trunk sewer at Gurudawara Damdama Sahib for 685 m. length in May 2000. The scope of the work involved closed circuit TV survey, desilting with mechanical equipment, providing lining etc. Five tenders were received and the rate of firm 'Z' of Rs. 92,000 per m. at a total cost of Rs. 6.30 crore was found reasonable on the basis of similar work in Serial No.(1) of the table awarded at the same sewer line. In this case also, the Board failed to prepare departmental justification of rates due to the adoption of trenchless technology which was a new technology. The work was awarded in August 2000 with the stipulated date of completion of February 2001. After executing the work of setting-up the site office, topographical survey to determine the sewer line, starting and installation of over pumping system, desilting, closed circuit TV survey, submission of designs/drawings of liner and restoration of 44 m. of line, the contractor abandoned the work in November 2001. In this regard the following observations are made:

- The Board failed to prepare item wise estimates indicating therein the items and quantities required to be executed. In addition, it also failed to prepare departmental justification of rates while awarding the work inspite of the fact that two similar works for the same technology had already been awarded and executed at the same trunk sewer. Moreover, five officers/ officials had been deputed for training abroad (January 2000) in this technology. In spite of this, the Board failed to prepare detailed estimates and departmental justification of rates. Audit is therefore unable to comment upon the reasonableness of the rates.

The Board failed to prepare item-wise estimates and departmental justification of rates inspite of the fact that similar work had already been executed by the Board

Due to faulty payment schedule, Rs. 1.19 crore was paid to the contractor in excess of actual execution of work

- The Board did not finalise the payment schedule before the award of the work. The payment schedule was first approved in November 2000 and on the request of the contractor was subsequently revised in December 2000. Audit scrutiny revealed that 20 per cent payment of total cost i.e. Rs. 1.60 crore was paid to the contractor for setting up the site office, closed circuit TV survey and submission of drawing/design, etc. whereas only 44 m. length of value Rs. 40.48 lakh was actually rehabilitated by the contractor.

Thus, faulty payment schedule resulted in payment of Rs. 1.19 crore to the contractor in excess of actual execution of work. The Executive Engineer stated (November 2003) that action for recovery of the excess amount would be taken after completion of the balance work.

4.1.10 Extra expenditure due to delay in acceptance of tenders

Non finalisation of tenders within their validity period necessitated their re-invitation resulting in cost increase of Rs. 20.77 lakh

In terms of the provisions of the CPWD manual, tenders are to be finalised within 90 days of their opening. Audit scrutiny however revealed avoidable administrative delays in the processing of tenders in respect of five works relating to two divisions. As a result, these tenders could not be finalised within their validity period or the extended periods stipulated by the tenderers. This necessitated re-invitation of tenders for these works leading to delay in award of the related contracts ranging from 12 to 46 months and a cost increase of Rs. 20.77 lakh in the aggregate as tabulated:-

Table 4.1.4: Extra expenditure due to delay in award of works

Sl. No.	Name of work and Division	Details of first call of tenders	Details of subsequent call of tenders	Date of work award	Extent of delay in award of work (in months)	Cost escalation (Rs. in lakh)
1.	P/L common sewer for Shanti Muhalla and Chand Muhalla	October 2000	August 2001	July 2002	21	2.57
2.	L/J of 750 mm dia CI Rising Main from Zafarabad SPS to Yamuna Vihar STP, Shahdara	March 1996	October 1996	July 1998	28	3.99
3.	P/L internal sewer line Rajgarh, Rajgarh Extension, Chand Muhalla, Raj Garh Extn. I and II	October 2000	April 2001	October 2001	12	4.74
4.	P/L internal sewer line in Ghonda Chauhan Banger (Ghonda Village in Shahdara)	May 2000	August 2002	August 2002	27	3.70
5.	P/L internal sewer in Raju Park and Behari Pari on Khanpur Deoli Road	August 1996	March 2000	June 2000	46	5.77

P/L: Providing/Laying, L/J: Laying/Joining

4.1.11 Extra expenditure due to re-invitation of tenders of balance work

In the following cases, the Board incurred an extra expenditure of Rs. 4.13 crore due to deficient planning and failure to provide clear site to the contractor.

The work of providing, laying and jointing of 900-1100 mm. diameter trunk sewer in length of 1,420 m. in Najafgarh was awarded to Firm 'A' in January 1996 at total cost of Rs. 1.07 crore. After laying 660 m. pipes, the contractor stopped the work in July 1997 due to insufficient/restricted space because of a MTNL cable duct on one side and water mains on the other side of the sewer. An expenditure of Rs. 54.15 lakh was incurred on the work.

The Board received an estimate of Rs. 53.80 lakh from MTNL in January 1998 for dismantling and restoration of the duct and shifting of cable. However, it decided (August 1998) not to release the said amount. The Board took two years to invite the tenders for balance work on trenchless technology and the work was awarded to firm 'B' in April 2001 at a total cost of Rs. 4.18 crore with the stipulated date of completion of September 2001. The work was in progress as of April 2003 and expenditure of Rs. 3.62 crore had already been incurred. Audit scrutiny revealed that failure of the Board in releasing the funds for shifting of the MTNL cable and improper survey/investigation before award of the work resulted in adoption of a costlier technology and additional expenditure of Rs. 3.25 crore (Rs. 4.86 crore - 1.61 crore) including an amount of Rs. 13.88 lakh paid to the first contractor due to arbitration awards towards idle establishment/tools/ plants, profit on balance work and interest.

Failure of the Board in releasing the funds for shifting of MTNL cable and improper survey/investigation before award of the work resulted in cost escalation of Rs. 3.25 crore

The work of providing and laying trunk sewer for Uttam Nagar group of colonies along Najafgarh Road was awarded to firm 'C' in October 1991 at a total cost of Rs. 1.37 crore. Stipulated date of completion of the work was October 1993. After completion of 10 per cent of work, the work was stopped by the contractor as the Board failed to provide clear site to him due to delay in arranging traffic permissions and removal of underground services.

Tenders were re-invited in March 1997 and the work was again awarded to the same contractor in February 1998 at a total cost of Rs. 1.67 crore with February 1999 as the stipulated date of completion. Work was in progress as of April 2003. Delay was again attributable to the same reasons on which the earlier work was foreclosed.

The failure of the Board to provide clear site to the contractor in time delayed the completion of works and resulted in an additional financial burden of Rs. 29.54 lakh besides time overrun of more than nine years.

Failure of the Board in providing clear site to the contractor resulted in cost escalation of Rs. 58.21 lakh besides time overrun of more than seven years

The work of laying of peripheral sewer lines in Jahangirpuri Phase I and Phase II were awarded to two contractors in December 1993 at a cost of Rs. 1.35 crore and Rs. 1.02 crore with the stipulated date of completion as December 1995 and June 1995 respectively. After completion of about 75 per cent of each work, both were foreclosed in January 2000 and December 1997 respectively as the Board failed to provide clear site to the contractors due to encroachment. The Board had incurred an expenditure of Rs. 1.82 crore on both the works. The balance works of Phase I and II were awarded to two contractors in March 2000 and October 2000 at a total cost of Rs. 46.28 lakh and Rs. 67.32 lakh respectively. The works at Jahangir Puri Phase I and II were completed in December 2001 and November 2001 respectively at a total cost of Rs. 1.14 crore.

