



**Annual Audit Report of the  
Chief Auditor  
for the year ended March 2011**



**नई दिल्ली नगरपालिका परिषद्**  
**New Delhi Municipal Council**  
NDMC DELHI MUNICIPAL COUNCIL

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Report of NDMC of 2011

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# PREFACE

**T**his Annual Audit Report for the year ended 31 March 2011 has been prepared for submission to the Council in terms of sub-section 17 of Section 59 of the NDMC Act, 1994 which envisages that the Chief Auditor shall deliver to the Council a report on the entire accounts of the Council for the previous year.

The Report contains comments on the Annual Accounts, Performance Audit of 'Investment Decisions of NDMC' and the transactions/cases for the year 2010-11. The transactions/cases mentioned in the Report are among those which came to notice in the course of test audit of accounts and transactions during the year 2010-11 as well as those which had come to notice in earlier years but could not be dealt with in previous reports; matters relating to the period subsequent to 2010-11 have also been included, wherever necessary.

*Audit wishes to acknowledge the cooperation received from various departments at each stage of audit process.*

## OVERVIEW

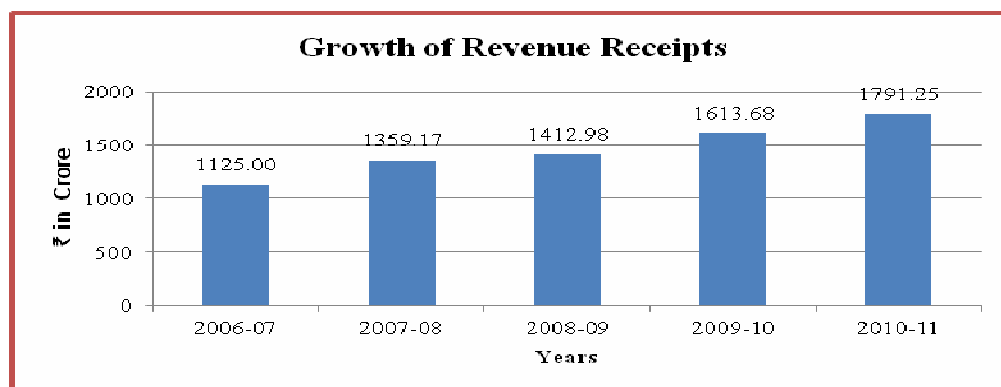
This Report includes one chapter on the state of finances of the New Delhi Municipal Council for the year 2010-11, one chapter containing review titled **‘Investment decisions of New Delhi Municipal Council’** and eight chapters containing 13 paragraphs dealing with results of audit of transactions of various departments of the Council and recoveries aggregating to ₹ 4.00 crore made at the instance of Audit.

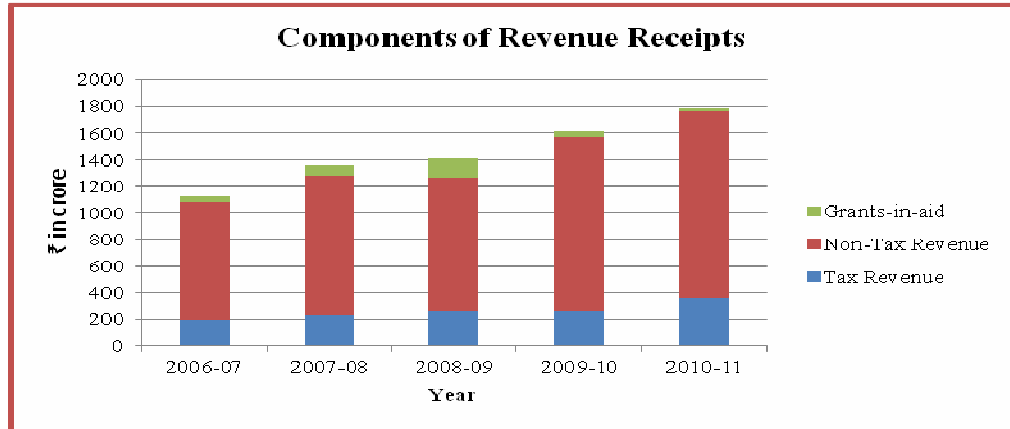
### FINANCE AND ACCOUNTS DEPARTMENT

#### Financial Results

The financial position of the Council is reflected largely through the New Delhi Municipal Fund, maintained by the Council under Section 44 of the NDMC Act, 1994. All receipts and expenditure are booked under this Fund. During the year 2010-11, there was a deficit of ₹133.49 crore, as a result of which the closing balance of the Fund decreased from ₹201.98 crore as on 31 March 2010 to ₹ 68.49 crore as on 31 March 2011.

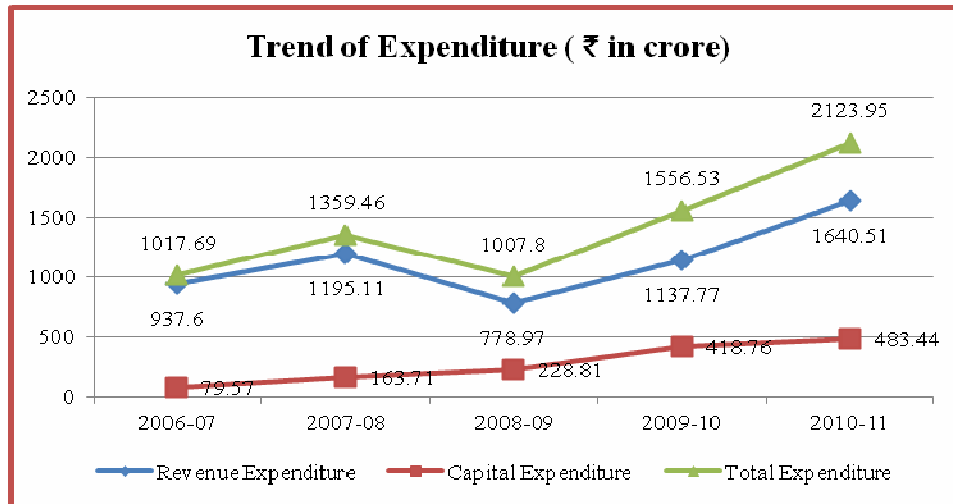
The following graphs indicate the growth of revenue receipts and its various components:





Major sources of non-tax revenue were receipts on account of sale of energy (35.88 per cent), interest on investment (26.04 per cent) and rent/licence fee and receipts from other commercial activities (18.10 per cent). Receipts on account of sale of energy had been fluctuating between 35.88 and 61.74 per cent in terms of share of total non-tax revenue over the last five years. The increase of non-tax revenue over the last year was mainly due to increase in interest on investments.

Expenditure of the Council increased to ₹ 2123.95 crore in 2010-11 from ₹1556.53 crore in 2009-10, i.e., an increase of 36.45 per cent over the previous year as depicted in the following graph:



- (i) Total expenditure increased from ₹ 1017.69 crore in 2006-07 to ₹ 2123.95 crore in 2010-11. Expenditure incurred during 2010-11 increased by 36.45 per cent over the previous year.

- (ii) Capital expenditure in respect of works relating to NDMC increased from ₹418.76 crore in 2009-10 to ₹ 483.44 crore in 2010-11 i.e., an increase by 15.45 *per cent* in comparison to the previous year. Likewise, revenue expenditure during 2010-11 also increased by 44.19 *per cent* over the previous year.

***Major audit observations on the accounts of the Council are:***

- (a) Actual revenue expenditure during the year 2010-11 was ₹1640.51 crore against revised estimate of ₹ 1623.46 crore. The expenditure for 2010-11 had thus exceeded by ₹ 17.05 crore over revised estimates. Expenditure under 5 heads of account was incurred in excess of revised estimates. The excess expenditure ranged between 6.84 and 1872.14 *per cent* of revised estimates. Expenditure under one head of account was incurred without any budget provision, while in four other cases, the revised estimates were not utilized at all. Under 34 heads of account, the **savings ranged from 1.19 *per cent* to 100 *per cent* of revised estimates.**
- (b) The outstanding balance under ‘Loans, Advances and Deposits’ in the beginning of the financial year 2010-11 was ₹ 10.38 crore. During the year, recovery/ adjustment of ₹ 48.79 crore was made leaving an outstanding balance of ₹ 59.17 crore at the close of the year.
- (c) All the **assets of the Council had not been fully accounted for** in the Balance Sheet. 17275 number of fixed assets did not figure in the Fixed Assets Register over the last five years. Fixed Assets had not been valued at cost less accumulated depreciation as required under the provisions in the National Municipal Accounts Manual (NMAM). Instead, assets acquired prior to April 2004 were valued at a nominal value of ₹ one for each asset.
- (d) There was a **difference of ₹ 115.66 crore in the cash balance** as per accounts and cash balance as per cash book.
- (e) Provision for Bad and Doubtful Debts had been made at **unusually high level of ₹ 970.44 crore (52.95 *per cent*)** without any supporting details and appropriate disclosures. Notes on Accounts acknowledge that Doubtful Debts had been worked out on ad-hoc basis without any year-wise break up of receivables.
- (f) Accumulated depreciation had been under-charged **by ₹ 7.03 crore** resulting in overstatement of assets and understatement of depreciation reserve fund by an equal amount.

- (g) Nine different schedules pertaining to assets/liabilities prescribed in the NMAM had not been prepared. Financial Ratios had also not been incorporated/ calculated as prescribed in the NMAM in 18 cases.

**(Chapter 1)**

**Investment decisions taken by NDMC for the period 2006-07 to 2010-11**

- ❖ The Investment Branch did not follow the guidelines of the Investment Policy approved by the Council with regard to empanelment of banks, observing the capping limit for banks, apportioning the funds amongst banks quoting same rate of interest, etc.
- ❖ The investment decisions were taken based on inadequate/incomplete information, the entire investable funds were not invested, funds were exposed to unnecessary risk and the returns obtained were sub-optimal.
- ❖ The system of working out the amount of investable funds was deficient. No bank reconciliation had been done after November 2008.
- ❖ The irregular parking of funds for meeting current requirements of NDMC from time to time in a Current Account instead in a Savings Bank Account as per directions of Reserve Bank of India resulted in loss of interest of ₹ 17.18 crore.
- ❖ Delay in investment of funds accumulated under New Pension Scheme, 2004 and their investment without ensuring competitiveness of rates and procedural transparency resulted in loss of interest of ₹ 1.32 crore.
- ❖ The retention of surplus fund upto ₹ 238.81 crore in Current Account in violation of the basic policy resulted in loss of interest of ₹ 4.54 crore.
- ❖ There was delay upto 10 days in investment of surplus funds upto ₹ 300.00 crore which resulted in loss of interest of ₹ 2.51 crore.
- ❖ Investment of funds at lower rate of interest as compared to higher rates offered by other banks resulted in loss of interest of ₹ 1.40 crore in 10 cases.
- ❖ Investment of surplus funds of ₹ 60.00 crore with the Council's main banker State Bank of India at interest rate of 7.50 *per cent* per annum, against the then prevailing rate of interest of 9.00 *per cent*, without calling for quotations resulted in loss of interest of ₹ 90.00 lakh.
- ❖ Non re-scheduling of investments already made in the past three to four years at substantially lower rate of interest in view of the trends of



interest rates applicable on fixed deposit going up unexpectedly resulted in loss of interest of ₹ 16.51 crore.

- ❖ The internal control system in the Department was deficient.

**(Chapter 2)**

### **ACCOUNTS DEPARTMENT**

#### **Overpayment of family pension – ₹ 4.05 lakh**

Continued payment of enhanced rate of family pension after the stipulated period resulted in excess payment of ₹ 4.05 lakh in 6 cases.

**(Chapter 3 : Para 3.1)**

#### **Overpayment – ₹ 22.14 lakh**

Failure to reduce the amount of pension on account of commutation of pension availed by the pensioners resulted in overpayment of ₹ 22.14 lakh.

**(Chapter 3 : Para 3.2)**

### **CIVIL ENGINEERING DEPARTMENT**

#### **Non-recovery of cost of work executed on behalf of CPWD – ₹ 23.00 lakh**

As per the decision of Empowered Committee of April 2008, an amount of ₹ 23.00 lakh incurred by the NDMC on improvement of footpath was to be recovered from CPWD. The Department, however, did not recover the amount from the CPWD.

**(Chapter 4 : Para 4.1)**

#### **Lands allotted to NDMC for specific purpose lying unused for over a decade**

There were inordinate procedural delays in construction of various buildings for housing Electric sub-station and other purposes on the Plots allotted by the Ministry of Urban Development between November 1992 and August 2002.

**(Chapter 4 : Para 4.2)**

#### **Undue delay in construction of Electric Sub-station at Church Road**

There was a delay of more than 16 years in construction of Electric Sub-station on a rented plot allotted by the Ministry of Urban Development. The work was yet to be commenced (May 2013).

**(Chapter 4 : Para 4.3)**

**ELECTRICAL ENGINEERING DEPARTMENT**

**Non-recovery of ₹ 6.15 lakh for the damages attributable to a contractor**

The Department did not recover ₹ 6.15 lakh from a contractor responsible for damaging the pillar and four cables, which were set right by the Department at its own cost.

**(Chapter 5 : Para 5.1)**

**ESTATE DEPARTMENT**

**Loss of revenue of ₹ 83.48 lakh due to waiver of misuse charges**

The Department irregularly waived of ₹ 83.48 lakh misuse charges on account of illegal activities and encroachment though no such provision existed in the extent rules / guidelines.

**(Chapter 6 : Para 6.1)**

**Loss of licence fee due to delay in allotment of vacant properties**

There was a delay of 4 to 52 months in allotment of seven vacant properties. As a result, the Department failed to earn licence fee of ₹48.07 lakh.

**(Chapter 6 : Para 6.2)**

**HEALTH DEPARTMENT**

**Extra-contractual benefit of ₹ 1.43 crore to a Concessionaire**

The Department rented out a piece of land to a PPP Concessionaire for commercial activities at the rates lower than the prevailing circle rates though no such provision existed in the agreement. This resulted in extra-contractual benefit of ₹ 1.43 crore to the Concessionaire.

