OVERVIEW

In order to mitigate the growing traffic and transport problems in Delhi, the Government of National Capital Territory of Delhi (GNCTD) [formerly known as the Delhi Administration] commissioned RITES Limited in 1988-89 to study the feasibility of introducing an Integrated Multi-modal Mass Rapid Transit System for Delhi. In 1990, the RITES recommended a Mass Rapid Transit System (MRTS) comprising rail corridor, metro corridor and dedicated busway for a total network of 198.50 Kilometres (Kms). The Central Cabinet in July 1994 gave go-ahead in principle for the MRTS for Delhi and directed the GNCTD to take up the preparation of a Detailed Project Report (DPR). The RITES finalised (May 1995) the DPR for a 55.30 Kms MRTS comprising rail and metro corridors, to be completed by March 2005. The Union Cabinet sanctioned the Delhi MRTS Phase I **(**Project**)** of 55.30 Kms in September 1996 at a total cost of Rs. 4859.74 crore (April 1996 prices).

For implementation and operation of the Project, Delhi Metro Rail Corporation Limited (the company) was registered (May 1995) under the Companies Act, 1956. The first section of Line 1 was commissioned in December 2002, while the last section of Line 3 became operational in November 2006. The revised approved cost of the Project was Rs. 10571 crore (September 2005). A performance audit covering various activities relating to implementation of the MRTS (Phase I) was conducted between March 2007 to December 2007. A team from the Indian Institute of Technology Delhi was engaged as technical consultants to assist in examination of certain technical matters relating to this performance audit.

The MRTS Phase I Project has been widely spoken of as a success story in project implementation. The project from its very inception faced many challenges, some conventional and some city and project centric. It goes to the credit of the company that it managed to override these constraints and completed the project successfully.

Under the unique administrative model evolved by the Government of India, the company has not been put under the direct control of any administrative ministry. This model presents ambiguity relating to the issues of (i) coordination and control by the executive government and (ii) the proper forum for legislative accountability. There were also no independent Directors on the Board of Directors of the company.

The highest daily average ridership attained by the company was 21 *per cent* of the original projections and 29 *per cent* of the revised figure. The shortfall in ridership was mainly due to higher fare structure, lack of proper connectivity and lack of feeder bus system.

The company adopted the broad gauge in Phase I as per the decision of the Group of Ministers. However, it was not ensured that the associated systems were planned and implemented to meet the stated objectives of adopting the broad gauge as envisaged by the Group of Ministers in August 2000.

The company has not provided Automatic Train Operation on all lines to ensure safer operation of trains. Noise levels were beyond the permissible limits and there were premature wear and cracking in the wheel and floor of the rolling stock raising doubts on the stipulated 30 years' design life.

General consultant for the Project was appointed based on a system where the best bid was selected on 'technical quality' basis and not on 'technical quality cum cost' basis. Out of 13 'design and construct' contracts reviewed in audit, estimates were revised or approved after opening of financial bids in 7 cases.

On the request of the company, the Japan Bank for International Cooperation allowed negotiation simultaneously with the first two lowest bidders in two contracts, which was not in accordance with the loan agreement. There were procedural shortcomings in processing of bids, as a letter indicating discount of 13 *per cent* on the contract price, allowing a bidder to become the lowest evaluated tenderer in one contract, did not find any mention in the tender opening register.

There were cases of granting advances (Rs. 38.72 crore) not provided in the contracts, short-recovery from contractors (Rs. 18.28 crore), payment of inadmissible claims (Rs. 6.92 crore) and avoidable payment (Rs. 28.02 crore).

The contract for manufacture, supply and commissioning of rolling stock was awarded with a condition that if the contractor failed to carry out the indigenous programme, it would be treated as default on his part attracting termination of the contract. There was, however, no provision for levy of any pecuniary penalty.

Audit analysis of quality control indicated scaling down of testing requirements, non-witnessing of tests by the company's representatives, testing of material in non-accredited laboratories and non-preservation of test reports.

The company has acquired 32.38 lakh square metre of land for Phase I but has not maintained location wise data of land used for the Project and the property development. In nine locations the company has acquired total land of 6.42 lakh square metre, which was in excess of the Project requirement by 14 to 354 *per cent*. The company finalised the lease/concession for property development at four locations based on one qualified bid received in each case and the amount realised was only 0 to 3 *per cent* over the reserve price**.** Apart from the restrictive clause for the land use in the allotment letters, poor response was also because of the stringent qualifying criteria fixed for the bid process.