Thus, failure of the Board to provide clear sites to the contractors resulted in a cost escalation of Rs. 58.21 lakh and a time overrun of more than seven years.

4.1.12 Loss due to award of work at Higher Rate

Trunk sewer was not functioning properly for more than five years

A trunk sewer of 1,600 mm. diameter from Harsh Vihar to Haiderpuri sewage pumping station which was to carry the generated discharge of Pitampura Cooperative Societies, Saraswati Vihar, Rani Bagh, Shakur Basti and part of Rohini had settled/collapsed at several places for about five years. Resultantly, only six million-gallon per day (MGD) sewage was actually reaching the sewage pumping station against sewage generation of about 18 MGD. The corresponding sewage treatment plant thus remained under-utilised and the sewage from the catchment area was discharged untreated in the supplementary drain and Najafgarh drain thereby polluting the Yamuna. The Board accorded administrative approval of Rs. 14.54 crore in March 2000 of which Rs. 12.28 crore was earmarked for restoration/rehabilitation of the trunk sewer. Tenders were invited in May 2000 and two tenders were received. The technical committee recommended the work in favour of the lowest tenderer firm 'D' at a total cost of Rs. 12.51 crore without giving any departmental justification of rates. The tenders were discharged as the contractor could not submit the documents regarding technical tie-ups with foreign collaborator as per the terms and conditions of the tender. Tenders were thereafter re-invited in January 2002. Two tenders were received and work was awarded to firm

‘E’ in September 2002 at a total cost of Rs. 17.06 crore as per details given below:

Table 4.1.5: Quantity and rate of items executed

Sl. No.	Item	Quantity	Unit	Rate (in Rs.)	Amount (Rs. in crore)
1.	(i) Survey & CCTV	2x3622.78m	Per m.	2,000	1.45
	(ii) De-silting of Trunk Sewer	3622.78m	Per m.	9,000	3.26
2.	Reconstruction of settled sewer	250 mtrs.	-do-	90,000	2.25
3.	Lining of sewer	800 mtrs.	-do-	1,10,000	8.80
4.	Strengthening of joints	325 Nos.	Per No.	40,000	1.30
				Total	17.06

In this regard, the following observations are made in audit:

- The Board failed to prepare departmental justification of rates inspite of the fact that similar works were awarded by the Board in respect of rehabilitation of Ring Road trunk sewer.
- De-silting/ cleaning and closed circuit TV survey work of North trunk sewer was awarded by the Board @ Rs. 3,630 per m. only in August 2002 whereas work order for same items at Serial Number 1 above was awarded @ Rs. 11,000 per meter. Further, the rehabilitation work of Ring Road trunk sewer at Gurudwara Damdama Sahib was awarded @ Rs. 92,000 per m. in August 2000 including de-silting, closed circuit TV survey and lining of the sewer line which was of 2,200 mm. diameter whereas work order of similar items at Serial Numbers 1 and 3 was awarded @ Rs. 1.21 lakh per m. and for lesser size of trunk sewer.

Work executed at higher rate resulted in excess expenditure of Rs. 2.32 crore

It is evident from the above that the Board awarded the work at higher rate and incurred avoidable expenditure of Rs. 2.32 crore (Rs. 9.68 crore – 7.36 crore).

4.1.13 Avoidable expenditure of Rs. 10.51 lakh due to deficient planning

The work of laying and jointing 900-1100 mm. diameter trunk sewer in Najafgarh for length of 1,420 m. was awarded to firm ‘F’ in January 1996 and work of supply of pipes for the above work was awarded to another contractor in May 1995. The contractor supplied all the pipes to the Board within the stipulated time.

After laying 660 m. pipes, the work was abandoned in July 1997 due to non-availability of clear site. The balance work was awarded to firm 'B' in April 2001 but these pipes could not be used due to adoption of trenchless technology instead of open cut excavation which was being adopted earlier. These pipes were thereafter shifted from the site to the sewage pumping station (October 2000) at an expenditure of Rs. 1.17 lakh. Out of 739.20 m. of pipes which remained unused, 105.65 m. have been used by shifting to other works. The remaining 633.55 m. of pipes valued at Rs. 9.34 lakh was lying idle at site as of April 2003. Thus, due to non-execution of the work by a single contractor, the Board incurred avoidable expenditure of Rs. 10.51 lakh.

4.1.14 De-silting /cleaning of trunk sewers

The test check of the records of drainage divisions II, V and XI revealed that during 1998-99 to 2000-01, an expenditure of Rs 1.62 crore was incurred on execution of 58 works of cleaning/ de-silting of various trunk sewers. In this regard, the following observations are made in audit:

Incorrect estimates

A scrutiny of the estimates files revealed the following discrepancies:

- In five cases of de-silting/ cleaning of "66" brick barrel trunk sewer from Keshopur Sewage Treatment Plant to upstream", lumpsum estimates involving cleaning of manholes by removing silt/ malba/ debris with the help of augur system including labour, other required tools and plants, carriage of malba upto dumping ground, etc. were prepared and technically sanctioned on the basis of number of shifts/days for which de-silting machine was required. It was, however, seen that the number of shifts/days were estimated without assessing the quantum of silt required to be cleaned. Thus, in the absence of estimation of silt, the number of days/ shifts for which augur system was required could not be verified and is therefore questionable.
- In two cases where details of measurement of estimated quantity of silt was worked out in respect of above trunk sewer, it was seen that during 1999-00, the diameter of the manhole was taken as 65" whereas during 2000-01 the same was taken as 94".
- Estimates for Rs. 1.25 lakh were technically sanctioned during 1998-99 for de-silting of manholes near 12 blocks in Tilak Nagar on the basis of 16 shifts @ Rs. 7,040/- per shift. The estimate was *suo motu* revised to Rs. 0.93 lakh after taking into account 20 shifts @ Rs. 4,500 per shift and it was presumed that 50 cubic feet of silt would be taken out per day per shift. Criteria adopted for increasing the number of shifts and reduction in

Estimates of cleaning/ de-silting of sewer were prepared without assessing the quantum of silt

the rates were neither found on record nor furnished to audit. Further, neither the log books nor the measurement books indicated the actual quantity of silt taken out from the manholes. However, in the subsequent years, the estimates were prepared assuming that 25 cubic feet of silt would be taken out by a machine per day/ shift.

It is thus evident that estimates were prepared in an ad hoc manner and the possibility of undue advantage to the contractors could not be ruled out.

Excess expenditure due to execution of work at higher rates

It was seen in audit that the work was awarded @ Rs. 4,500 per day/ shift per machine in 1998-99 and was subsequently awarded @ Rs. 3,050, Rs. 2,475, Rs. 1,550 and finally @ Rs. 825 per day/ shift in the year 2001-02 without any change in type or nature of the work.

As the rates of all the different constituents of machine cost viz. the labour required, the cost of operation of the machines, loading/unloading cost, etc. increased during the period under review, it is not clear as to how the rate per day/shift declined subsequently during 1998-99 to 2000-01 when the specifications of the machines remained the same. Thus, award of the work at higher rates fixed on an apparently ad hoc basis in respect of 22 works resulted in an excess expenditure of Rs. 19.52 lakh.