**(Chapter 7 : Para 7.1)**

**HOUSE TAX DEPARTMENT**

**Short-levy of House Tax of ₹ 2.07 crore**

Due to incorrect assessment, the Department short-levied the house tax of seven properties by ₹ 2.07 crore.

**(Chapter 8 : Para 8.1)**

**NAVYUG SCHOOL EDUCATION SOCIETY**

**Avoidable payment of TDS on fixed deposits**

Though the Navyug School Education Society was established way back in December 1992, it neither obtained exemption certificate nor applied for non-deduction of tax at source, as per the provisions of the Income Tax Act. This resulted in avoidable payment of Income Tax to the tune of ₹ 15.81 lakh.

**(Chapter 9 : Para 9.1)**

**Delay in investment of surplus funds – Loss of ₹ 1.80 lakh**

Navyug School Education Society delayed investment of surplus funds of ₹ 50.00 lakh to ₹ 1.60 crore by 21 to 47 days and consequently suffered loss of interest of ₹ 1.80 lakh.

**(Chapter 9 : Para 9.2)**

**Recoveries at the instance of Audit**

On being pointed out in audit (January 2011) the various departments of NDMC made recoveries aggregating to ₹ 4.00 crore.

**(Chapter 10)**

# CHAPTER - 1

## ACCOUNTS OF NDMC

### 1.1 Introduction

This chapter depicts the financial position of the New Delhi Municipal Council, based on an analysis of the information contained in the Accounts of the Council for the year 2010-11. The analysis is based on the trends in receipts and expenditure and financial management of the Council.

### 1.2 Financial position of the Council

The accounts of the Council are prepared as per Section 58 of the NDMC Act, 1994. NDMC decided to switch over to Accrual Based Double Entry System of Accounting with effect from the year 2004-05 vide Council Resolution No.3(xii) dated 24.04.2002. The accounts for the year 2010-11 were prepared on double entry system of accounting through a software e-finance developed for NDMC. The format for preparation of the Accounts is as prescribed in the National Municipal Accounts Manual (NMAM).

The financial position of the Council is reflected largely through the New Delhi Municipal Fund, maintained by the Council under Section 44 of the NDMC Act, 1994. All receipts and expenditure are booked under this Fund. During the year 2010-11, there was a deficit of ₹ 133.49 crore, leading to a closing balance of ₹ 68.49 crore as on 31 March 2011.

### 1.3 Sources and application of funds

The main sources of funds include the revenue receipts of the Council. These are applied largely on revenue and capital expenditure. The actual revenue receipts increased from ₹ 1613.68 crore in 2009-10 to ₹ 1791.25 crore in 2010-11 registering an increase of 11.00 *per cent*.

The revenue expenditure increased from ₹1137.77 crore in 2009-10 to ₹1640.51 crore in 2010-11. The capital expenditure in respect of works relating to NDMC increased from ₹418.76 crore in 2009-10 to ₹483.44 crore in 2010-11, excluding deposit works.

#### 1.4 New Delhi Municipal Fund

In terms of Section 44 of the NDMC Act 1994, a Fund known as ‘The New Delhi Municipal Fund’ is being maintained by the Council. The money received by the Council or on behalf of the Council from any source forms a part of the Fund. Expenditure on or behalf of the Council is incurred out of this Fund as per provisions of the Act. The total receipts and expenditure under this Fund for the year 2010-11 as per e-finance application were as under:

**Table 1.1: New Delhi Municipal Fund**

(₹in crore)

Year	2010-11	2009-10
<b>Opening Balance as on 1 April</b>	<b>201.98</b>	<b>89.29</b>
<b>Add Receipts during the year</b>	<b>2127.99</b>	<b>1982.52</b>
<b>Total</b>	<b>2329.97</b>	<b>2071.81</b>
<b>Less Expenditure during the year</b>	<b>2261.48</b>	<b>1869.83</b>
<b>Net surplus (+)/deficit(-) during the year</b>	<b>-133.49</b>	<b>112.69</b>
<b>Closing Balance as on 31 March</b>	<b>68.49</b>	<b>201.98</b>

It would be seen from the above table that there was a deficit of ₹133.49 crore during 2010-11. The closing balance of the Fund decreased from ₹201.98 crore in 2009-10 to ₹ 68.49 crore at the end of 2010-11.

The receipts of ₹ 2127.99 crore *inter-alia* included tax revenue of ₹ 359.40 crore, non-tax revenue of ₹ 1407.71 crore, etc.

The expenditure of ₹ 2261.48 crore *inter-alia* included establishment expenses of ₹ 712.14 crore, administrative expenses of ₹ 38.02 crore, operations and maintenance expenditure of ₹ 642.06 crore, etc.

## 1.5 Revenue Receipts

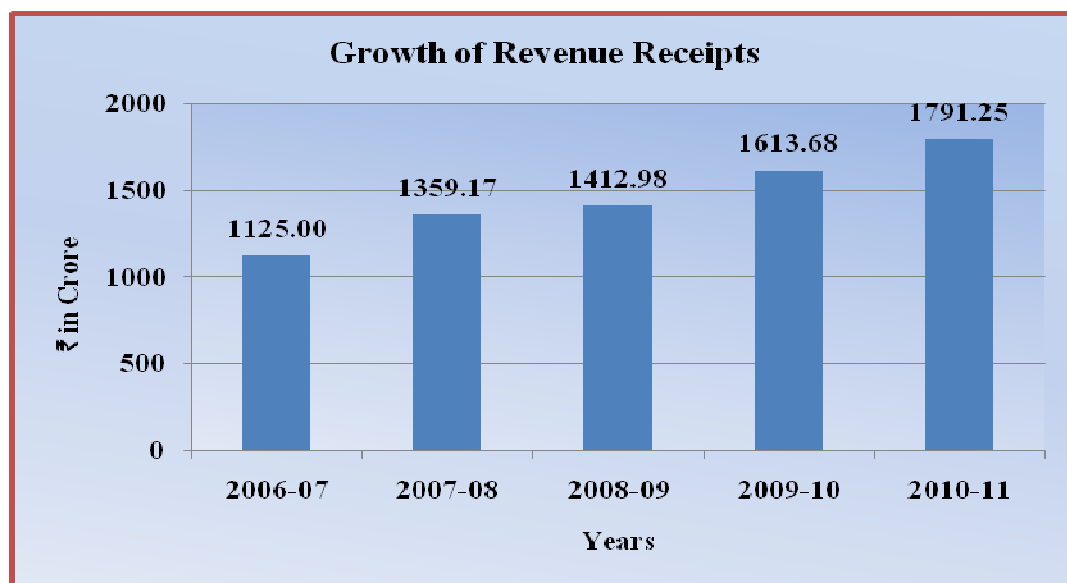
### 1.5.1 Growth of revenue receipts

The revenue receipts of the Council consist mainly of tax and non-tax revenue, besides grants-in-aid from Government of NCT of Delhi. Trend of revenue receipts, including grants-in-aid received during the last five years, was as under:

**Table 1.2 : Growth of revenue receipts**

(₹ in crore)

Year	Actual revenue receipts	Percentage increase (+)/ Decrease(-) over previous year
2010-11	1791.25	11.00
2009-10	1613.68	14.20
2008-09	1412.98	3.96
2007-08	1359.17	20.82
2006-07	1125.00	7.17



The increase of 11.00 *per cent* in revenue receipts of 2010-11 over the previous year was due to increase in tax revenue of the Council (40.57 *per cent*).

### 1.5.2 Components of revenue receipts

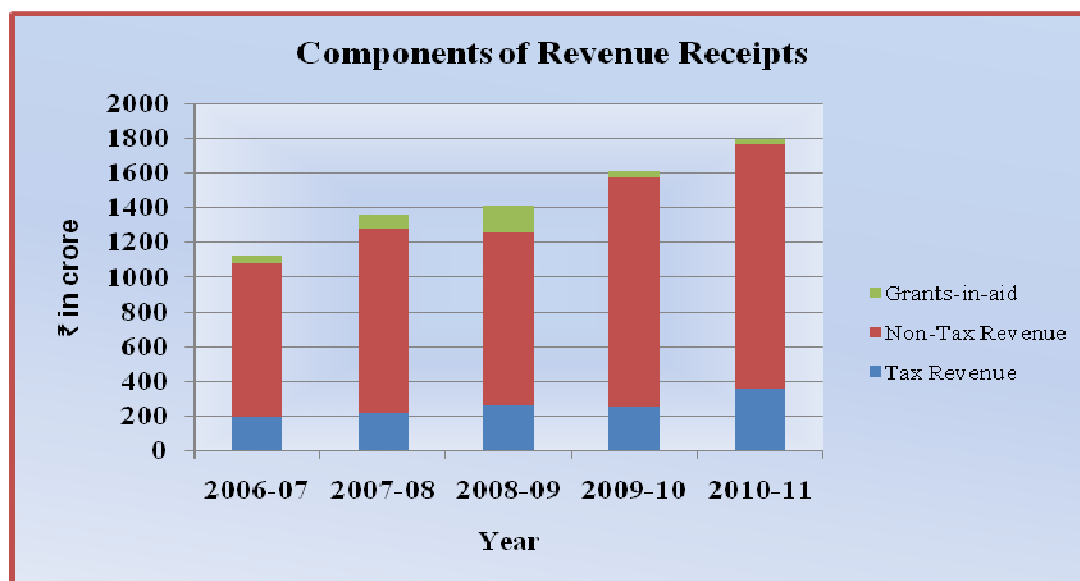
The details of the revenue receipts under its different components during the last five years are as under:

**Table 1.3: Components of revenue receipts**

(₹ in crore)

Components	2010-11	2009-10	2008-09	2007-08	2006-07
Tax revenue	359.40 (20.06)	255.68 (15.85)	263.46 (18.65)	223.10 (16.41)	196.47 (17.47)
Non-tax revenue	1407.71 (78.59)	1314.69 (81.47)	995.51 (70.45)	1055.52 (77.66)	883.73 (78.55)
Grants-in-aid from Government of Delhi / Central Government	24.14 (1.35)	43.31 (2.68)	154.01 (10.90)	80.55 (5.93)	44.80 (3.98)
<b>Total</b>	<b>1791.25</b> <b>(100.00)</b>	<b>1613.68</b> <b>(100.00)</b>	<b>1412.98</b> <b>(100.00)</b>	<b>1359.17</b> <b>(100.00)</b>	<b>1125.00</b> <b>(100.00)</b>

Note: Figures given in brackets indicate percentage with respect to total receipts



Non-tax revenue continued to be the major component of revenue receipts. As a percentage of total revenue receipts, the non-tax revenue decreased from 81.47 *per cent* in 2009-10 to 78.59 *per cent* in 2010-11. Grants-in-aid from Government of NCT of Delhi/Central Government, which accounted for a very small proportion of total resources, decreased from 3.98 *per cent* in 2006-07 to 1.35 *per*

cent in 2010-11. Share of tax-revenue also increased from 17.47 per cent in 2006-07 to 20.06 per cent in 2010-11.

## 1.6 Tax revenue

### 1.6.1 Trend of tax revenue

The tax revenue of the Council consists of house tax, duty on transfer of property, advertisement tax etc. The trend of tax revenue during the years 2006-07 to 2010-11 was as under:

**Table 1.4: Growth of tax revenue**

(₹ in crore)

Year	Actual tax revenue	Percentage increase(+)/ decrease(-) over the previous year	Percentage of total revenue receipts
2010-11	359.40	40.57	20.06
2009-10	255.68	(-) 2.95	15.85
2008-09	263.46	18.09	18.65
2007-08	223.10	13.55	16.41
2006-07	196.47	13.52	17.47

The tax revenue, which had shown rising trend, except during 2009-10, increased by 40.57 per cent in 2010-11 in comparison with the previous year. The receipts under tax revenue had increased from ₹ 196.47 crore in 2006-07 to ₹ 359.40 crore in 2010-11.

### 1.6.2 Components of tax revenue

The growth pattern of different components of tax revenue over the last five years was as detailed below:

**Table 1.5: Components of tax revenue**

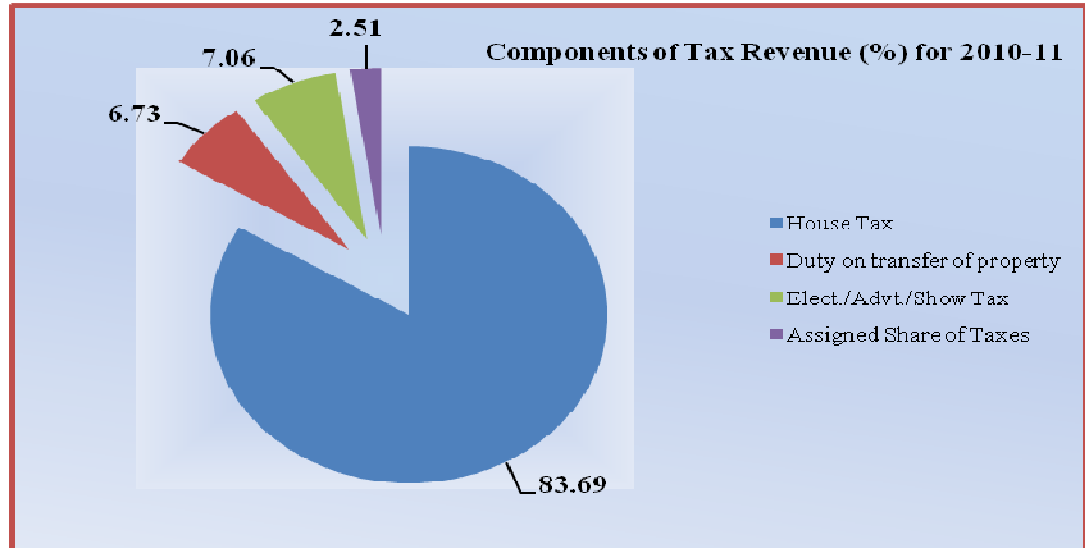
(₹ in crore)

Components	2010-11	2009-10	2008-09	2007-08	2006-07
House Tax	300.78 (83.69)	207.92 (81.32)	210.79 (80.00)	188.48 (84.48)	153.27 (78.01)
Duty on transfer of property	24.20 (6.73)	19.77 (7.73)	37.80 (14.35)	13.69 (6.14)	25.90 (13.18)
Elect./Advertisement/show tax	25.39 (7.06)	11.96 (4.68)	0.02 (0.01)	0.11 (0.05)	0.03 (0.02)



Assigned share of taxes	9.03 (2.51)	16.03 (6.27)	14.85 (5.64)	20.82 (9.33)	17.27 (8.79)
Total	359.40 (100.00)	255.68 (100.00)	263.46 (100.00)	223.10 (100.00)	196.47 (100.00)

Note: Figures given in brackets indicate percentages with respect to total receipts



House tax continued to be the major contributor to the tax revenue. Its share moved between 78.01 and 83.69 *per cent* of total tax revenue during 2006-07 to 2010-11. The receipts under ‘duty on transfer of property’ decreased from ₹ 25.90 crore in 2006-07 to ₹ 24.20 crore in 2010-11. The receipts on account of assigned share of taxes also decreased both in absolute and relative terms during 2010-11, over the previous year.

