OVERVIEW

This Report contains results of performance audit of (i) Functioning of Employees' State Insurance Corporation (ii) Development of Land by the Delhi Development Authority and (iii) Fund Management of National Capital Region Planning Board.

MINISTRY OF LABOUR

Employees' State Insurance Corporation

Functioning of Employees' State Insurance Corporation

The Employees' State Insurance Scheme (ESIS) is implemented by the Employees' State Insurance Corporation (ESIC) which was formed under the ESI Act, 1948.

Performance audit of the functioning of the ESIC which has its headquarters at New Delhi and a countrywide network of regional, sub-regional and local offices, revealed that good corporate governance practices were not followed.

The income of ESIC in 2004-05 had risen by over 42 *per cent* over that in 1999-2000; however, the increase in expenditure on the benefits provided to the insured persons was not commensurate and this increased by only 17 *per cent*. Meanwhile, inadequate monitoring of recovery of revenue resulted in the outstanding arrears of contribution increasing from Rs. 524.79 crore in March 2000 to Rs. 1015.14 crore in March 2005. Further, there was a shortfall in covering 3.9 lakh employees in 117 new areas under the scheme upto the year 2003-04.

Lack of prudent financial management resulted in ESIC incurring a loss of Rs. 1.18 crore on account of interest on investment kept with the State Bank of India in excess of that required under an arrangement with the Bank. Deficient internal controls resulted in cash benefits being misused and fraudulently claimed in some States.

Plots of land acquired by ESIC from different State Governments for construction of hospitals, dispensaries and staff quarters were not utilised for periods ranging from 2 to 37 years. At the same time, deficiencies in the management of hospitals and dispensaries resulted in idling of equipment and machinery, non-commissioning and under utilisation of beds, injudicious purchase of medicines and procurement of sub standard drugs. Of the 25 model hospitals targeted to be set up for improving the quality of medical care provided to the beneficiaries and to serve as benchmark for upgrading other hospitals by the State Governments, only 16 were established and these too lacked proper facilities. Only 6.27 *per cent* to 33.06 *per cent* of aid available from the World Bank for prevention and control of HIV/AIDS could be utilised during 1999-2005.

(Paragraph 1)

MINISTRY OF URBAN DEVELOPMENT

Delhi Development Authority

Development of Land by the Delhi Development Authority

Delhi Development Authority (DDA) spent Rs. 2,061.56 crore during the period 2000-01 to 2004-05 on various land developmental schemes. Performance audit of six such schemes involving expenditure of Rs. 605 crore during the five years period revealed lack of financial control over expenditure, non-adherence to codal provisions in award of works and lack of co-ordination with other civic agencies which resulted in undue delays as well as extra expenditure.

Expenditure of Rs. 33.78 crore incurred on construction of command tanks and reservoirs was rendered idle as it was not linked to the actual availability of water. Lack of adequate scrutiny of tender rates and comparison with rates accepted for similar works during the same time resulted in additional expenditure of Rs. 7.43 crore. Further, non-adherence to codal provisions requiring availability of structural drawings and materials as well as clear site before award of works resulted in delay in completion of works ranging upto over three years as well as cost escalation of Rs. 7.29 crore.

(Paragraph 2)

National Capital Region Planning Board

Fund Management of National Capital Region Planning Board

The activities of the National Capital Region Planning Board included funding of projects in the National Capital Region. The management of funds by the Board was uneconomical and inefficient which resulted in loss of interest of Rs. 44.99 crore. Tax planning was deficient, as a result, expenditure of Rs. 7.83 crore was incurred on payment of penalty and interest. Project financing was extended without proper appraisal which resulted in withdrawal of several projects by the implementing agencies. The terms of the loan agreements did not take into account market practices; further, the lending rates were not structured to promote planned development in the Region. Monitoring of projects was not effective.

(Paragraph 3)