Irregular payment

As per the agreement, contractors were required to produce receipts of carriage of silt/ malba to the dumping ground from the authorised official. However, audit scrutiny revealed that no evidence of carriage of silt/ malba was found on record in respect of 13 works. Further, measurement books of these works also did not indicate the quantum of silt actually taken out and carried. Thus, the payment of Rs. 31.85 lakh made to the contractors without these documents was irregular.

4.1.15 Non-recovery of compensation

A test check of the records of drainage divisions IV and XII revealed that in the following three cases, the Executive Engineers levied compensation of Rs. 16.13 lakh under clause 2 of the contract agreement as the contractors

failed to complete the work.

Table 4.1.6: Compensation not recovered**(Rupees in lakh)**

Sl. No.	Name of work	Name of Contractor	Amount of Compensation	Date of imposing Compensation
1.	Laying of peripheral sewer in Mangol Puri, JJR	M/s. Chattar Singh Saini & Co.	7.07	September 1996
2.	P/L new sewer line of length 1694 meter in place of existing settled sewer line of sectors IX and XIII, Rohini	M/s. Vijay Kumar Goel	5.41	December 1999
3.	P/L Sewerage system in Urban Villages, Rithala	M/s. Fauja Singh & Sons	3.65	Not available
		Total	16.13	

Executive Engineer failed to recover compensation of Rs. 16.13 lakh from contractors

Audit scrutiny however revealed that the Executive Engineers failed to recover the compensation amount of Rs. 16.13 lakh from the contractors even after periods ranging from 40 to 88 months. The Executive Engineers stated (March/ April 2003) that the matters were under arbitration and therefore amount of compensation had not been recovered. The reply is not tenable as the question of recovery of compensation levied under clause 2 of the contract was not within the purview of arbitration in the light of pronouncement of the Supreme Court in the case of *Vishwanath Sood vs Union of India* which had been circulated to all the Divisions in November 1989.

4.1.16 Poor utilisation of departmental resources

Audit scrutiny revealed that due to improper utilisation of departmental resources, the Board incurred an avoidable expenditure of Rs. 1.58 crore as detailed below:

Drainage divisions V and XI had eight sewer cleaning machines for cleaning/de-silting of internal/peripheral/trunk sewers alongwith 48 operational staff. The Board incurred an expenditure of Rs. 1.59 crore as pay and allowances on these staff during the period under review. A perusal of the log books of the five machines for the four years from 1998–99 and 2001–02 revealed that all

the machines were under-utilised as depicted below:

Table 4.1.7: Machines under-utilised

Sl. No.	Sewer cleaning machine No. (SCM)	No. of months from 01.04.1998 to 31.03.2002		No. of hours SCM was actually used
		SCM remained idle	SCM was utilised	
1	6	45	3	90
2	17	41	7	312.5
3	8	36	12	536.5
4	15	35	13	572
5	19	33	15	461

Thus, instead of utilising the available departmental machines, the Board incurred an expenditure of Rs. 0.99 crore on execution of de-silting/ cleaning works through contractors.

Due to poor utilisation of departmental resources, the Board incurred avoidable expenditure of Rs. 1.58 crore

The restoration work of settled/collapsed portion of Ring Road trunk sewer at Gurudwara Damdama Sahib was awarded to a contractor in August 2000. During the execution of the work, the sewer line was plugged at Bhairon Road and over pumping at the site was undertaken. The contractor stopped the work in November 2001. To avoid unsanitary conditions and water-logging in the upstream area, the Executive Engineer awarded 10 works in respect of pumping out of generated sewage during November 2001 to September 2002 and incurred an expenditure of Rs. 58.79 lakh. The Board in fact started the work of over pumping departmentally from October 2002. Had the Board executed the work of over-pumping using its own machinery earlier, it could have saved an expenditure of Rs. 58.79 lakh.

Thus, the Board failed to utilise its own resources and consequently incurred avoidable expenditure of Rs. 1.58 crore in the above two cases.

4.1.17 River Water Quality

As of March 2003, the Board assessed sewage generation of 652 MGD against which it had a sewage treatment capacity of 512.60 MGD. 355.76 MGD sewage representing 69 per cent capacity utilisation was actually treated during the year 2002-03. The under-utilisation of capacity was largely on account of poor sewerage system/ non-existence of conveyance system and mismatch of the sewerage treatment plants and sewage interception/diversion. Thus, 296.24 MGD of sewage representing 45 per cent of total sewage generation was being discharged into the river Yamuna without treatment and polluting it severely. The water pollution levels at Palla where the river enters Delhi and at Agra canal/ Okhla Barrage where it leaves Delhi as monitored by the Central Pollution Control Board during January 2001 to August 2002 were as under:

Table 4.1.8: River water quality

Parameters	Bathing Standards	Water quality in River Yamuna during 2002-03			
		Entry point at Palla		Agra Canal Okhla Barrage leaving Delhi	
		Min.	Max.	Min.	Max.
Dissolved Oxygen	Not less than 5 mg/litre	5.91	9.9	0	3.88 (Avg. 1.94)
Bio-chemical oxygen demand	Not more than 3 mg/litre	Less than 1	3.0 (Avg. 1.5)	2	27 (Avg: 13.29)
Total Coliform count	Not more than 10,000 per 100 ml.	600	1,02,000 (Avg 29808)	1700	1,58,00,000 (Avg.21,23,583)

It is quite evident from the table that while the water quality of the river Yamuna at the entry point in Delhi at Palla is suitable for bathing purpose, it is not fit for any purpose by the time it leaves Delhi.

4.1.18 Conclusion

Despite the availability of sufficient funds, the Board failed to implement the works of providing/laying of trunk/branch sewers as planned. Against a target of 761 works projected in the Annual Plans during the period under review, the Board fixed targets for completion of only 117 works during the corresponding period of which only 50 works were actually completed. The Board incurred extra expenditure of Rs. 17.46 crore due to delay in processing of proposals and award of works while an avoidable expenditure of Rs. 10 crore was incurred due to execution of work at higher rates and undue benefit to the contractors. In addition, poor utilisation of the departmental resources led to avoidable expenditure of Rs. 1.58 crore. Delay in implementation of various works, non-synchronisation of works, non-execution of works, deficient planning etc. resulted in deterioration of water quality of the river Yamuna in the Delhi stretch.

The matter was referred to the Government in August 2003, their reply was awaited as of February 2004.

ANNEX – I
(Referred to in paragraph 4.1.6)
Plan, Targets and Achievements

S.No	Name of the scheme	Unit	1998-99			1999-2000			2000-01			2001-02			2002-03			Total		
			P	T	A	P	T	A	P	T	A	P	T	A	P	T	A	P	T	A
1.	Laying/jointing, rehabilitation, de-silting of trunk sewers	No of works	93	13	4	73	13	3		15	6		14	8	73	11	3	373	66	24
2.	Laying/ jointing of Branch Sewers	--do--	56	7	1	37	8	6		14	8		11	9	171	11	2	388	51	26
3.	Development works in Urban Villages	No. of villages		*	81		*	82		*	93		96	93		135	93		*	*
4.	Improvement works in Regularised/ unauthorised colonies	No. of colonies		*	361		*	366		*	402		427	418		502	458		*	*
5.	Improvement works in JJ Settlement colonies	--do--		*	27		*	34		*	39		41	40		44	44		*	*

P: Target as per Annual Plan T: Target fixed by DJB A: Actual Achievement, *: no targets fixed

4.2 Providing of Parking Facilities in MCD and NDMC Areas

Audit reviewed the performance of the Municipal Corporation of Delhi and the New Delhi Municipal Council in regard to providing parking facilities in their respective areas. The review revealed that licence fee amounting to Rs. 13.25 crore due from parking contractors was not recovered due to poor pursuance. Due to inaction on its part, the Corporation/Council suffered a revenue loss of Rs. 4.59 crore while Rs. 1.06 crore of Corporation's funds were blocked in litigation. The agencies failed to prevent running of unauthorised parking operations due to non-provision of site maps and lack of proper demarcation and regular inspections. The Corporation/Council could not prevent the misuse of parking lots and overcharging of parking fee. Both agencies failed to undertake new schemes for construction and development of parking lots despite the increasing number of vehicles. They also need to effectively implement the terms and conditions of parking contracts and to ensure better parking facilities in Delhi.