## 1.7 Non-tax revenue

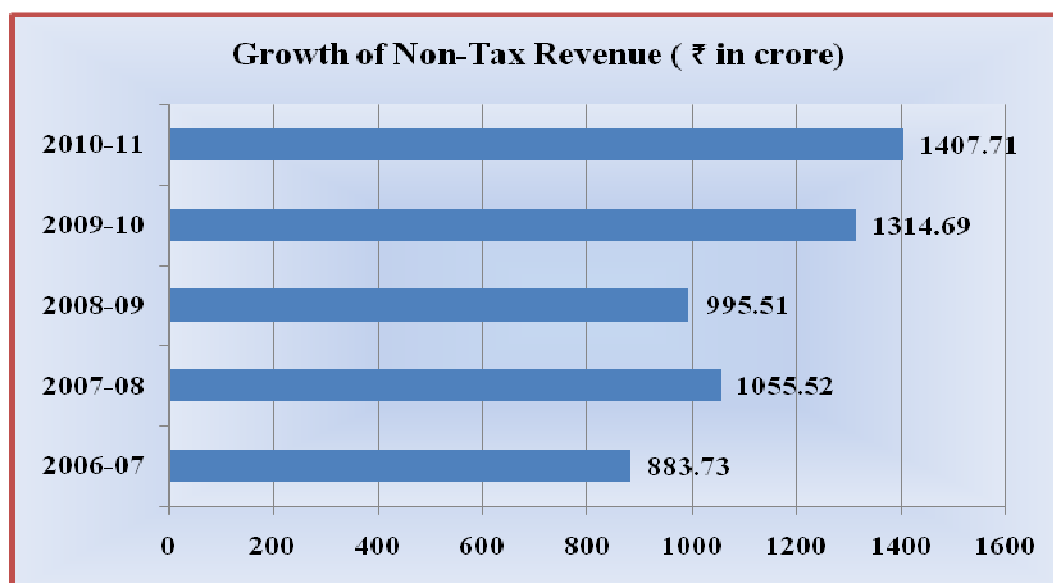
### 1.7.1 Growth of non-tax revenue

Non-tax revenue of the Council consists of sale of energy/water, rent/licence fee, interest on investments and other miscellaneous receipts. The growth of non-tax revenue during 2006-07 to 2010-11 was as under:

Table 1.6: Growth of non-tax revenue

₹ in crore)

Year	Actual non-tax revenue	Percentage increase(+)/decrease (-) over the previous year	Percentage of total revenue receipts
2010-11	1407.71	7.08	78.59
2009-10	1314.69	32.06	81.47
2008-09	995.51	(-) 5.69	70.45
2007-08	1055.52	19.44	77.66
2006-07	883.73	4.88	78.55



Non-tax revenue constituted 78.59 *per cent* of the total revenue receipts of the Council during 2010-11. Its share decreased from 81.47 *per cent* in 2009-10 to 78.59 *per cent* in 2010-11. The percentage of increase/decrease of non-tax revenue has been fluctuating between 81.47 *per cent* and 70.45 *per cent* over the last five years. In absolute terms, non-tax revenue increased from ₹ 1314.69 crore in 2009-10 to ₹ 1407.71 crore in 2010-11, registering 7.08 *per cent* increase as compared to the previous year.

**1.7.2 Composition of non-tax revenue**

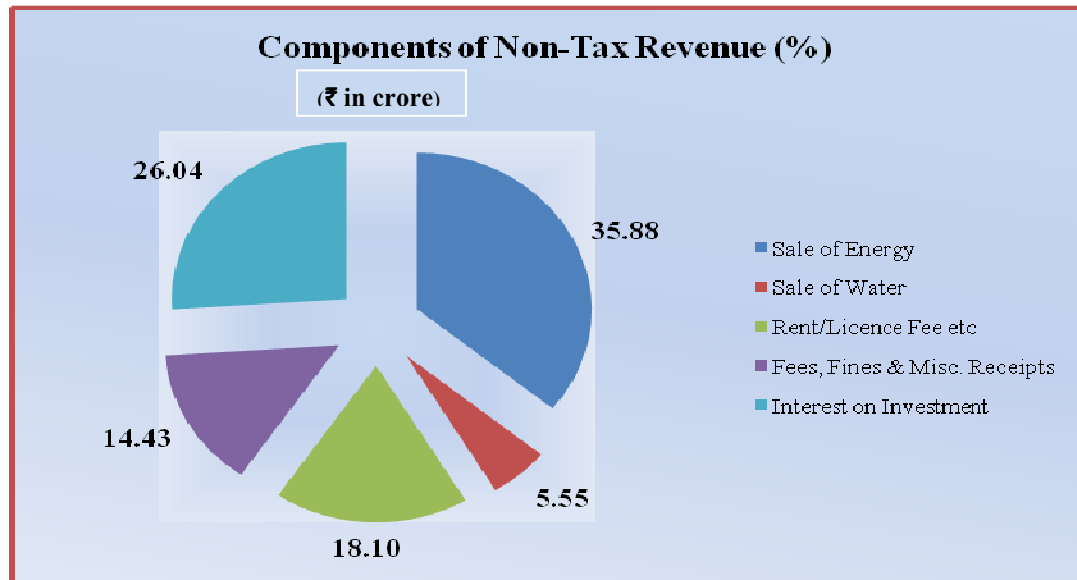
Growth pattern of various components of non-tax revenue was as detailed below:

**Table 1.7: Components of non-tax revenue**

(₹ in crore)

Components	2010-11	2009-10	2008-09	2007-08	2006-07
Sale of energy	505.08 (35.88)	535.84 (40.76)	569.28 (57.19)	563.24 (53.36)	545.59 (61.74)
Sale of water	78.10 (5.55)	49.23 (3.74)	22.50 (2.26)	21.36 (2.02)	20.07 (2.27)
Rent/licence fee and receipts from commercial activities	254.78 (18.10)	253.85 (19.31)	264.51 (26.57)	135.57 (12.84)	129.06 (14.60)
Fees, fines and misc. receipts	203.2 (14.43)	101.26 (7.70)	52.75 (5.30)	25.90 (2.46)	30.42 (3.44)
Interest on investment	366.55 (26.04)	374.51 (28.49)	86.47 (8.68)	309.45 (29.32)	158.59 (17.95)
<b>Total</b>	<b>1407.71</b> <b>(100.00)</b>	<b>1314.69</b> <b>(100.00)</b>	<b>995.51</b> <b>(100.00)</b>	<b>1055.52</b> <b>(100.00)</b>	<b>883.73</b> <b>(100.00)</b>

Note: Figures given in brackets indicate percentage with respect to total receipts



Major sources of non-tax revenue were receipts on account of sale of energy (35.88 *per cent*), interest on investment (26.04 *per cent*) and rent/licence fee and receipts from other commercial activities (18.10 *per cent*). Receipts on account of sale of energy had been fluctuating between 35.88 and 61.74 *per cent* in terms of share of total non-tax revenue over the last five years. The increase of non-tax revenue over the last year was mainly due to increase in interest on investments.

## 1.8 Grants-in-aid

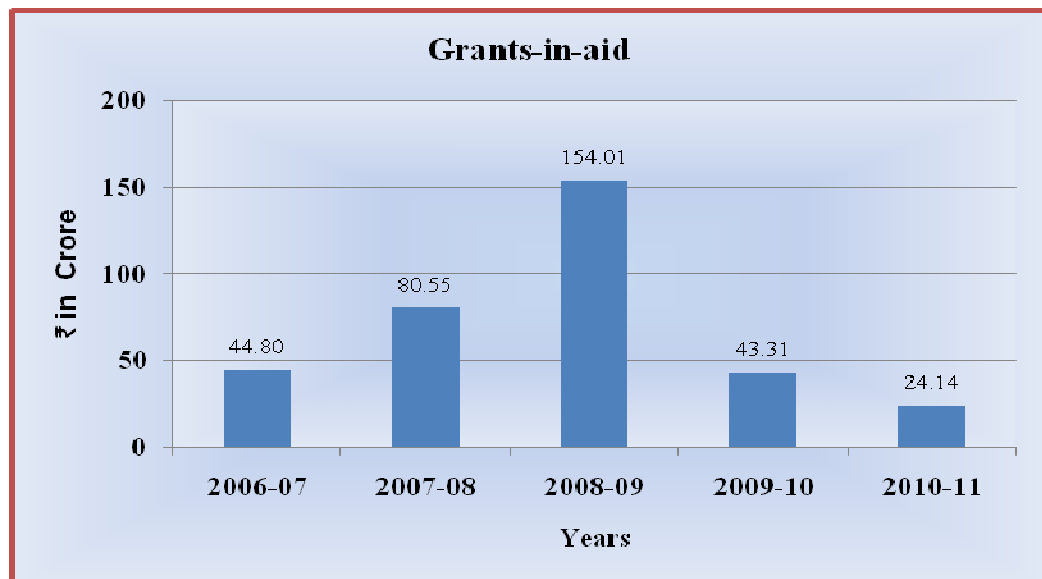
### 1.8.1 Assistance from Government of NCT of Delhi

The Council receives assistance from the Government of NCT of Delhi in the form of grants-in-aid. Trend of assistance received during the last five years was as under:

**Table 1.8 : Grants-in-aid**

(₹ in crore)

Year	Grants-in-aid	Percentage of total receipts
2010-11	24.14	1.35
2009-10	43.31	2.68
2008-09	154.01	10.90
2007-08	80.55	5.93
2006-07	44.80	3.98



Grants-in-aid from Government of NCT of Delhi, which peaked at ₹ 154.01 crore in 2008-09 decreased to ₹ 24.14 crore in 2010-11. As a percentage of total receipts, it decreased from 3.98 per cent in 2006-07 to 1.35 per cent during 2010-11. The Council did not take any loan from the Government of NCT of Delhi during 2006-07 to 2010-11.

### 1.8.2 Improper accounting of Grants-in-aid

During the audit of Annual Accounts for the year 2007-08, instances of unspent/overspent Grants-in-aid under certain heads had been underlined. In the year 2010-11 as well, fresh grants were received and expenditure was met out of such grants-in-aid as detailed below:

**Table 1.9: Grants-in-aid unspent/over spent**

(₹ in thousand)

Sl. No.	Name of Scheme	Grants-in-aid received			Expenditure booked			Unspent (-)/ Overspent (+)
		Revenue	Capital	Total	Revenue	Capital	Total	
1	Education	218750	Nil	218750	Nil	Nil	Nil	-218750
2	Sports & Youth Service	Nil	675000	675000	Nil	500420	500420	-174580
3	Mid Day Meal Scheme	16948	Nil	16948	10492	Nil	10492	-6455
4	MLA Fund	Nil	43306	43306	Nil	14316	14316	-28990
5	MP Fund	Nil	Nil	Nil	Nil	529	529	529
6	GIA for Elect. & water consumption at Dhobi Ghats in NDMC Areas	500	Nil	500	500	Nil	500	Nil
7	Urban Development	Nil	125000	125000	Nil	450000	450000	325000
8	Road & Bridges	Nil	150000	150000	Nil	182651	182651	32651
9	GIA to Schools under the scheme of promotion of sports among the disabled person	236	Nil	236	Nil	Nil	Nil	-236
10	GIA for maintenance of capital assets	4950	Nil	4950	39821	Nil	39821	34871
	<b>Total</b>	<b>241384</b>	<b>993306</b>	<b>1234690</b>	<b>50814</b>	<b>1147916</b>	<b>1198729</b>	<b>-35961</b>

Reasons for over spending / non-utilization of grants-in-aid were not on records.

## 1.9 Arrears of revenue receipts

Arrears of house-tax were shown as ₹ 606.01 crore as of March 2011 in the accounts but year-wise breakup of the arrears was not indicated. This was pointed out in earlier Audit Reports also but corrective steps were yet to be taken by the Department. For better monitoring of recovery of arrears, year-wise details of arrears are required to be maintained so that effective steps could be taken for their recovery.