Highlights

A test check of the Demand & Collection Registers revealed outstanding licence fee of Rs. 10.64 crore and Rs. 2.61 crore due from parking contractors of MCD and NDMC respectively.

(Paragraphs 4.2.6 & 4.2.24)

MCD suffered a loss of Rs. 1.46 crore due to delay in completion of allotment process and acceptance of reduced licence fee.

(Paragraph 4.2.9)

Failure to enforce terms of contract coupled with irregular adjustment of security deposit resulted in loss of Rs. 2.38 crore to MCD.

(Paragraph 4.2.12)

Laxity in properly presenting its case before the court and delay in cancellation of contract resulted in accumulation of licence fee of Rs. 50.90 lakh.

(Paragraph 4.2.15)

Lax pursuance by MCD as well as improper maintenance of Demand & Collection Register resulted in non-recovery of licence fee of Rs. 53.48 lakh.

(Paragraph 4.2.17)

Inadequate assessment of financial viability of contractor by MCD before allotment of parking lot resulted in avoidable litigation and accumulation of licence fee of Rs. 43.44 lakh.

(Paragraph 4.2.21)

MCD allotted two parking lots in December 1998 and July 1999 without collecting the initial deposit of Rs. 35.80 lakh. It failed to recover Rs. 1.37 crore towards licence fee including the initial deposit as of March 2003.

(Paragraph 4.2.22)

MCD suffered a loss of revenue of Rs. 50.40 lakh due to non-allotment of parking lot at Lajpat Nagar, Central Market-II.

(Paragraph 4.2.23)

Both MCD and NDMC failed to prevent unauthorised running of parking lots.

(Paragraphs 4.2.8 & 4.2.25)

4.2.1 Introduction

A growing metropolis like Delhi requires adequate and well-managed parking space for vehicles in order to maintain civic order and ensure smooth movement on its roads. The number of vehicles in Delhi is presently 35 lakh. Parking problems are acute in areas like shopping complexes, other commercial complexes including central business districts and cinema halls and even in some residential colonies. Resultantly vehicles are parked on the side of the carriageway blocking or restricting free movement of traffic.

There are 83 parking lots in the Municipal Corporation of Delhi (MCD) area including three multi-level parking areas. In addition, various parking lots are to be developed/constructed in congested areas like Mori Gate near Kashmiri Gate, Lakshmi Nagar, Shastri Park in Karol Bagh, Subhash Park on Ansari Road, near Chattarpur Mandir, Sanjay Gandhi Transport Nagar and various other lots in rural and urban areas.

In New Delhi Municipal Council (NDMC) area, there are 100 parking lots including two covered parking areas. In addition, various parking lots are to be provided in and around the Connaught Place area and various markets like Sarojini Nagar, Netaji Nagar, etc.

4.2.2 Organisations Setup

The Remunerative Project (RP) Cell manages and controls parking in MCD area. It is headed by a Deputy Commissioner/ Additional Deputy Commissioner under the overall supervision and control of the Commissioner, MCD.

In August 2002, the system of parking management was de-centralised by MCD whereby tendering was done centrally by the RP Cell but parking was managed by the Deputy Commissioners of the respective zones. However, the system has again been centralised since March 2003.

The allotment of parking lots in NDMC is managed by the Enforcement Branch headed by a Director under the overall supervision and control of the Chairperson, NDMC.

4.2.3 Scope of Audit

A test check of records of allotment, management and control of parking lots in MCD and NDMC area for the period from 1998-99 to 2002-03 was conducted to ascertain whether the parking lots in Delhi were adequate, properly managed and generating the expected revenue and whether the terms and conditions of contracts were being complied with.

4.2.4 Financial Profile

An outlay of Rs. 8.50 crore was approved for new schemes during the Ninth Five Year Plan i.e. 1997-2002 and Rs. 5.14 crore for 2002-03. In addition, a provision of Rs. 40 crore was approved for taking up of new parking schemes under negotiable loan funding during the Ninth Five Year Plan. However, there was no budget allocation/expenditure incurred by MCD during 1998-99 to 2002-03 on construction/development of parking lots.

An outlay of Rs. 4 crore was proposed for NDMC in the Ninth Five Year Plan. There was a provision of Rs. 50 lakh for construction/ development of parking lots during the years 1998-99 to 2002-03 out of which NDMC incurred an expenditure of only Rs. 18.25 lakh.

Revenue collected from parking lots in MCD/ NDMC was as follows:

Table 4.2.12: Collection of Licence Fee

(Rupees in crore)

Year	MCD	NDMC
1998-99	4.49	1.52
1999-00	5.51	2.88
2000-01	3.68	4.06
2001-02	4.86	4.42
2002-03	3.98	6.15
Total	22.52	19.03

The revenue realised on account of licence fee from parking lots in MCD displayed a fluctuating trend during the period under review. It was observed that the earnings of MCD from parking lots over the years fell below those of NDMC though NDMC comprises just three per cent of the land area of Delhi. It was apparent that MCD had failed to take adequate steps to maximise revenue generation in its area.

4.2.5 Allotment Procedure

MCD/NDMC allot parking lots on the basis of Notice Inviting Tenders (NIT) for a certain period. In NDMC, there were reservations in allotment of parking lots viz. 50 per cent for ex-servicemen, 30 per cent for the general public, 15 per cent for SC/ST and five per cent for handicapped persons during 1998-2001. To encourage greater participation in the tender process and more remunerative rates for NDMC, the system of reservation was subsequently done away with.

The allotment of parking lots is to be made to the highest bidder on certain terms and conditions which are to be followed by the contractors as well as the Corporation/Council. The contractor has to execute an agreement within seven days of acceptance of the allotment offer and submit a security deposit equivalent to 25 per cent of the total bid amount of one year and one month's advance licence fee before allotment of parking lot. Further, the contractor has to deposit the licence fee in advance by the 10th of every month. In the event of failure to make the payment in advance by the 10th of every month, the licensee/ contractor was liable to pay late fee/ interest on the unpaid amount @ 18 per cent per annum upto 1998-99 and at 24 per cent per annum thereafter for the delay in payment, failing which the contract was deemed to have been automatically terminated and security/earnest money forfeited.

The Corporation/Council is to maintain a Demand & Collection Register (D&CR) in which all details of parking lots including recovery of licence fee

and period of contract is to be noted. The Corporation/Council has to ensure that the contractor charges the prescribed parking fee from the user. If there is any case of overcharging, the Corporation/Council has to initiate action against the contractor.

Municipal Corporation of Delhi

4.2.6 Outstanding licence fee of Rs. 10.64 crore

The Corporation failed to recover outstanding licence fee of Rs.10.64 crore from parking contractors

A test check of the Demand and Collection Registers (D&CRs) revealed that the Corporation had failed to calculate the outstanding licence fee and regularly issue demand notices resulting in accumulation of licence fee of Rs. 10.64 crore (excluding interest) pertaining to the period from 1998-99 to 2002-03 due from 83 contractors of 42 parking lots.

Audit scrutiny also revealed that the details of allotment of parking lots in these 42 cases were incomplete. Under such circumstances, unauthorised use of the parking lots cannot be ruled out.

Parking lots are to be allotted at a monthly rate of licence fee offered by the highest bidders. But it was noticed from the D&CRs that in most of the cases during 1998-99 to 2002-03, the Corporation extended undue benefit to the contractor by accepting part payment of the licence fee without the knowledge/approval of the competent authority in violation of the terms and conditions.

4.2.7 Non-preparation of maps of parking lots

The Corporation did not prepare maps of parking lots

In most cases, the Corporation did not prepare site maps of the paid parking lots to be allotted to the contractor as of July 2002. The Corporation, while awarding contracts for allotment of parking lots had not specifically mentioned the area of the parking lots which were to be handed over to the contractors. Only the name of the parking lot was indicated. Even the date on which the contract would expire was not mentioned in the contract. Taking advantage of such lapses on the part of the Corporation, many contractors stopped making payments and often went to the court resulting in reduction of licence fee till finalisation of the cases.

4.2.8 Unauthorised Parking

Loss of Rs. 9.60 lakh per month in seven parking lots due to unchecked unauthorized parking

It was noticed that 36 parking lots were running unauthorisedly (March 2002). However, the Corporation did not assess the financial loss caused to it nor were details of action taken on record. An audit analysis of the likely loss

being suffered by the Corporation on this score in seven of the 36 parking lots indicates that the Corporation would be suffering a potential loss of Rs. 9.60 lakh per month as assessed on the basis of parking lots allotted by the Corporation in nearby areas.

4.2.9 Loss of Revenue of Rs. 1.46 crore due to delay in completion of allotment process and acceptance of reduced licence fee

Tenders for 42 parking lots were invited in January 2002. Of these, the previous contracts in 22 cases had already expired during January 2001 to January 2002. Contracts in five cases were to expire during February-March 2002. Nine were newly created lots. In the remaining six cases, the date of expiry of the previous contract was not found on record. Bids for one newly created parking lot were not received and the allotment of another was deferred pending discussion with the members of the local market association. Audit scrutiny of the allotment of these parking lots revealed the following:

- Out of the 42 parking lots, rates of licence fee in respect of 29 parking lots were found reasonable and allotted after the third week of March 2002.
- The Corporation suffered a revenue loss of Rs. 49.21 lakh due to a time lag of over 14 months in allotment, after the expiry of the previous contract, in respect of 18 out of the 29 parking lots.
- The Corporation had yet to allot a newly created parking lot which had been deferred pending discussions with the local market association. Delay in finalizing the allotment resulted in a further revenue loss of Rs. 16.22 lakh till March 2003 as the Corporation had already received an offer of Rs. 1,35,135 per month for the lot.
- The allotment of the remaining 11 parking lots was made in June/July 2002 after a delay of about five months after finalisation of tenders. During this intervening period, these parking lots were un-allotted which resulted in a loss of Rs. 55.94 lakh to the Corporation.

The Corporation suffered a loss of Rs. 1.21 crore due to delay in completion of allotment process

Revenue Loss of Rs. 24.82 lakh due to acceptance of reduced rates

Audit noticed that the rates of monthly licence fee offered by the highest bidders in nine cases were lower than the previous rates. The Corporation accepted these reduced rates on the grounds, inter alia, of reduction in parking areas and encroachments on the lots. The Corporation did not attempt to either negotiate with the bidders to raise the rates to the previous rates or take any action to remove the encroachments. The acceptance of reduced rates in licence fee, led to a revenue loss of Rs. 24.82 lakh as of March 2003.

4.2.10 Non-Recovery of licence fees and irregular adjustment of security deposit

A parking lot at Radha Mohan Club was allotted to contractor 'A' for two years from August 1998 to August 2000 at a licence fee of Rs. 48,400 per month without executing a formal agreement. The contractor deposited Rs. 3.40 lakh (earnest money of Rs. 50,000 plus Rs. 2.90 lakh security deposit) and Rs. 96,800 towards licence fee for two months. The Corporation thereafter cancelled the allotment in May 1999 for non-payment of dues. The contractor moved the court which dismissed the suit and possession was taken back by MCD in November 2000. Meanwhile, the contractor had already paid licence fee for January 2000. The Corporation thereafter issued a fresh notice for Rs. 8.85 lakh (licence fee Rs. 6.94 lakh plus interest of Rs. 1.91 lakh) after adjustment of security deposit of Rs. 2.90 lakh and earnest money of Rs. 0.50 lakh though the security deposit should have been forfeited for non-payment of licence fee and notice issued for Rs. 11.75 lakh. While calculating the outstanding dues against the contractor, the Corporation instead of adding the licence fee of Rs. 48,400 for the month of May 1999 subtracted the same from the outstanding dues which resulted in a further short demand of Rs. 0.97 lakh. The contractor deposited Rs. 3.87 lakh against a total licence fee due of Rs. 13.25 lakh for the period from August 1998 to November 2000. Thus, irregular adjustment of security deposit coupled with incorrect omission of one month's dues resulted in short demand of Rs. 3.87 lakh. The total amount due to be recovered from the contractor was Rs. 9.38 lakh viz. Rs. 13.25 lakh minus Rs. 3.87 lakh paid as on 31 March 2003.

Loss of Rs. 9.45 lakh due to short demand and re-allotment at reduced rates

The parking lot was subsequently provisionally allotted to contractor 'B' in November 2000 for a period of one year at a monthly licence fee of Rs. 73,102. The parking lot was run by 'B' till 28 August 2001. The parking lot was thereafter shown as allotted to the same contractor 'B' in the D&CR for the period from 29 August 2001 to 28 August 2002 at a reduced monthly licence fee of Rs. 33,667. No reason for re-allotment of the parking lot to 'B' before the completion of one year in November 2001 was on record. Hence, the Corporation suffered a loss of Rs. 5.58 lakh on account of pre-mature termination of the allotment made to 'B' and re-allotment of the parking lot at reduced rates.

Loss/ Accumulation of licence fee due to laxity in enforcement of contractual terms and delay in cancellation of contracts

Audit scrutiny of the management of parking lots and the administration of the contracts revealed numerous instances of the Corporation's failure to ensure adherence to the terms of the allotment, failure to take purposeful and

timely action to protect its interests in cases of violation of the terms of the contract as well as failure to initiate timely action to recover outstanding dues. This resulted in extension of undue benefit to the contractors and accumulation of dues. Some illustrative cases are detailed below:

4.2.11 Parking lot at 'M' Block Market, Greater Kailash II

The parking lot was allotted in April 2002 for a period of one year at a monthly licence fee of Rs. 2,31,100. Possession was handed over to the contractor on 1 April 2002. In response to a show cause notice issued by MCD on 25 February 2003 viz. after lapse of nearly the entire contractual period, the contractor stated that he had not been given the complete and peaceful possession of the lot by the Corporation despite communications sent by him in this regard and that he was not able to utilise the complete parking lot due to encroachments. The outstanding licence fee against the contractor was

**No action to
recover outstanding
dues of Rs. 33.37
lakh**

Rs. 33.37 lakh as on 31 March 2003. The Corporation failed to take any action either to examine the complaints of the contractor or to initiate action against him for recovery of the outstanding dues of Rs. 33.37 lakh.