## 1.10 Expenditure

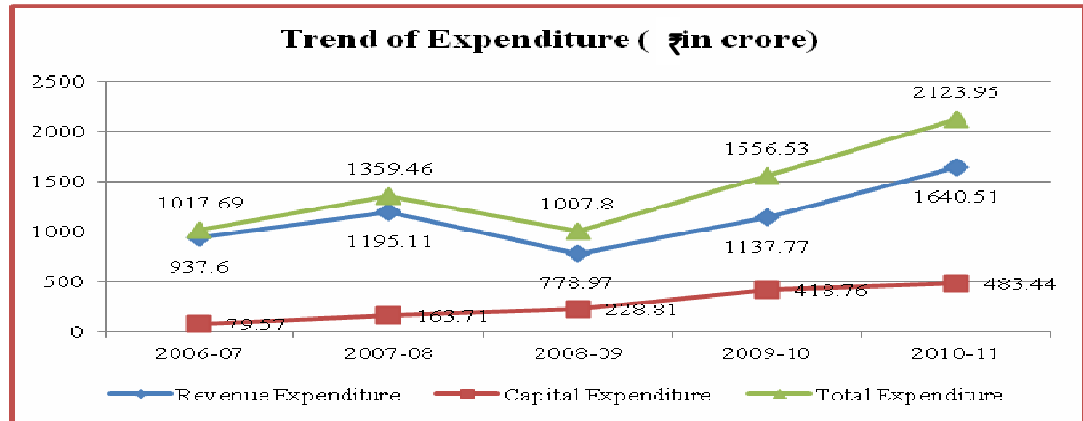
### 1.10.1 Trend of expenditure

In this report, total expenditure denotes all expenditure both revenue and capital and disbursement of loans to NDMC employees. The Council spent a total of ₹ 2123.95 crore in 2010-11. The trend of expenditure during 2006-07 to 2010-11 was as shown below:

**Table 1.10: Trend of expenditure**

(₹ in crore)

Year	Revenue expenditure	Capital expenditure		Repayment of loans to Delhi Govt./external assistance	Payment of loans to NDMC employees	Total
		NDMC works	Deposit works			
2010-11	1640.51	483.44	0	0	0	2123.95
2009-10	1137.77	418.76	Nil	Nil	Nil	1556.53
2008-09	778.97	214.55	14.26	Nil	0.02	1007.80
2007-08	1195.11	155.25	8.46	0.20	0.44	1359.46
2006-07	937.60	73.21	6.36	Nil	0.52	1017.69



- (i) Total expenditure increased from ₹ 1017.69 crore in 2006-07 to ₹ 2123.95 crore in 2010-11. Expenditure incurred during 2010-11 increased by 36.45 per cent over the previous year.
- (ii) Capital expenditure in respect of works relating to NDMC increased from ₹ 418.76 crore in 2009-10 to ₹ 483.44 crore in 2010-11 i.e., an increase by 15.45 per cent in comparison to the previous year. Likewise, revenue expenditure during 2010-11 also increased by 44.19 per cent over the previous year.

### 1.11 Financial assistance to Non-Government Organizations

Council provides grants-in-aid to NGOs/ schools, etc. The quantum of grants-in-aid provided by NDMC to different institutions during the last five years was as under:

**Table 1.11: Grants-in-aid by the Council**

(₹ in lakh)

Sl. No.	Name of body	2010-11	2009-10	2008-09	2007-08	2006-07
1	Navyug School Society	2500.14	2102.35	1598.08	709.68	1010.84
2	R.M. Arya Girls Primary School, No II	24.7	24.24	33.78	14.39	23.51
3	Nirmal Primary School, Kota House	53.03	55.06	29.27	35.97	25.88
4	R.M. Girls Primary School, No. I	51.3	60.38	11.66	27.54	40.34

5	Khalsa Boys Primary School	46.52	Nil	Nil	0.34	Nil
6	Social and Cultural Organization/Non- Government Organization	Nil	16.00	13.80	9.03	5.50
7	Samaj Kalyan Samiti	200.17	168.01	176.25	98.27	100.43
8	Palika Service Officers Institute	Nil	Nil	Nil	Nil	17.71
	<b>Total</b>	<b>2875.86</b>	<b>2426.04</b>	<b>1862.84</b>	<b>895.22</b>	<b>1224.21</b>

The grants-in-aid provided by the Council increased from ₹2426.04 lakh in 2009-10 to ₹ 2875.86 lakh in 2010-11.

### 1.12 Surplus & Reserve Funds

NDMC has various segment funds. These funds are accretions of surplus revenues within the NDMC fund as segments. The position of these funds during 2010-11 was as under:



Table 1.12 : Surplus &amp; Reserve Funds

(₹ in crore)

Sl. No.	Description	Opening Balance	Additions during the year	Total	Expenditure during the year	Closing Balance
<b>1</b>	<b>Electricity Fund</b>					
	(i) Regulatory Reserve Fund	5.00	0.00	5.00	0.00	5.00
	(ii) DRF	306.17	0.00	306.17	27.62	278.55
	<b>Total Electricity Fund</b>	<b>311.17</b>	<b>0.00</b>	<b>311.17</b>	<b>27.62</b>	<b>283.55</b>
<b>2</b>	<b>Water supply &amp; Sewerage Fund</b>					
	(i)DRF	235.37	0.00	235.37	0.00	235.37
<b>3</b>	<b>Estate Fund</b>					
	(i) Comm. Building Fund	275.31	105.00	380.31	51.35	328.96
	(ii) Trans. Market Fund	21.45	22.00	43.45	3.21	40.24
	(iii) DRF	348.90	0.00	348.90	7.76	341.14
	(iv) Public Art Fund	0.00	5.00	5.00	0.00	5.00
<b>4</b>	<b>Total Estate Fund</b>					
	<b>Employee Fund</b>					
	(i) Pension Fund	1211.35	58.00	1269.35	130.22	1139.13
	(ii) Staff Welfare Fund	12.39	3.00	15.39	6.10	9.29
<b>5</b>	<b>Total Employee Fund</b>					
	<b>General Fund</b>					
	(i) Cash in Hand	201.98				68.49
	(ii) Investment General Fund	1130.56				1352.82
	<b>Total General Fund</b>	<b>1332.53</b>				<b>1421.30</b>
	<b>NDMC Fund</b>	<b>3748.46</b>				<b>3803.97</b>
	<b>(1+2+3+4+5)</b>					

It may be seen from the table above that even though the opening and closing balances of Investment General Fund have been shown, the details of addition during the year were not given.

### 1.13 Non-accountal of expenditure

The position of Loans, Advances and Deposits during the year 2010-11 was as under:

**Table 1.13: Loans, Advances and Deposits**

(₹ in crore)

Opening Balance as on 01.04.2010	Recovery/Adjustment during the year	Outstanding Balance as on 31.03.2011
10.38	48.79	59.17

The outstanding balance under the head 'Loans, Advances and Deposits', at the beginning of the year 2010-11, stood at ₹10.38 crore. During the year, there was a recovery/adjustment of ₹48.79 crore resulting in closing balance of ₹59.17 crore. Non-recovery/ adjustment of advances resulted in non-accountal of expenditure to the extent of contingent advances remaining outstanding at the year-end.

As per General Financial Rules, 2005, fresh advance can be drawn only after the adjustment of advance previously drawn. Reasons for sanctioning such a large amount as 'Loans, Advances and Deposits', were not on records. Besides, periodicity of advances was neither a part of accounts nor any broadsheet maintained to keep a watch over the grant of 'Loans, Advances and Deposits' and their timely adjustment.

### 1.14 Analysis of budgetary projections

The budget presents three sets of figures (a) actuals for the preceding year, (b) revised estimates for the current year, and (c) budget estimates for the ensuing financial year. This section discusses the variations in different components of the finances of the Council with reference to the budgetary projections.

**1.14.1 Actual collection of revenue vis-à-vis revised estimates**

The actual collection of revenue receipts against revised estimates during the last five years was as under:

**Table 1.14 Actual collection of revenue vis-à-vis revised estimates  
(₹ in crore)**

Year	Revised estimates	Actual revenue receipts	Increase over RE	Percentage increase over RE
2010-11	1918.70	1791.25	-127.45	-6.64
2009-10	1377.20	1613.68	236.48	17.17
2008-09	1406.52	1412.98	6.46	0.46
2007-08	1346.60	1359.17	12.57	0.93
2006-07	1120.03	1125.00	4.97	0.44

The actual revenue receipts during 2010-11 were less than the revised estimates by ₹ 127.45 crore.

(a) In respect of the following 12 functions, the shortfall in receipts as compared to revised estimates ranged from 6.60 to 99.96 *per cent* during 2010-11:

**Table 1.15: Shortfall in receipts  
(₹ in thousand)**

Function Code	Description	R.E.	Receipts	Shortfall	Percentage shortfall
3	Finance, Accounts, Audit	5191662	1987	5189675	99.96
7	Stores & Purchase	21850	18837	3013	13.79
14	Encroachment Removal	16200	13875	2325	14.35
15	Trade Licensee/Regulations	4000	2345	1655	41.37
31	Public Health	9360	5915	3445	36.81
43	Veterinary Services	100	49	51	51.09
51	Water Supply	896780	827901	68879	7.68
74	Welfare of Handicapped	515	416	99	19.30
75	Welfare of SC/ST/OBC	1000	500	500	50.00

81	Electricity	6166391	5759573	406818	6.60
82	Education	434920	229278	205642	47.28
99	Other Taxes	440600	343581	97019	22.02

As the revised estimates were prepared at the fag end of the financial year, massive shortfall in receipts against revised estimates indicate unrealistic budgeting.

(b) In following functions, the receipts have been booked without any provision under revised estimates for the year 2010-11:

**Table 1.16: Receipts without any provision under Revised Estimates**  
(₹ in thousand)

Function Code	Function Description	Revised Estimates	Income at the end of 31st March 2011
24	Street Lighting	0	310
42	Public Convenience	0	17526
93	Advertisement Tax	0	591

(b) Receipts with reference to revised estimates were higher in the following 17 cases:

**Table 1.17: Excess collections of receipts**  
(₹ in thousand)

Function Code	Function Description	Revised Estimates (Revenue)	Receipts	Percentage of actual collections with reference to RE
2	Administration	53500	3720842	6954.84
6	Estate	2372507	2558758	107.85
8	Workshop	20	8961	44805.00
12	Building Regulation	8002	11434	142.89
21	Roads and Pavements	10454	30927	295.84
35	Hospital Services	800	1113	139.13
39	Ambulance/Hearse Services	10	10	100.00
41	Solid Waste	1181	1856	157.15

	<b>Management</b>			
52	Sewerage	10650	184621	1733.53
53	Fire Services & Disaster Mgmt	300	873	291.00
55	Community/Marriage Centres	9100	15172	166.73
56	Amusement	3200	10672	333.50
58	Municipal Markets	244060	291699	119.52
61	Parks, Gardens	1452	1765	121.56
71	Welfare of Women	300	328	109.33
79	Others	830	835	100.60
91	Property Taxes	2685200	3249864	121.03

#### 1.14.2 Actual collection of Tax Revenue vis-à-vis Revised Estimates

The actual collection of tax revenue vis-à-vis revised estimates during the last five years was as under:

**Table 1.18: Actual collection of tax revenue vis-à-vis revised estimates**

(₹ in crore)

Year	Revised estimates	Actual tax revenue	Increase(+)/ decrease (-) over RE	Percentage increase(+)/ decrease (-) over RE
2010-11	312.56	359.40	46.84	14.99
2009-10	278.13	255.68	-22.45	(-8.07)
2008-09	234.94	263.46	28.52	12.14
2007-08	227.89	223.10	(-) 4.79	(-) 2.10
2006-07	194.28	196.47	2.19	1.13

There was an increase of 14.99 *per cent* during 2010-11 in the actual collection of tax revenue with reference to revised estimates.

**1.14.3 Actual collection of Non-tax Revenue vis-à-vis Revised Estimates**

The actual collection of non-tax revenue vis-à-vis revised estimates during the last five years was as under:

**Table 1.19 : Actual collection of non-tax revenue vis-à-vis revised estimates  
(₹ in crore)**

Year	Revised estimates	Actual non-tax revenue	Increase(+)/ decrease(-) over RE	Percentage increase (+) / decrease(-) over RE
2010-11	1561.54	1407.71	(-153.83)	(-9.85)
2009-10	1055.32	1314.69	259.37	24.58
2008-09	1013.71	995.51	(-18.20)	(-1.80)
2007-08	1037.67	1055.52	17.85	1.72
2006-07	879.68	883.73	4.05	0.46

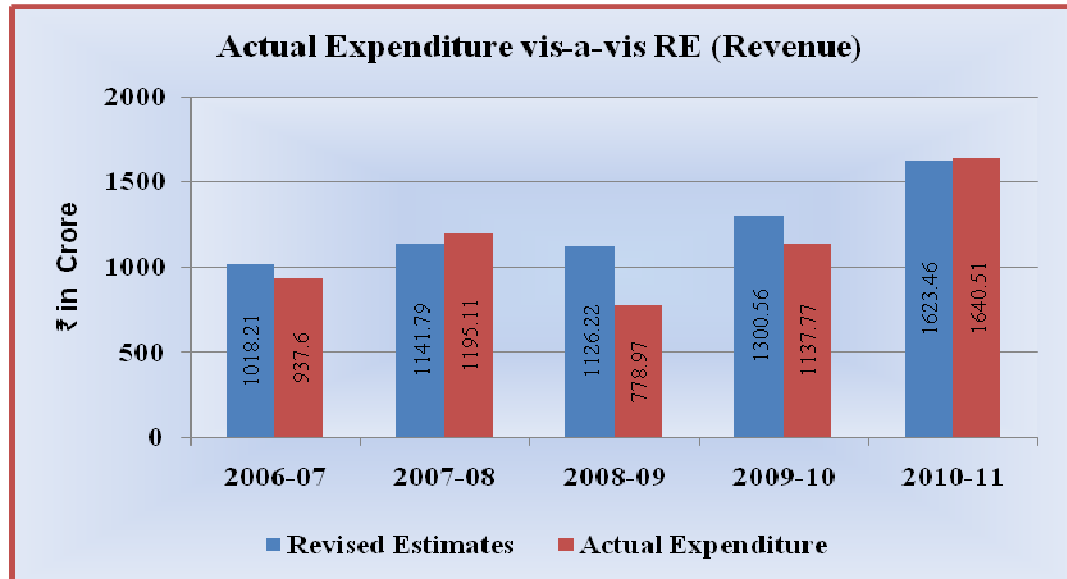
The actual non-tax revenue collections during 2010-11 were (-) 9.85 per cent less than the revised estimates.