4.2.12 Multi-level underground parking at Asaf Ali Road

The parking lot was allotted to contractor 'C' in November 1998 for two years at a monthly licence fee of Rs. 5,41,671. The contractor deposited a security deposit of Rs. 46 lakh. The contractor, however, stopped depositing the licence fee regularly from the month following the allotment on the grounds of water-logging and absence of electricity, etc. at the parking lot. The Corporation did not respond to his complaints but issued show cause notices from January 1999 onwards for non-payment of licence fee. The contractor moved the civil court challenging the show cause notice which dismissed the suit. He, thereafter, filed a review application in the court of the Additional District Judge which granted a stay on 5 June 2000 against forcible dispossession and cancellation of the allotment by the Corporation. The stay was vacated by the court on 17 May 2002.

In the meantime, on the expiry of the contract period in November 2000, fresh tenders were invited by the Corporation for allotment of the parking lot and provisional offer was given to the highest bidder contractor 'D' in the same month at the rate of Rs. 8,56,786 per month. However, the allotment of the parking lot to contractor 'D' was challenged by the second highest bidder in the High Court on 15 December 2000.

'C' approached the High Court on 20 May 2002 against the orders of the Additional District Judge vacating the stay and the High Court allowed 'C' to continue running the lot at Rs. 8,56,786 per month (the rate quoted by the

highest bidder) subject to final outcome of the writ petition. There was subsequently an out-of-court settlement in October 2002 between 'C' and MCD whereunder 'C' paid Rs. 70.00 lakh during October 2002 to February 2003 out of the licence fee of Rs. 3.08 crore (including interest) due for the period from November 1998 to September 2000.

Failure of the Corporation to properly defend its interests and cancel the contract resulted in a loss of Rs. 2.38 crore

Audit observed that instead of taking action for cancellation of the contract for violation of the contractual terms, the Corporation had issued only demand notices to the contractor for over a year till he approached the court. The Corporation also failed to initiate quick action to take back the possession of the parking lot from the contractor during the period from 17 May to 20 May 2002 when the stay was vacated, which would have strengthened its legal position in the case. It was also noticed that the Corporation had adjusted the security deposit of Rs. 46 lakh against dues recoverable from 'C' which was irregular as it should have been forfeited in terms of the contract. Such lapses on the part of the Corporation resulted in a loss of Rs. 2.38 crore.

The High Court, while settling the dispute between the first and the second bidder directed the Corporation (March 2003) to re-tender the parking lot within 30 days. But the Corporation was yet to take any action on the directions of the court till June 2003 and the parking lot continued with contractor 'C' despite his past violation of the contractual terms causing loss to the Corporation.

4.2.13 Parking Lot at South Extension Part-I

The parking lot was allotted to a contractor at a monthly licence fee of Rs. 1,08,000 for two years from 24 September 1997. In May 1998, the contractor was found to be violating the terms of contract by over-charging and also by running the parking in a free-parking zone. He did not pay the penalty imposed for the same and was also not regular in payments of licence fee. A sum of Rs. 9.78 lakh on account of licence fee and Rs. 0.73 lakh as interest thereon were outstanding against him as of November 1999.

Undue benefit to the defaulting contractor by extending his contract twice and non-recovery of licence fee

Instead of taking deterrent action against the contractor for violation of the terms of the contract, the contract was extended twice without executing any agreement and the possession of parking was taken back only on 23 February 2000. An amount of Rs. 8.56 lakh including interest of Rs. 0.97 lakh was still recoverable from the contractor as on 31 March 2003. The Corporation did not depict any outstanding against the contractor in the D&CR.

It was also noticed in audit that though the parking lot was declared as a free-parking area in July 2000 till allotment to another contractor, certain unauthorised persons were collecting money from the users of the parking lot.

Though MCD brought the matter to the notice of the local police authorities on 17 July and 29 July 2000, no action was taken.

The parking lot was allotted to another contractor on 30 November 2000 for a period of one year on a licence fee of Rs. 1,98,000 per month. This contractor also defaulted in payments and a sum of Rs. 8.88 lakh was due on account of licence fee calculated upto June 2001. His contract was terminated on 22 June 2001 and according to the cancellation notice issued to him, a sum of Rs. 2.94 lakh as licence fee and interest of Rs. 0.49 lakh were shown as outstanding against him after adjusting the security deposit of Rs. 5.94 lakh.

Audit scrutiny revealed that no deposit except for an initial deposit of Rs. 10.92 lakh was indicated in the D&CR. An amount of Rs. 8.35 lakh due from the contractor for the period upto 22 June 2001 remained unrecovered as on 31 March 2003.

Thus, failure of the Corporation to take meaningful action against the defaulting contractors led to non-recovery of dues of Rs. 16.91 lakh.

4.2.14 Parking Lot at South Extension Part-II

The parking lot was allotted to a contractor at a monthly licence fee of Rs. 95,600 for two years from 3 October 1997. The contractor did not pay the licence fee after depositing an initial amount of Rs. 6.24 lakh (October 1997) on the plea that the traders were not paying him the monthly parking fee. The Corporation issued a show cause notice belatedly on 28 August 1998 for recovery of Rs. 7.75 lakh but the contractor did not pay the same. Under the terms of the show cause notice, the contract was to stand automatically terminated and earnest money and security deposit forfeited in case the dues were not deposited within seven days. However, no such action was taken.

On inspections conducted in September and December 1998, the contractor was found overcharging parking fees. The Corporation again issued an order on 30 December 1998 for recovery of licence fee of Rs. 12.37 lakh as well as for termination of the contract. It was subsequently noticed that the contractor had already obtained a stay on 3 November 1998 against the show cause notice issued by the Corporation in August 1998. The stay was vacated on 24 September 1999 and the parking was declared as free-parking on 1 October 1999. Some unauthorised persons/ trader's association were, however, found collecting money from this parking lot till 24 November 2000. An amount of Rs. 15.11 lakh calculated as on 30 September 1999 plus interest thereon was yet to be recovered from the contractor as on 31 March 2003.

Belated action of cancellation of contract resulted in non-recovery of licence fee of Rs. 15.11 lakh

Had the Corporation invoked the terms of show cause notice issued in August 1998 and promptly terminated the contract after the stipulated seven days, the litigation could have been avoided and the chances of recovery enhanced.

4.2.15 Underground Parking Lot at Church Mission Road, Fatehpuri

A contract was entered into by MCD for allotment of the parking lot from 15 September 2001 to 15 September 2002 at a monthly licence fee of Rs. 5,57,000. Within a month (October 2001) the contractor complained of water-logging, lack of electricity etc. which were not attended to by MCD. The contractor thereafter approached the court which allowed the contractor to pay 50 per cent of licence fee from June 2002 till the final decision of the court.