**1.14.4 Actual expenditure vis-à-vis revised estimate (revenue)**

The actual expenditure had been below the revised estimates during 2006-07, 2008-09 and 2009-10.

**Table 1.20 Actual expenditure vis-à-vis revised estimate (revenue)  
(₹ in crore)**

Year	Revised Estimates	Actual Expenditure	Excess(+)/ Saving(-)	Percentage
2010-11	1623.46	1640.51	17.05	1.05
2009-10	1300.56	1137.77	-162.79	-12.52
2008-09	1126.22	778.97	-347.25	-30.83
2007-08	1141.79	1195.11	53.32	4.67
2006-07	1018.21	937.6	-80.61	-7.92



The expenditure for the year 2010-11 was ₹ 1640.51 crore against revised estimate of ₹ 1623.46 crore. The expenditure for 2010-11 had thus exceeded the revised estimates by ₹ 17.05 crore.

#### 1.14.5 Savings in comparison to revised estimates

There were savings in the following functions during 2010-11:

Table 1.21: Less expenditure incurred against revised estimates

(₹ in thousand)

Function Code	Description	Revised Estimates	Expenditure	Shortfall	Percentage savings
1	Municipal Body	14414	10544	3870	26.85
2	Administration	4381477	3760290	621187	14.18
3	Finance, Accounts, Audit	133199	112444	20755	15.58
5	Record Room	897	734	163	18.22
7	Stores & Purchase	102915	93440	9475	9.21
8	Workshop	118645	105543	13102	11.04
11	City and Town Planning	35840	30875	4965	13.85
14	Encroachment Removal	46156	41490	4666	10.11
15	Trade Licence / Regulations	6742	5137	1605	23.81
21	Roads and Pavement	537952	530309	7643	1.42
22	Bridges and Flyovers	500	0	500	100.00
23	Subways & Causeways	900	0	900	100.00

25	Storm Water Drains	15671	7079	8592	54.83
31	Public Health	103457	82510	20947	20.25
32	Epidemic/Prevention Control	112782	104774	8008	7.10
34	Primary Health Care	207530	169547	37983	18.30
35	Hospital Services	302860	291251	11609	3.83
37	Vital Statistics	5909	5736	173	2.93
41	Solid Waste Management	818008	760682	57326	7.01
43	Veterinary Services	11081	9488	1593	14.37
44	Cattle Pounding	100	0	100	100.00
51	Water Supply	673394	647236	26158	3.88
52	Sewerage	336203	314646	21557	6.41
54	Arts & Culture	57100	54276	2824	4.95
55	Community/Marriage Centres	4586	4273	313	6.82
56	Amusement	29563	14359	15204	51.43
58	Municipal Markets	1317542	1279079	38463	2.92
61	Parks, Gardens	415899	385603	30296	7.28
71	Welfare of Women	13398	11782	1616	12.06
72	Welfare of Children	33765	29911	3854	11.41
74	Welfare of Handicapped	2070	0	2070	100.00
75	Welfare of SC/ST/OBC	1000	500	500	50.00
79	Others	90850	89765	1085	1.19
82	Education	1091891	1027656	64235	5.88

#### 1.14.6 Excess expenditure in comparison with revised estimates

Expenditure was incurred in excess of the revised estimates in the following 05 functions in 2010-11:

Table 1.22: Excess expenditure incurred against Revised Estimates

(₹ in thousand)

Function code	Description	Revised Estimates	Expenditure	Excess	Percentage of excess expenditure over RE
24	Street Lighting	135666	145655	9989	7.36
33	Family Planning	11682	14257	2575	22.04
53	Fire Services &	71327	76206	4879	6.84



	<b>Disaster Mgt.</b>				
<b>81</b>	<b>Electricity</b>	<b>4918852</b>	<b>6231617</b>	<b>1312765</b>	<b>26.69</b>
<b>91</b>	<b>Property Taxes</b>	<b>34502</b>	<b>680428</b>	<b>645926</b>	<b>1872.14</b>

#### 1.14.7 Absence of effective expenditure control

In the following 04 cases, budget provision was made at RE stage but no expenditure was incurred during 2010-11:

**Table 1.23: Function Code with Nil expenditure**

(₹ in thousand)

<b>Function code</b>	<b>Description</b>	<b>Revised Estimates</b>	<b>Expenditure</b>
<b>22</b>	<b>Bridges and Flyovers</b>	<b>500</b>	<b>Nil</b>
<b>23</b>	<b>Subways &amp; Causeways</b>	<b>900</b>	<b>Nil</b>
<b>44</b>	<b>Cattle Pounding</b>	<b>100</b>	<b>Nil</b>
<b>74</b>	<b>Welfare of Handicapped</b>	<b>2070</b>	<b>Nil</b>

Reasons for such substantial deviations from revised estimates were not on record.

#### 1.14.8 Expenditure without budget provision

In the following function, expenditure had been booked without any provision under revised estimates for the year 2010-11:

**Table 1.24 : Function code wise expenditure against nil revised estimates**

(₹ in thousand)

<b>Function Code</b>	<b>Function Description</b>	<b>Revised Estimates (Revenue)</b>	<b>Expenditure</b>
<b>12</b>	<b>Building Regulation</b>	<b>Nil</b>	<b>2151</b>

## 1.15 Rush of Expenditure

### 1.15.1 Rush of Expenditure

As per Rule 56(3) of General Financial Rules 2005, rush of expenditure particularly in the closing months of financial year shall be regarded as a breach of financial regularity and should be avoided. Contrary to this, large expenditure was incurred in the month of March and in the last quarter of the financial year. A few instances are given below:

**Table 1.25: Rush of expenditure in March**

(₹ in crore)

Function No.	Function Description	Total expenditure incurred	Expenditure in March	Percentage of expenditure incurred in March
2	Administration	3760290	1381831	36.75
24	Street Lighting	145655	54517	37.43
33	Family Planning	14257	6257	43.88
51	Water Supply	647236	271775	41.99
52	Sewerage	314646	196117	62.33
54	Arts & Culture	54276	54276	100.00
58	Municipal Markets	1279079	1269083	99.22
75	Welfare of SC/ST/OBC	500	500	100.00
91	Property Taxes	680428	652724	95.93

Table 1.26: Rush of expenditure in the last quarter

(₹ in crore)

Function No.	Function Description	Total expenditure	Expenditure during last quarter	Percentage of total expenditure incurred during last quarter
1	Municipal Body	10544	2729	25.88
2	Administration	3760290	1800830	47.89
24	Street Lighting	145655	68743	47.20
33	Family Planning	14257	13307	93.34
37	Vital Statistics	5736	1164	20.29
41	Solid Waste Management	760682	193195	25.40
43	Veterinary Services	9488	2352	24.79
51	Water Supply	647236	300778	46.47
52	Sewerage	314646	211305	67.16
53	Fire Services & Disaster Mgt.	76206	17686	23.21
54	Arts & Culture	54276	54276	100.00
56	Amusement	14359	4085	28.45
58	Municipal Markets	1279079	1269083	99.22
75	Welfare of SC/ST/OBC	500	500	100.00
79	Others	89765	25600	28.52
82	Education	1027656	228926	22.28
91	Property Taxes	680428	657364	96.61

### 1.16 General comments on Annual Accounts

Audit scrutiny of Accounts revealed certain discrepancies / shortcomings in the existing accounting system. These were also reflected in earlier Annual Audit

Reports and Local Audit Reports but the Department did not take any corrective steps in this regard. Discrepancies/shortcomings noticed were as discussed below:

- (i) Expenditure should remain within the sanctioned budget allocation. But in many cases actual expenditure had exceeded the budget provision. It could not be ascertained whether there was any mechanism in place for exercising budgetary control over the expenditure.**
- (ii) Council undertakes commercial activities like sale of energy and water, renting out of commercial shops/units and production and sale of compost manure. Proforma Accounts in respect of these commercial activities were not prepared and as such profit or loss to the Council from these activities could not be assessed.**
- (iii) The existing form of the Annual Accounts did not reflect the arrears of taxes, duties, other revenue and licence fee recoverable at the beginning of the year and the arrears liquidated during the year. Hence, the Council was not aware of the actual quantum of all such outstanding arrears with year-wise break up.**
- (iv) Annual Accounts of the Council did not show the opening and closing balances of various 'Debt, Deposits and Remittance' Heads and as such did not present a fair view of the financial position of the Council.**
- (v) Statement showing the amount of cheques deposited in the bank account but not credited during the financial year was not enclosed with the Annual Accounts. Similarly, list of cheques issued by the Council during the year but not presented to Bank for payment was also not enclosed with the Annual Accounts.**
- (vi) Advances were liberally and frequently allowed to be drawn from the General Fund and allowed to remain unadjusted for long period. Statement showing opening and closing balances and adjustments made during the year did not reflect year-wise break up.**
- (vii) Department recovered cess charges under Cess Act, 1996, which were required to be deposited / remitted to Construction Workers Welfare Board within 30 days. Council did not deposit the amount within the specified period. Resultantly, the receipts were overstated to that extent.**

(viii) As per accounting rules, adverse balances should not be reflected in the final accounts. Following 05 heads of account showed minus balances:

Table 1.27: Minus entries

(Amount in ₹)

S. No	Head of Account	Particulars	Minus Expenditure up to March 2011
1	2305112	Stadium	48488.00
2	2408003	Rounding off Transaction to Nearest Rupee	7578790.02
3	2701004	License Fee	778218601.00
4	2801002	License Fee	26833249.90
5	2804001	Unspecified Receipts	91827879.00

The above adverse closing balances are required to be reconciled and settled.

## 1.17 BALANCE SHEET

### A. Fixed Assets:

#### 1.17.1 Physical verification

All the assets of the Council have not been fully accounted for. The Department stated that some assets might have escaped notice and remained out of accounts. In the absence of complete physical verification of assets, there was a difference of 17275 number of Fixed Assets as per the Ledger and the Fixed Assets Register.

#### 1.17.2 Valuation of Fixed Assets

As per para 3.21 of NMAM, all Fixed Assets shall be valued at cost less accumulated depreciation. In contravention, the Department had valued each asset acquired prior to 1 April 2004 at a nominal value of ₹ one for each class of asset. This method of valuation was not correct. The Department was required to revalue these assets based on actual cost involved on their construction / improvement. A policy regarding revaluation of these assets was required to be formulated to revalue these assets based on actual cost involved on their construction / improvement.

## B. Current Assets

### 1.17.3 Cash Balance

The Current Assets have been reflected without reconciliation with Bank and Cash Balances. Correct position of Cash could not be ascertained in audit as the balances as per the Cash Book and the Accounts vary by more than ₹ 115.66 crore.

### 1.17.4 Differences between Balance Sheet and Cash Tally Statement

There were differences in Cash and Bank balances as per Balance Sheet and Cash Tally Statement as detailed below:

**Table 1.28 Difference between Balance Sheet and Cash Tally Statement**

Particulars	Balance		Difference
	As per Balance Sheet	As per Cash Tally Statement	
	Opening Balance as on 1.4.2010	2019955589.20	
Closing Balance as on 31.03.2011	685089545.42	684853105.42	236440.00

(Amount in ₹)

## C. Current Liabilities

### 1.17.5 Provision for Bad and Doubtful Debts

Provision for Bad and Doubtful Debts had been made at unusually high level of ₹ 970.44 crore (52.95 *per cent*) without any supporting details and appropriate disclosure. Notes to Accounts acknowledge that doubtful debts have been worked out on ad-hoc basis without any details of year-wise breakup of receivables. This was against the norms of financial prudence and needs to be brought to a reasonable level through recoverability and age-wise analysis of all receivables by the concerned departments. In the absence of age-wise analysis, the veracity of sundry debtors reflected in the Balance Sheet could not be ascertained in audit.

### 1.17.6 Contingent Liabilities

No provision for Contingent Liabilities had been made on the plea that complete information regarding cases pending with various courts and amount involved was not available. This resulted in un-quantified understatement of liabilities.

### **1.17.7 Depreciation**

Accumulated Depreciation had been under-charged by ₹ 7.03 crore resulting in overstatement of Assets and understatement of Depreciation Reserve Fund by an equal amount.

### **1.17.8 Capital Work-in-Progress**

Assets had been understated due to non-capitalization of Capital Work-in-Progress. This had also resulted in understatement of Depreciation Reserve Fund. The understatement could not be quantified due to non-availability of details of works completed but not capitalized.

## **D. Disclosures**

### **1.17.9 Significant Accounting Policies not followed**

As per the Significant Accounting Policies, “The assets acquired on or after 1<sup>st</sup> October every year are depreciated by applying half the rates and in case of assets capitalized during the year out of Capital Work-in-Progress, depreciation is provided by applying rates for full year”. During the year, depreciation at full rate was applied to all the assets irrespective of their date of acquisition in violation of the Significant Accounting Policies as well as para 3.21(i) of the NMAM which resulted in understatement of assets and over statement of depreciation.

Further, no depreciation had been charged in respect of earlier years even for assets acquired / created in earlier years but capitalized in current year which resulted in over statement of assets and understatement of depreciation.

### **1.17.10 Non-preparation of Schedules in accordance with Accounts Manual.**

Following Schedules had not been prepared in accordance with the NMAM:

- **Schedule B-1: Municipal General Fund [Code 310]**
- **Schedule B-2: Earmarked Funds [Code 311]**
- **Schedule B-3: Reserves [Code 312]**
- **Schedule B-8: Deposit Works [Code 340]**
- **Schedule B-11: Gross Block [Code 410]**
- **Schedule B-12: Investment – General Fund [Code 420]**
- **Schedule B-13: Investment – Other Funds [Code-421]**
- **Schedule B-15: Sundry Debtors (Receivables) [Code-431]**
- **Schedule B-18: Loans Advances and Deposits [Code-460]**

**1.17.11 Financial Ratios**

Financial Ratios had not been incorporated / calculated as prescribed in the NMAM in eighteen cases.