The court ordered, in November 2002, the appointment of an arbitrator whose final decision was awaited as of June 2003. Meanwhile, the Corporation sent a notice for payment of Rs. 30.02 lakh on 8 November 2002, the recovery of which was pending as of June 2003.

The Corporation had failed to effectively safeguard its interests. According to the terms and conditions of contract, the contractor was supposed to have inspected the parking lot which is given on 'as is where is' basis and the contractor is required to satisfy himself before offering his bid for the lot. Hence, the ground conditions prevailing at the lot were obviously known to the contractor and there was no justification for non-payment of the licence fee. However, MCD failed to bring these facts to the notice of the court. The case of MCD was further weakened by its failure to formally execute a contract. Hence, the Corporation's case was severely undermined by laxity on its own part.

The parking lot was re-allotted to another contractor for a period of one year at a monthly licence fee of Rs. 6,66,666 and possession was handed over on 15 September 2002. Once again, the contractor failed to make any payment after paying one month's licence fee and initial deposit (i.e. one month's advance licence fee and security deposit) in violation of the terms of the contract. The contract should have been cancelled for non-payment of licence fee in October/November 2002 itself and process for re-allotment initiated. Instead, cancellation orders were issued only in February 2003.

Delay in cancelling the parking contract as per the terms of the contract resulted in the accumulation of licence fee of Rs. 20.88 lakh which was outstanding against the contractor as on 31 March 2003.

Failure to properly present its case in court coupled with delay in taking action to cancel contract resulted in accumulation of licence fee of Rs. 50.90 lakh which remained unrecovered

4.2.16 Parking Lot at Community Centre, Friends Colony

The contract for operation of the parking lot was awarded for a period of one year with effect from 1 February 2001 at a monthly licence fee of Rs. 1,68,101. Soon after taking over possession, the contractor sent representations in April 2001 to the Corporation stating that he was facing problems in running the lot since (a) the previous contractor had allowed all the shopkeepers and their visitors free parking, (b) a nearby cinema was not allowing them to park adjacent to the cinema claiming it was their land and (c) the traffic police had closed certain access points to the lot. The Corporation failed to respond to the complaints and ultimately the contractor stopped payment of licence fee. The Corporation thereafter merely issued demand notices for collection of the outstanding licence fee. The contractor filed a case in the High Court which allowed (16 January 2003) the contractor to pay 50 per cent of the licence fee and ordered the appointment of an arbitrator who was appointed on 22 May 2003. Thus, failure of the Corporation to take timely action resulted not only in avoidable litigation but also in accumulation of licence fee of Rs. 32.57 lakh which was yet to be recovered as on 31 March 2003.

Failure of the Corporation to respond to complaints of the contractors ultimately resulted in non-recovery of licence fee of Rs. 32.57 lakh

4.2.17 Parking Lot at Defence Colony Market

The parking lot was allotted on 3 November 1999 for a period of two years at a monthly licence fee of Rs. 1,01,101. The contractor complained to the Corporation regarding non-operation of certain area of the parking lot due to disputes as to the demarcation of the lot. He also obtained a stay from the court against dispossession of the lot. On the day the petition for vacation of the stay was to be heard (22 February 2002) the MCD Counsel failed to attend the court. This resulted in an adjournment for four months till 18 June 2002. At the next hearing, the Counsel did not submit the written statement in the Court and a further date was given. The result was that though the period of the contract expired on 2 November 2001, the lot was still being operated by the contractor (as on 31 March 2003) and the outstanding licence fee accumulated to Rs. 53.48 lakh.

Lax pursuance and improper maintenance of D&CR resulted in non-recovery of licence fee of Rs. 53.48 lakh

Audit also noticed that when the Corporation tried to issue a demand notice in April 2002 for recovery of outstanding licence fee, the RP Cell stated that there was no demand recorded in the D&CR. There were also no records to indicate whether the contractor had deposited the dues or not. The Corporation had dealt with the case in an extremely casual manner which not only resulted in undue benefit to the contractor but also in accumulation of outstanding licence fee.

4.2.18 Parking lot at Kalkaji, Govindpuri

Failure to take action to cancel the contract resulted in outstanding licence fees of Rs. 14.93 lakh

The parking lot was allotted from 3 May 2002 to 2 May 2003 at a monthly licence fee of Rs. 1,21,166. The contractor did not make any payment from June 2002 onwards. The Corporation took no action either to cancel the contract or to recover the outstanding licence fee till 12 May 2003 i.e. after more than one year. The outstanding dues amounted to Rs. 14.93 lakh as on 12 May 2003.

4.2.19 Parking lot at Pul Mithai

No action to recover dues of Rs. 12.25 lakh

The parking lot was allotted for one year on 25 December 2000 for a monthly licence fee of Rs. 1,41,900. The contractor did not deposit any amount except for the initial deposit during the pendency of the contract on the plea that only 35 per cent area of the parking lot was being used. During inspection, it was ascertained by the Corporation that 60 to 80 per cent parking area was being used by the contractor. The Corporation did not, however, take any action either to settle the dispute as to the area in use or to recover the dues pending against the contractor which has resulted in accumulation of dues of Rs. 12.25 lakh as of March 2002. The position of recovery was not known as of March 2003.

4.2.20 Parking lot at Red Fort facing Subhash Marg (General Parking)

The Corporation failed to take action against the contractor for non-payment of licence fee of Rs. 35.24 lakh

The parking lot was allotted for a period of two years from 6 October 1998 to 5 October 2000 at a monthly licence fee of Rs. 3,32,000. The contractor was not regular in depositing the monthly licence fee. The Corporation instead of terminating the allotment merely continued to issue show cause/demand notices and Rs. 35.24 lakh remained due from the contractor till July 2000 whereafter the lot was re-allotted. In addition, there were many cases of overcharging as well as misuse of the parking lot against the contractor. But, the Corporation only imposed a minor penalty which was unlikely to discourage such violation.

4.2.21 Accumulation of licence fee due to inadequate assessment of financial viability of contractor before allotment

The parking lot at Gandhi Maidan, Chandni Chowk, was allotted to a contractor for a period of one year from 16 September 2001 on a monthly licence fee of Rs. 11,11,111. The Finance Department of MCD had recommended that the allotment of the parking lot to the highest bidder should not be considered in view of his poor financial position and that the second highest bidder who had quoted the rate of Rs. 10,71,000 should be called for negotiation. But the Corporation allotted the plot to the highest bidder on 15 September 2001. The contractor was required to pay 25 per cent of yearly

licence fee and one months' advance licence fee before taking over possession of the parking lot. However, the contractor failed to pay the advance licence fee as well as the monthly licence fee.

On 21 August 2002, the contractor approached the court for grant of remission in the licence fee on the grounds that he had already deposited a portion of the dues and adjusted the security money at his own level. The court directed him to deposit 50 per cent of the total outstanding of Rs. 60.85 lakh by 29 August 2002. The contractor paid only Rs. 23.00 lakh (5 September 2002) and moved the High Court for the appointment of an arbitrator. The court directed the contractor in September 2002 to deposit all the dues and MCD to appoint the arbitrator within two weeks. Though the arbitrator had been appointed by MCD in September 2002, the contractor did not pay the dues and a sum of Rs. 43.44 lakh was yet to be recovered as on 31 March 2003. Had the Corporation assessed the financial capacity of the contractor before allotment and acted accordingly as had been advised by the Finance Department, the litigation and consequent accumulation of licence fee may have been avoided.

Non assessment of financial viability of the contractor resulted in accumulation of licence fee of Rs. 43.44 lakh

4.2.22 Allotment of Parking Lots without receiving even initial deposit

Two parking lots namely, Prasad Nagar and Mazar Khas Road were allotted by the Corporation in December 1998 and July 1999 respectively for two years without receiving the initial deposits, i.e. security deposit and advance licence fee for one month amounting to Rs. 35.80 lakh which was a prerequisite as per the terms of the allotment of the parking lot. The contractors did not pay the licence fee for two years. MCD failed to initiate action to cancel the contracts. Though the contracts had since expired and the lots re-allotted to other contractors, the Corporation failed to take any action against the defaulting contractors and the sum of Rs. 1.37 crore (excluding interest) including the initial deposit of Rs. 35.80 lakh remained outstanding as on 31 March 2003.

Allotment of parking lots made without taking initial deposit of Rs. 35.80 lakh. Sum of Rs. 1.37 crore remained outstanding

4.2.23 Non-allotment of Parking Lots

Tenders for allotment of the parking lots at Lajpat Nagar, Central Market-II, were invited in February 1999 and the highest bid received was for Rs. 1,80,000 as monthly licence fee. An offer was given to the contractor who, after depositing Rs. 7 lakh in June 1999, expressed his inability to deposit the full initial deposit of Rs. 15,12,000. The Corporation belatedly cancelled the offer of allotment in September 2001 i.e. after over two years. The Corporation did not initiate action for re-tendering the parking lot which remained vacant for over two years resulting in a loss of Rs. 50.40 lakh during the period from June 1999 to September 2001.

Loss of revenue of Rs. 50.40 lakh due to non-allotment of parking lot

New Delhi Municipal Council

4.2.24 Outstanding licence fee of Rs. 2.61 crore

The Council failed to recover licence fee amounting to Rs. 2.61 crore

The Demand & Collection Registers for the years 1997-98 to 2001-02 depicted an amount of Rs. 2.61 crore including interest amounting to Rs. 0.25 crore outstanding against 151 contractors in respect of 96 parking lots as on 31 March 2002. Out of these 96 parking lots, the demands for licence fee in respect of 88 parking lots had not even been raised for periods ranging from nearly two months to over four years as depicted below:

Table 4.2.13: Non-raising of demands

Sl. No.	Period (in months)	No. of parking lots
1	1-12	35
2	13-24	24
3	25-36	13
4	37-48	13
5	49-52	3

In 38 cases where demand had been raised, the contractors had not made the payment of licence fee for the last 12 to 24 months. Four parking lots were vacant for periods ranging from 21 to 24 months during the period upto 1998-99 resulting in revenue loss of Rs. 5.93 lakh to the Council. Details of 19 parking lots were not found entered in D&CRs for different periods of time during April 1997 to March 2002. In addition, the Council raised no demand in 12 cases during 1999-2000.

It was evident that the Council lacked any mechanism to effectively monitor the raising of demands and recovery of outstanding dues from various contractors.

4.2.25 Unauthorised running of Parking Lots

The Council failed to prevent unauthorised running of parking lots

It was noticed in July 2001 that two parking lots located at UCO Bank Building, Sansad Marg and E-Block, Middle Circle, Connaught Place, were being run unauthorisedly with the apparent connivance of the field staff who had been specifically instructed to prevent such unauthorised parking. No action was taken against the erring staff.

4.2.26 Allotment of parking lots without knowledge of the competent authority

Allotment of parking lots on short term basis is to be made on the basis of the recommendations of a sub-committee formed for the purpose and with the approval of the competent authority. However, recommendations of the sub-committee or formal approval of the competent authority were not found on

record in respect of such allotments. Seven parking lots were allotted by the Asstt. Secretary (Enforcement) during October 2000 to September 2001 without the approval of even the Director (Enforcement).

4.2.27 *Accumulation of dues due to failure to raise demand*

Four parking lots, namely; H-Block Connaught Circus, E-Block, Radial Road, Connaught Place, H-Block, Chelmsford Road, Connaught Place and A-Block, Middle Circle, Connaught Place were allotted in March/May 1995 for three years to different contractors who did not make any payment to the Council as of March 2003 except for the initial deposits. No efforts were made by the Council to demand or pursue the recovery of outstanding licence fee of Rs. 13.25 lakh due from the contractors up to July 1998.

4.2.28 *Accumulation of licence fee due to procedural delays and failure to take timely action*

The Council also suffered losses due to avoidable procedural delays and failure to take timely action to determine and finalise the details of the parking lots being allotted which ultimately resulted in litigation. Two illustrative cases are detailed below:

The allotment letter in respect of parking lots at INA Market was issued on 30 September 1999 and treated as allotted with effect from 1 October 1999 whereas the formal possession of the lot was handed over on 5 November 1999. This delay in handing over possession of the lot led to a dispute between the Council and the contractor and non-payment of licence fee to the tune of Rs. 13.54 lakh till September 2002. An arbitrator had been appointed in October 2002 on the direction of High Court (19 August 2002) and the decision was awaited as of March 2003.

Three parking lots in front of Indian Coffee House, Janpath, Ist cross Road 'G' Avenue, Sarojini Nagar and Yashwant Place were allotted to one contractor on 1 January 2002, 21 February 2002 and 1 January 2002 respectively. The contractor, soon after taking possession, asked the Council for re-measurement of the areas of these parking lots but the Council failed to take necessary action. Consequently, the contractor stopped paying the licence fee which accumulated to Rs. 9.62 lakh up to April 2002. An arbitrator was appointed on 28 October 2002 but the case was yet to be decided as of March 2003.

4.2.29 Defective maintenance of records

Audit scrutiny also revealed the following systemic deficiencies:

- Agreements were incomplete while licence deeds and other papers were not found on record in most cases.
- Terms and conditions for allotment of parking lots were not available on record.
- The Council did not maintain complete records for taking over the possession of parking lots from the contractor on expiry of contract periods. It is difficult to rule out unauthorised use of parking lots in such circumstances.
- The Council had not prepared a list of the outstanding licence fee to be recovered from the contractors despite the orders of the Asstt. Director (Enforcement). The outstanding amount due from contractors was estimated to be more than Rs. 30 lakh as of August 2001.

4.2.30 Conclusion

The allotment of parking lots in MCD and NDMC was marked by numerous instances of violation of terms of contract coupled with a failure to enforce the terms of the contracts which resulted in undue benefit to contractors to the detriment of the Corporation/Council. Even blatant contractual violations did not attract deterrent action or prompt cancellation of contract. Contractors were allowed to run parking lots even after expiry of the contract periods without regular payment of the licence fee. There was no systematic effort to recover outstanding dues resulting in mounting arrears. Improper maintenance of basic records like Demand and Collection Registers inhibited recovery of dues and made the system vulnerable to abuse, apart from increasing possibilities of litigation. The failure to effectively defend the interests of MCD/ NDMC in cases of litigation only benefited defaulting contractors. The accumulated dues and loss to both MCD and NDMC were Rs. 13.25 crore and Rs. 4.59 crore respectively. There is a need for both the Corporation and the Council to review and overhaul the management of parking lots, address these deficiencies as also to enhance the accountability of their own personnel.

The matter was referred to the Government in August 2003; their reply was awaited as of February 2004.