**1.17.12 Non-disclosure of Annual Budget Estimates**

The Annual Budget Estimates had not been disclosed in the Income and Expenditure Statement as required under para 31.6 of the NMAM.

**1.18 Follow up on Audit Reports**

**1.18.1 Local Audit Reports**

Each Department of the Council is audited by the office of the Chief Auditor. Audit observations made during audit and not replied/settled during the course of audit are communicated to the Departments through Local Audit Reports (LARs). The Departments are required to furnish replies to the LARs within a period of four weeks.

As on 30 April 2013, due to non-furnishing of convincing replies as many as 8638 paras of Local Audit Reports were outstanding. Department-wise summary of the outstanding paras of LARs as on 30 April, 2013 was as given below:

**Table 1.29 Department wise summary of Outstanding Paras of Local Audit Reports**

S. No.	Name of department	No. of outstanding paras as on 31/03/2010	No. of paras added during 2009-10 to 2012-13	Total (c + d)	No. of LAR Paras settled/ included in Annual Audit Report	No. of Paras remained outstanding
(a)	(b)	(c)	(d)	(e)	(f)	(e-f)
01.	Accounts & Finance	369	117	486	91	395
02.	Architect & Environment	111	34	145	11	134
03.	Civil Engineering	1259	356	1615	43	1572
04.	Commercial	98	29	127	19	108



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05.	Education	1234	564	1798	20	1778
06.	Electricity	1092	359	1451	22	1429
07.	Enforcement	112	29	141	64	77
08.	Estate	159	67	226	46	180
09.	Fire	78	12	90	3	87
10.	General Administration	202	25	227	5	222
11.	Medical Services/Public Health	522	282	804	29	775
12.	Horticulture	97	15	112	14	98
13.	Property Tax	110	57	167	56	111
14.	Information Technology	46	26	72	4	68
15.	Law	23	5	72	4	68
16.	Personnel	387	141	528	4	524
17.	Public Relations	90	24	114	0	114
18.	Security	92	16	108	3	105
19.	Welfare	514	315	829	3	826
20.	Project	03	4	7	0	7
	<b>Total</b>	<b>6598</b>	<b>2477</b>	<b>9075</b>	<b>437</b>	<b>8638</b>

As the number of outstanding Local Audit Paras is on increase, the Heads of Departments/Units may look into reasons thereof and arrange to furnish the replies promptly at the earliest.

### 1.18.2 Annual Audit Reports

Position of outstanding transaction and performance audit review paragraphs included in the Annual Audit Reports of the Council as on 30 April 2013 was as under:-

**Table 1.30: Paragraphs included in Annual Audit Reports and Outstanding**

<b>Year of report ended 31 March</b>	<b>Opening Balance</b>	<b>Settled</b>	<b>Closing Balance</b>
1997	124	104	20
1999	98	71	27
2000	45	34	11
2001	42	32	10
2002	38	33	05
2003	36	32	04
2004	36	28	08
2005	37	31	06
2006	42	36	06
2007	42	31	11
2008 (Review)	4	0	04
2008	28	22	06
2009	29	5	24
2010 (Review)	01	0	01
2010	19	0	19
<b>Total</b>	<b>621</b>	<b>459</b>	<b>162</b>

## CHAPTER - 2

### ACCOUNTS DEPARTMENT

#### INVESTMENT DECISIONS OF NEW DELHI MUNICIPAL COUNCIL

##### Executive Summary

A performance audit of investment decisions of New Delhi Municipal Council covering the period 2005-06 to 2010-11 was conducted in July-October 2011 through scrutiny of records of Investment branch in order to see that the surplus funds were invested as per the policy of the Council, in line with Government Rules and Regulations in this regard and in the best interest of the Council. The performance audit revealed:

- The investment branch did not follow the guidelines of the Investment Policy approved by the Council with regard to empanelment of banks, observing the capping limit for banks, apportioning the funds amongst banks quoting same rate of interest, etc.
- The investment decisions were taken based on inadequate/incomplete information, the entire investable funds were not invested, funds were exposed to unnecessary risk and the returns obtained were sub-optimal.
- The system of working out the amount of investable funds was deficient. No bank reconciliation had been done after November 2008.
- The irregular parking of funds for meeting current requirements of NDMC from time to time in a Current Account instead in a Savings Bank Account as per directions of Reserve Bank of India resulted in loss of interest of ₹ 17.18 crore.
- Delay in investment of funds accumulated under New Pension Scheme, 2004 and their investment without ensuring competitiveness of rates and procedural transparency resulted in loss of interest of ₹ 1.32 crore.
- The retention of surplus fund upto ₹ 238.81 crore in Current Account in-violation of the basic policy resulted in loss of interest of ₹ 4.54 crore.
- There was delay upto 10 days in investment of surplus funds upto ₹ 300.00 crore which resulted in loss of interest of ₹ 2.51 crore.
- Investment of funds at lower rate of interest as compared to higher rates offered by other banks resulted in loss of interest of ₹ 1.40 crore in 10 cases.
- Investment of surplus funds of ₹ 60.00 crore with the Council's main banker State Bank of India at interest rate of 7.50 *per cent* per annum, against prevailing rate of interest of 9.00 *per cent* at that time, without calling quotations resulted in loss of interest of ₹ 90.00 lakh.
- Non re-scheduling of investments already made in the past three to four years at substantially lower rate of interest in view of the trends of interest rates applicable on fixed deposit going up unexpectedly resulted in loss of interest of ₹ 16.51 crore.
- The internal control system in the department was deficient.

## **2.1 Introduction**

As per Section 52 of the New Delhi Municipal Council Act, 1994 the surplus money standing at the credit of General Account of the New Delhi Municipal Fund which cannot be immediately applied for the purpose specified in Section 50<sup>1</sup> of the Act need to be deposited in the State Bank of India or in such scheduled bank or banks as the Council may select or be invested in public securities. With this view, the Council had reviewed and approved (August 2005) the Investment Policy with requisite parameters and further authorized the chairperson, NDMC to approve a panel of banks based on the investment policy and parameters so approved.

## **2.2 Audit Objectives**

The investments made by the investment branch were scrutinized with the object to find out whether:

- the funds were invested in conformity with of the Investment Policy approved by the Council;
- the rules and regulations and the orders/instructions issued by the Government of India from time to time with regard to the investment of Government funds were strictly adhered to by the Investment Branch;
- the assessment of surplus investable funds were correctly made;
- the funds required to meet the current requirements had been kept as per the prescribed limit and parked in the savings account or current account, whichever was beneficial to NDMC;
- any surplus funds remained unutilized, period of non-utilization and loss of interest due to non-utilization;
- there was any system of reviewing the interest rates of previous investments on the basis of rates of interest quoted by the banks for current investments. If so, whether the previous investments were considered for re-investment at prevailing higher interest rates;
- all-out efforts were made to obtain best rate of interest amongst the selected banks;
- any unsafe investments were made;

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<sup>1</sup> All sums, charges and cash necessary for carrying out the provisions of the Act and of the rules, regulations and bye-laws made there under or of which payment is duly directed, sanctioned or required by or under any of the provisions of the Act.

## 2.3 Audit Methodology

The audit was conducted in July-October 2011 through scrutiny of the records of Investment and Fund Branch from 2006-07 to 2010-11 in order to see that the surplus funds were invested as per the policy of the Council and Government Rules and Regulations in this regard and in the best interest of the Council.

## 2.4 Audit Criteria

The main audit criteria were:

- The provisions contained in the New Delhi Municipal Council Act 1994.
- Government Rules and Regulations in this regard.
- Investment policies of the Council issued from time to time.
- Council Resolutions.
- Best practices for maximizing return keeping in view the Risk, Liquidity, Maturity and Return on investments made.
- Government of India Guidelines for Investment of Surplus Funds by Public Sector Entities

## 2.5 Details of Investments

Details of investment made by the Department during last five years 2005-11 were as under:

**Table- 1**

(₹ in crore)

Year	Investment	Receipt	Net Balance	Balance as on 31st March
Opening Balance as on 01.04.2006				2421.80
2006-07	940.00	580.00	360.00	2781.80
2007-08	2837.12	2693.79	143.33	2925.13
2008-09	1443.00	876.93	566.07	3491.20
2009-10	801.72	747.32	54.40	3545.60
2010-11	2060.56	1871.56	189.00	3734.60

## 2.6 Audit Findings

### 2.6.1 Deficiencies in assessment of investable funds

The Investment Branch was responsible for the preparation of inflow/outflow statements fortnightly from the information supplied by its various departments of NDMC to work out the investable funds. It was observed that:-

- (i) The statement of receipts and expenditure on the basis of which the inflow/outflow statements were prepared by the Investment Branch, were not found on records in respect of most of the departments of NDMC.
- (ii) A number of dishonored cheques were lying with various departments viz. Commercial, Property tax, Estates, etc. These cheques did not form part of the receipts of NDMC and accordingly remained out of the investable funds.

(iii) The Cash branch, which was responsible for accounting of receipts and payments of NDMC, had reconciled balances with bank up to November 2008 only, as of October 2011. As per bank reconciliation statement of September 2008 made available to audit, cash and cheques for ₹ 84.70 crore were not credited by bank. In the absence of bank reconciliation after November 2008, Department had no information whether the said difference of ₹ 84.70 crore had been credited in NDMC account, as of October 2011.

**No bank reconciliation done after November 2008.**

- (iv) The NDMC had made an agreement with Axis Bank Ltd. in February 2008 for providing banking services viz. payment of vendor's bills, disbursement of salaries and pensions and collection of all NDMC dues through cash and cheques. In terms of clause 1.3 of the agreement and note there under, the Bank will transfer the collections received from all the collection centers on T<sup>2</sup>+1 basis through pay order/RTGS<sup>3</sup> into State Bank of India General Fund of NDMC. The outstation cheques will be outside the purview of the above arrangements and will be dealt with accordingly. Further, as per section 7.2 (iii) of RFP (Request for Proposal) which forms a part of the agreement, Axis Bank had agreed to realize /credit the cheque /FD/pay order of Delhi (Local) clearance area on "next day of deposit".

<sup>2</sup> T denotes the day of collection of dues in cash and day of realization in case of cheques/ drafts/pay orders

<sup>3</sup> Real Time Gross Settlement

Test check of daily statements of accounts of Axis Bank for the year 2010-11 revealed that

- (a) there was delay of up to five days (excluding day of deposit of cheque and the next day) in transfer of money received by the bank through local cheques collected from different collection centers of NDMC into SBI General Fund Account of NDMC and

**Delay of up to five days in collection of dues against local cheques.**

- (b) although outstation cheques were not to be accepted but these were also accepted by the Department at collection centers and handed over to Axis Bank which in turn re-lodged the cheques being 'out of allocation range' resulting in delay in encashment of these cheques.

**Irregular acceptance of outstation cheques, delayed their encashment..**

**The preparation of inflow/outflow statements by the Investment Branch was based on inadequate/incomplete data and working out the amount of investable fund for each fortnight was, therefore, deficient.**

## **2.7 Implementation of Policy Guidelines**

### **2.7.1 Empanelment of banks:**

As per the Investment Policy approved by the Council, the Chairperson, NDMC was authorized to approve a panel of banks based on the following parameters:

- (i) The net worth of the Banks should be at least ₹1000 crore.
- (ii) The Capital Adequacy Ratio should be at least 10 *per cent*.
- (iii) The Banks should have its corporate and registered offices in India with at least one Branch in Central Business District (CBD) of NDMC.
- (iv) The Banks must be at least five years old.
- (v) In order to ensure adequate safety of funds to be invested, lowest of the credit rating assigned by CRISIL and ICRA shall be kept in view.

As of August 2005, 23 banks were empanelled by Investment Committee. Further, 9 banks were empanelled during July 2007 and December 2010. Thus, 32 banks were empanelled for investment of surplus funds of NDMC as of March 2011.

Test check in Audit revealed that:

- (i) The Chairperson had approved empanelment of five banks in July 2007. However, the required details like detailed data relating to net worth along with period to which the net worth belonged, status of CBD branch in NDMC area, the bank being at least five years old and CRISIL and ICRA rating of the banks as required under Investment Policy approved by the Council in August 2005 were not available on record. In the absence of these details, audit could not ascertain whether empanelment of these banks was in conformity with investment policy.
- Essential pre-qualifying details for empanelment of banks were not on record.**
- (ii) Out of 23 banks empanelled as of August 2005, only 8 banks were rated by either by CRISIL or ICRA.
- (iii) All the nine banks empanelled during July 2007 and December 2010 had been rated either by CRISIL or ICRA instead of both.
- (iv) ING Vysya Bank was empanelled on 18 March 2010 on the basis of only CRISIL rating without ICRA rating, while Yes Bank was empanelled on 29 December 2010 on the basis of ICRA rating without CRISIL rating.

### **2.7.2 Investments in excess of the capping limits of the banks.**

Commensurate to the net worth, normative cap for deposit of funds with the banks was fixed at ₹ 250 crore for banks having net worth of ₹ 1000 crore to ₹ 2500 crore while the cap was fixed at ₹ 400 crore for the Banks having net worth above ₹ 2500 crore. In addition, 25 *per cent* additional funds could also be invested with the banks.

Audit scrutiny revealed that in six cases, the Department invested surplus funds ranging from ₹ 20.85 crore to ₹ 42.00 crore during 2007-11 over their prescribed capping limit (including 25 *per cent* additional) as detailed below:

**Funds ranging from ₹ 20.85 crore to ₹ 42.00 crore irregularly invested over and above the prescribed capping limit of banks.**



Table- 2

(₹ in crore)

Name of the bank	Capping limit *	Net worth	Funds invested			
			2007-08	2008-09	2009-10	2010-11
ICICI Bank	500.00	51618.00	540.85	520.85	520.85	-
IDBI Bank	500.00	10363.00	-	-	-	524.90
Karnataka Bank	312.50	1567.00	-	342.00	-	-
ING Vysya Bank	312.50	2192.00	-	-	-	327.07

\*including 25 per cent additional

### 2.7.3 Non-apportioning of funds amongst banks:

As per the Investment Policy, in case the rates quoted by two banks were equal or not varying by more than 5 basis points, investable funds may be apportioned between them in the ratio of their net worth subject to normative cap plus 25 per cent.

Scrutiny of records for investment of funds for the period 2006-07 to 2010-11 revealed that in the following cases, investable funds were not apportioned between/amongst the empanelled banks which had quoted the same rate of interest for a particular period:-

Table: 3

S. No. (1)	Date of meeting of the Investment Committee (2)	Amount of funds invested (₹ in crore) (3)	Name of the banks quoted the same rate of interest (4)	Rate of interest quoted by the banks (per cent) (5)	Name of bank with which the entire funds were invested (6)	Period of Investment	
						Years (7)	Days (8)
1.	02.03.07	3.00	Allahabad Bank Syndicate Bank	10.50	Syndicate Bank	5	1
2.	19.06.07	12.50	UCO Bank, Allahabad Bank, Indian Bank	10.00	Indian Bank	3	3
3.	20.08.07	15.00	State Bank of India, Karnataka Bank	9.50	Karnataka bank	5	3

4.	06.09.07	65.00	Centurion Bank of Punjab, Kotak Mahindra Bank	9.75	Kotak Mahindra Bank	5	1
5.	19.09.07	45.00	Karnataka Bank, UCO Bank, IDBI Bank	9.50	IDBI Bank	5	-
6.	09.10.07	115.00	Centurion Bank of Punjab, United bank of India, IDBI Bank	9.50	IDBI Bank	5	-

Thus the instructions contained in policy guidelines regarding empanelment of banks, capping limit, consideration of net worth and apportionment of investable funds between/amongst the empanelled banks were not observed while making investment of funds.

### 2.8 Irregular parking of funds for current requirement in current account

As per the directions issued (1983) by the Reserve Bank of India, all nationalized banks and other institutions which were not liable to pay Income Tax under the Income Tax Act, can get the facility of conversion of their current account in the nationalized banks into saving bank account. As a result of such conversion, it was possible for such institutions to earn interest at savings bank rates on their funds.

It was observed that NDMC had balance of ₹ 31.44 crore to ₹ 205.70 crore in current account (number 11084230945) with State Bank of India at the end of each year during the period 2006-11 as per details given below:-

Table 4

Balance as on	Amount (₹ in crore)	Rate of interest on Saving bank account ( <i>per centage</i> )	Amount of interest (₹ in crore)
31.03.07	31.44	3	0.94
31.03.08	86.61	3	2.60
31.03.09	64.92	3	1.95

31.03.10	205.70	3	6.17
31.03.11	184.15	3	5.52
<b>TOTAL</b>			<b>17.18</b>

Despite the fact that NDMC was exempted from payment of Income Tax, no efforts were made by the departmental authorities for conversion of the current account into saving bank account that could enable NDMC to earn interest of ₹ 17.18 crore.

**Thus, irregular parking of funds of ₹ 31.44 crore to ₹ 205.70 crore in a current account instead in a Savings Bank Account deprived NDMC of interest of ₹ 17.18 crore.**

## **2.9 Investment under ‘New Pension Scheme – 2004’**

The New Pension Scheme-2004(NPS) introduced by the Govt. of India was adopted (March 2005) by NDMC mutatis mutandis from 01 January 2004 and was applicable to all municipal employees joining municipal service on or after 01.1.2004.

The Guidelines for implementation of scheme issued in April 2005 inter-alia provided as follows:-

- a) The NPS would work on defined contribution basis and will have two tiers-Tier-I and II. Contribution to Tier-I was mandatory for all municipal employees joining municipal service on or after 01 January 2004, whereas Tier-II would be optional and at the discretion of municipal employees
- b) In Tier-I, municipal employees would have to make a contribution of 10 *per cent* of Basic Pay plus DP plus DA, which will be deducted from salary bill every month by the A.O. (CBS). The Council will make matching contribution. The contributions (and the investment returns) would be kept in a non-withdraw able Pension Account, whereas Tier-II contributions would be kept in a separate account that will be withdraw able at the option of the municipal employee. Council will not make any contribution to Tier-II account.
- c) In order to implement the Scheme, there will be a Central Record Keeping Agency and a Pension Fund Manager to offer three categories of Scheme to municipal employees, viz., options A, B and C based on the ratio of investment in fixed income instruments and equities.

- d) An independent Pension Fund Regulatory and Development Authority (PFRDA) would regulate and develop the pension market. It was also decided that till such time the statutory PFRDA was set up, the Investment Sub-Committee of council will perform the functions of PFRDA and the Fund Branch will perform the functions of Central Record keeping Agency and a Pension Fund manager to look after three categories of Schemes to municipal employees based on the ratio of fixed income instruments and equities.

It was observed in audit that the delay in investment of funds accumulated under the scheme, their investment without ensuring competitiveness of rates and non-rescheduling of investments to avail the benefit of higher rates of interest resulted in loss of ₹ 1.32 crore as detailed below:

- (i) The Investment Sub-Committee of Council was not consulted at the time of investing the funds of ₹ 8.24 crore pertaining to NPS. The investments ranging from ₹ 18.50 lakh to ₹ 90.00 lakh, were made with State Bank of India at the prevailing rates from time to time during September 2006 to March 2011. The investment of funds without ensuring competitiveness of rates of interest and procedural transparency resulted in loss of interest amounting to ₹ 15.01 lakh (**Annexure-A**)
- (ii) Investment of ₹ 25.00 lakh accumulated in NPS Account was made in September 2006 after more than one year and four months of the implementation of the scheme in March 2005. The delay in investment resulted in loss of interest amounting to ₹ 2.96 lakh calculated @ 8.55 *per cent* for a period of one year and four months on the balance of ₹ 26 lakh as of April 2005, as per bank statement.
- (iii) Funds of ₹ 4.83 crore were invested with State Bank of India at the rates of interest varying from 6.50 to 7.50 *per cent* per annum for over one year to five years during 2006-11. It was observed that State Bank of India had increased its rate of interest to 9.25 *per cent* per annum from 14 February 2011. The Department, however, did not renew its investments in order to avail the benefit of higher interest rates which resulted in loss of interest of ₹ 107.35 lakh. (**Annexure-B**)
- (iv) Funds available in NPS account were not invested on monthly basis regularly resulting in loss of interest of ₹ 6.50 lakh during 2007-08 and 2010-11 at prevailing rate of interest. (**Annexure-C**)

**Delay in investment of accumulated funds, investment of funds without ensuring competitiveness of rates and non-rescheduling of investments to avail the benefit of higher rates of interest resulted in loss of ₹ 1.32 crore.**

**2.10 Review of Investment Policy**

**2.10.1** The Council Resolved (March 2002) that investment policy should be reviewed every year and a Consultant may also be appointed to examine the possibility of investment in public securities and other financial instruments as approved by the Ministry of Finance for Public Sector Units. It was, however, observed in audit that the investment Policy was not reviewed annually by the Department. The Policy was reviewed only twice in the years 2006 and 2010 during the last five years. Besides, the Department also did not intimate whether any Consultant was appointed to explore the possibility of investment in public securities and other financial instruments. The Department neither reviewed the investment policy on a regular basis nor it explored possibilities for investment of funds in public securities and other financial instruments.

**Investment policy reviewed only twice in last five years (2006-2010) instead of yearly review.**

**2.10.2** No guidelines were laid down in the investment policy for long term/short term investment. The Department also did not lay down any criteria for the long term/short term investment. However, the lowest ratings for safe investment given by CRISIL and ICRA agencies for long term/medium term/short term were as follows:-

**Long term investments made without ensuring credit rating of banks.**

**Table-6**

Agencies	Lowest Long term rating	Lowest Medium term rating	Lowest short term rating
CRISIL	FA		P1+
ICRA	LA+	MA+	A1+

Thus a particular bank which was empanelled on the basis of minimum ratings provided by the said agencies was safe for the investment made only for the category specified i.e. long term, short term or medium term.

Test check in audit revealed that the long term investments for ₹ 4242.54 crore, varying from ₹ 6.00 crore to ₹ 317.80 crore, were made by the Department for over one year to seven years with 21 banks which either have no CRISIL and/or ICRA rating or were empanelled on the basis of their short term investments ratings instead of long term or medium term investments ratings **(Annexure-D)**

## 2.11 Improper management of investable funds

There were no policy guidelines with the Investment Branch to define the working capital and terms of investment. As per practice, the Department invested the surplus funds with various empanelled banks, which had quoted the highest rate of interest, on the recommendations of the Investment Sub-Committee meant for investment of funds within first five days of each fortnight.

Scrutiny of the records relating to investment of funds from 2006-07 to 2010-11 revealed as under:-

### 2.11.1 Retention of funds in excess of requirements-loss of ₹ 4.54 crore :

As per practice, the Department retained ₹ 3.00 crore out of surplus funds to meet the current requirements of NDMC. It was observed that the Department, while investing funds during 2006-07 to 2010-11 retained funds ranging from ₹ 0.14 crore to ₹ 283.81 crore in excess of the limit of ₹ 3.00 crore, in violation of the basic policy. Due to retention of investable funds beyond ₹ 3.00 crore, NDMC suffered a loss of interest of ₹ 4.54 crore (**Annexure-E**).

**Retention of surplus funds in excess of the limit fixed resulted in loss of interest of ₹ 4.54 crore.**

### 2.11.2 Delay in investment of funds-loss of ₹ 2.51 crore:

As per the practice, investable funds were invested within first five days of each fortnight. Scrutiny of the records pertaining to investment of funds during 2006-07 to 2010-11 revealed that the Department delayed the investment of the funds ranging from ₹ 5.00 crore to ₹ 300.00 crore by one to ten days after excluding normal five days. Due to delay in investment of funds, NDMC suffered a loss of interest of ₹ 2.51 crore on investable funds (**Annexure-F**).

**Delayed investment of surplus funds resulted in loss of interest of ₹ 2.51 crore.**

### 2.11.3 Investment of funds at lower rate of interest-loss of ₹ 1.40 crore:

In the following cases the investments were made at a lower rate of interest ignoring the higher rate of interest offered by other banks for varying periods of investment resulting in loss of interest of ₹ 1.40 crore.

- (a) Investment Committee had approved investment of ₹ 200 crore in its meeting of 20 April 2007. It was observed that UCO Bank had quoted interest rate of 10.85 *per cent* per annum for two to three years and State Bank of Travancore had quoted interest rate of 10.50 *per cent* per annum for a period of five years and above. Despite UCO bank quoting higher rate of interest the

Department invested only ₹ 100.00 crore with UCO Bank for two years less three days and balance of ₹ 100.00 crore were invested with State Bank of Travancore at the lower rate of 10.50 *per cent* per annum for five years and ten days. In the background of rising interest rate regime, the decision put NDMC to a loss of ₹ 70.00 lakh on the investment of ₹ 100.00 crore made with State Bank of Travancore.

- (b) Investment Committee had approved investment of ₹ 100.00 crore with State Bank of India and ₹ 20.00 crore with IDBI Bank at interest rate of 9.50 *per cent* per annum for five years in its meeting of 19 July 2007. It was observed that Syndicate Bank had offered the higher rate of interest @ 9.60 *per cent* per annum for a period below two years. Had the investment been made with Syndicate Bank, an additional interest of ₹ 24.00 lakh could have been earned on the investment of ₹ 120.00 crore, over a period of two years.
- (c) As per the approval of Investment Committee of 19 September 2007, ₹ 45.00 crore were invested with IDBI Bank @ 9.50 *per cent* per annum for two years less one day. Scrutiny of quotations received from the empanelled banks, however, revealed that Centurion Bank of Punjab had offered higher interest rate @ 9.60 *per cent* per annum for below two years which was not considered. As a result, NDMC suffered a loss of interest of ₹ 9.00 lakh .
- (d) As per the approval of Investment Committee of 20.March 2008, the Department invested ₹ 60.00 crore at interest rate of 10.16 *per cent* per annum for two years with IDBI Bank though the same Bank had quoted higher interest @ 10.26 *per cent* per annum for one year. The Department could have earned additional interest of ₹ 6.00 lakh on the said investment of ₹ 60.00 crore by investing the funds for one year.
- (e) Investment Committee in its meeting held on 8 March 2010 had approved investment of ₹ 2.00 crore with IDBI Bank and ₹ 1.50 crore with Corporation Bank for 3 years and 4 days at interest rate of 7.50 *per cent*. Federal Bank had quoted interest @ 7.75 *per cent* per annum but was not considered by the Department, in violation of investment policy which provided for considering higher bidder. This resulted in loss of interest of ₹ 2.63 lakh over a period of three years.
- (f) As per the approval of Investment Committee of 22 March 2010, ₹ 20.00 crore were apportioned amongst Corporation Bank, Federal Bank and IDBI Bank which had quoted the same rate of interest of 7.55 *per cent* per annum. Scrutiny of quotations, however, revealed that IDBI Bank had also quoted interest @ 7.75 *per cent* per annum for seven to ten years and remained the highest bidder but was not considered by the Committee. Consequently,

NDMC suffered a loss of ₹ 12 lakh (calculated for three years on investment of ₹ 20.00 crore).

- (g) The Investment Committee in its meeting of 9 September 2010 approved investment of ₹ 10.00 crore with ING Vysya Bank at interest rate of 8.30 *per cent* per annum for four years nine days instead of investing at higher rate of interest of 8.50 *per cent* per annum for five years or more quoted by the same bank. Had the Department invested the funds for five years and more, it could earn additional interest of ₹ 8.00 lakh on the said investment over a period of four years and nine days.
- (h) The Investment Committee in its meeting held on 9 September 2010 approved investment of ₹ 1.00 crore with the ING Vysya Bank at interest rate of 8.20 *per cent* per annum for four years twelve days, instead of investing at higher rate of 8.30 *per cent* per annum quoted by the same bank on investment for five years or more. Had the Department invested the funds for five years and more, it could have earned additional interest of ₹ 0.40 lakh on the said investment during the said period.
- (i) The Investment Committee in its meeting held on 10 December 2009 had approved investment of ₹ 5.00 crore with IndusInd Bank at their quoted interest rate of 7.00 *per cent* per annum for a period of three years and one day, ignoring the quotation of Vijaya Bank which had quoted interest rate of 7.25 *per cent* per annum. The Department having ignored the quotation of highest bidder Vijaya Bank suffered a loss of ₹ 3.75 lakh.
- (j) The Investment Committee in its meeting held on 25 October 2010 approved investment of ₹ 100.00 crore with Bank of India for one year and 10 days at interest rate of 8.46 per annum. The offer of ING Vysya Bank which had quoted interest @ 8.50 *per cent* per annum for five to ten years but was not considered. Thus, by ignoring the higher rate quoted by ING Vysya Bank, the Department suffered a loss of ₹ 4.00 lakh on the said investment of ₹ 100.00 crore over a period of one year and ten days.

**Thus, investment of funds at lower rate of interest ignoring higher rate offered by other banks resulted in loss of ₹ 1.40 crore.**

#### **2.11.4 Investment without calling quotations - loss of ₹ 90 lakh.**

The Investment Committee decided in its meeting of 3 February 2009, to invest ₹ 60.00 crore with Council's main banker State Bank of India, Main Branch under



Corporate Liquid Term Deposit at interest rate of 7.50 *per cent* per annum for one year without calling any quotations, which was in violation of the Policy. It was noticed that the prevailing rate of interest at that time was between 9 and 9.75 *per cent* per annum. As a result, NDMC suffered a loss of ₹ 90.00 lakh (calculated at 9 *per cent* per annum for one year) on this investment.

**Investment of funds without call of quotations resulted in loss of interest of ₹ 90.00 lakh.**

### **2.11.5 Non-rescheduling of investments- loss of interest of ₹ 16. 51 crore**

In view of the trends of interest rates applicable on fixed deposits going upwards unexpectedly, it was decided in March 2007 to explore the possibility to reschedule the investments already made in the past three to four years at substantially lower rates of interest ranging from 6.25 to 7.25 *per cent* prevailing at the time of investment. The Committee constituted by the Chairperson had recommended the re-scheduling / re- investment at higher rates of interest.

It was observed that:

- (i) the investments of ₹ 140.18 crore made by the General Provident Fund Branch were not considered for reinvestment as per the above decision. Reasons thereof were, however, not on record. Non-rescheduling the investments of ₹ 140.18 crore made by GPF Department during December 2004 to December 2006 at interest rate of 6.25 to 7.25 *per cent*, for re-investment at the then prevailing higher rates of interest of 8.25 to 10.75 *per cent* in May 2007, deprived the NDMC of additional interest income of ₹ 7.64 crore worked out at the minimum rate of interest of 8.25 *per cent* annum for re-investment in the same bank in which the FDR was earlier existing, as done in the case of other investments of NDMC. **(Annexure-G).**
- (ii) SBI in which the above said investments of ₹ 140.18 crore had been made by Fund Branch during December 2004 to December 2006, had agreed (May 2007) for re-investment in the same bank at the rate of interest of 8.25 *per cent* without levy of any penalty for pre-mature withdrawal followed by re-investment. In case of non-reinvestment of funds with the same bank (SBI), a penalty of 0.5 *per cent* was livable on pre-mature withdrawals. Thus, additional interest of ₹ 3.52 cores could also be earned over and above the interest of ₹ 7.64 crore (@ 8.25 *per cent* p.a.) if the funds had been withdrawn pre-maturely from SBI and reinvested in other banks offering average rate of interest of 10.25 *per cent*, as compared to rate of 8.25 *per cent* offered by SBI.

- (iii) the re-scheduling of investments was also done by the Investment Branch in April 2011 in respect of surplus funds under General Funds of NDMC but re-scheduling of investments of ₹ 120.95 crore in FDRs of GPF Branch was not considered. Due to non rescheduling of the investment made at interest rate of 7.00 to 8.30 *per cent*, for investment at higher rates of interest of 8.75 to 10.35 *per cent* in April 2011, deprived the NDMC of additional interest of ₹ 4.94 crore. (Annexure-H).
- (iv) the re-scheduling of investments of funds of ₹ 7.42 crore under Contributory Provident Fund Scheme was also not done in April 2011,

**Failure to re-schedule several investments made at lower interest rates in view of interest rates going upwards, deprived**

which deprived the NDMC of additional interest of ₹42.00 lakh (Annexure-I).

#### 2.11.6 Miscellaneous:

**Rate of interest negotiated with banks in-violation of CVC guidelines.**

As per the minutes of Investment Committee meeting held on 20 August 2008, IDBI Bank which had quoted interest @ 10.31 *per cent* per annum on investments for two to three years and remained the second highest bidder, whereas State Bank of Tranvancore was the highest bidder offering interest @ 10.35 *per cent* per annum. Instead of accepting the highest bid of State Bank of Tranvancore, the Committee requested IDBI Bank to give counter offer at 10.35 *per cent* per annum to which the bank agreed, subject to a minimum acceptable investment of ₹ 35.00 crore. The Department invested ₹ 9.00 crore only with State Bank of Tranvancore and ₹ 46.00 crore were invested with IDBI Bank. This was in violation of CVC guidelines which prohibit negotiations with tenderers.

Thus, the retention of surplus funds in excess of immediate requirements of NDMC, undue delay in investment of funds, investments of funds at lower rate of interest ignoring the higher rates offered by other banks and non-rescheduling of investments already made keeping in view the trends of interest rates going upward deprived the NDMC of additional interest revenue of ₹ 25.86 crore during 2006-11.

## **2.12 Conclusion**

- The Investment Branch did not follow the guidelines of the Investment Policy approved by the Council with regard to empanelment of banks, observing the capping limit for banks, apportioning of funds amongst banks quoting same rate of interest and review of policy guidelines annually. The investment decisions were taken based on inadequate/incomplete information, the entire investable funds were not invested, funds were exposed to unnecessary risk and the returns obtained were sub-optimal.
- The deficient assessment of investable funds, retention of funds in excess of requirements of different departments of NDMC, investment of funds at lower rate of interest ignoring the higher rates offered by other banks, undue delay in investments and non-rescheduling of investments already made keeping in view the trends of interest rates going upwards resulted in loss of interest of ₹ 25.86 crore during 2006-11.
- The irregular parking of funds for meeting current requirements of NDMC from time to time in a Current Account instead in a Savings Bank Account, as per directions of Reserve Bank of India, further resulted in loss of interest of ₹ 17.18 crore.
- Delay in investment of funds accumulated under New Pension Scheme 2004 and their investment without ensuring competitiveness of rates and procedural transparency further resulted in loss of interest of ₹ 1.32 crore.

## **2.13 Recommendations**

**The Department should follow the investment policy and guidelines approved by the Council for empanelment of banks, the capping limits for banks, the applicable laws in line with the Government Rules and Regulations.**

**The working capital and investible surplus criteria be strictly set and adhered to.**

**An appropriate Management Information System should be devised and put in place for monitoring and better co-ordination among various departments of NDMC for timely, complete and correct information for taking investment decisions.**

**An updated database of all banks keeping their latest CRISL and ICRA ratings, their prevailing interest rates with live links for quick referral to the sites be made available to Council to make empanelment decisions**

**Have an interest rates linked six monthly review of investments.**

**In the medium term, the Department may move from manual system of keeping investments records towards developing a database of investments which would assist them to carry out the following functions automatically:**

- **review of Investment Register on a weekly basis to identify and list investments maturing within the next two weeks for investment decisions**
- **analysis of the trend of interest rates periodically with a view to reschedule investments made in the past in a profitable manner and,**
- **ensure that interest/dividend on investments is actually received as per the terms of investment.**

**The Department should strengthen Internal Control Mechanism/Internal Audit commensurate with the size and nature of the activities of NDMC.**

## CHAPTER - 3

### ACCOUNTS DEPARTMENT

#### 3.1 Overpayment of family pension - ₹ 4.05 lakh

As per CCS (Pension) Rules 1972, family pension at enhanced rates is payable for a period of seven years or up to the date on which the deceased would have attained the age of 67 years, had he survived, whichever is earlier. Further, after implementation of recommendations of Sixth Central Pay Commission, the period of enhanced pension has been increased from seven years to ten years in respect of a Government servant, who dies while in service and whose family is in receipt of enhanced family pension as on 1 January 2006. The system of switching over from enhanced rate to normal rate of pension is automatic as it is recorded in the Pension Payment Order (PPO) itself and the bank has to make payment of family pension accordingly.

**Continued payment of amount of enhanced rate of family pension after the stipulated period of seven years or the age of 67 years, whichever is earlier, resulted in excess payment of ₹ 4.05 lakh in 6 cases.**

Test check of relevant records revealed that family pension at enhanced rates continued to be disbursed even after the stipulated period, resulting in over payment of ₹ 4.05 lakh as of June 2011 in six cases as indicated in the **Annexure-J**

The Department failed to detect this overpayment as though it was receiving scrolls from banks on monthly basis, the manual reconciliation could not be done as the number of existing pensioners was very high (more than 5000). Despite this, the Department did not develop any software to enable it to transmit, receive and reconcile the related data electronically with the bank and to detect the discrepancies, if any.

*On being pointed out in Audit, the Department replied (March 2013) that SBI has been authorised for disbursement of family pension as such Banker is responsible for disbursement of correct payment to the family pensioners as per instructions given in PPO and covering letter thereof. It was further added that recovery to the tune of ₹ 57,500 has already been effected from four family pensioners upto January 2013 and the bank is being reminded for making recoveries in respect of remaining cases.*

In sum, the Department needs to (i) develop and implement suitable software to enable it to record, transmit and receive the data electronically and also reconcile the same electronically with the bank to detect the overpayments/underpayments of pension/family pension, if any, by the banks and (ii) recover up-to-date overpayments made on this account.

### 3.2 Excess payment to the pensioners - ₹ 22.14 lakh

Central Civil Service (Commutation of Pension) Rules 1981, provides that a Government servant shall be entitled to commute an amount not exceeding forty percent of his pension. The amount of pension so commuted shall be deducted from the monthly basic pension payable to the Government servant till the completion of fifteen years from the date of retirement. The bank was responsible for deduction of commuted value from the monthly pension as recorded in Pension Payment Order.

**Failure to pay reduced pension to pensioners availing commutation resulted in overpayment of ₹ 22.14 lakh**

Test check of the relevant records revealed that the banks continued to disburse the basic pension without deducting the commuted portion of pension in 14 cases resulting in excess payment of pension of ₹22.14 lakh (**Annexure-K**).

The Department failed to detect this over payment even though it was receiving scrolls from banks on monthly basis. This was because the manual reconciliation was not done owing to the large number of existing pensioners (more than 5000). It is worthwhile to mention here that similar cases of overpayment were reported in the Annual Audit Report for the period ended March 2004. The Department has not developed any software to enable it to transmit, receive and reconcile the related data electronically with the bank and to detect the discrepancies, if any.

*The Department agreed (March 2013) that the commuted portion of the pension is required to be deducted from the basic pension. The bank, however, failed to adhere to the instructions indicated in the PPO and covering letter thereof for deducting the commuted portion of the pension from the basic pension. It was further added that out of 14 cases pointed out in audit, full recovery in 5 cases and partial recovery of overpayment in 7 cases, which works out to ₹ 10,17,113, has already been effected. It was also informed that in respect of remaining 2 cases, matter was being taken up with the bank for recovering the amount overpaid.*

**An e-pension system to electronically reconcile payments with the bank to detect the overpayments/ underpayments of pension is essential for the Department.**

## CHAPTER - 4

### CIVIL ENGINEERING DEPARTMENT

#### 4.1 Non recovery of cost of work executed on behalf of CPWD – ₹ 23.00 lakh

**An amount of ₹ 23.00 lakh had remained unrecovered from the CPWD.**

The Executive Engineer (R-I) awarded the work of 'Improvement to footpath at C-Hexagon (Inner and Outer Circle)' to M/s Raghav Engineers on 23 June 2009, at their tendered cost of ₹ 2.22 crore with the approval (June 2009) of the Council. The work was completed on 27 April 2010 at a cost of ₹ 2.30 crore.

Scrutiny of records by Audit revealed that the Empowered Committee, NDMC had decided that the footpath of Central Vista area which had been handed over to the CPWD be also taken up with the work of footpath of C-Hexagon for the sake of continuity and uniformity and the expenditure on that portion of work be recovered from CPWD. The cost of renovation of the said portion of work was worked out to ₹ 23.00 lakh. It was, however, observed (February 2012) that the matter for reimbursement of ₹ 23.00 lakh had not been taken up with the CPWD.

As a result, an amount of ₹ 23.00 lakh remained unrecovered from the CPWD as of February 2012.

The matter was referred to the Department in September 2012; the reply was awaited (May 2013).

#### 4.2 Lands allotted to NDMC for specific purpose lying unused for over a decade

Land and Development Office (L&DO), Ministry of Urban Development, Government of India, on the requests of NDMC, allotted five plots of land to the NDMC for construction of buildings for various purposes during the period 1992-2002. The table below indicates the purpose of allotment, dates of allotment/possession, cost of land and ground rent paid by the NDMC for these plots:-

**(₹ in lakh)**

Sl. No.	Purpose for which land was allotted	Date of allotment	Date of possession	Cost of land	Ground rent paid**	Total payment made to L&DO
1	Construction of 66 KV Electric Sub Station (ESS) at Dr. Bishamber Dass Marg	02.11.1992	Not available	13.14	2.30	15.44
2	Construction of Child Welfare Centre in DIZ Area*	13.1.1999	05.4.2002	10.25	0.02	10.27
3	Construction of 11 KV ESS behind Hanuman Mandir, Hanuman Road	23.4.2002	23.8.2002	1.90	0.43	2.33
4	Construction of 11 KV ESS at Africa Avenue, Cross Road No. 2.	29.4.2002	25.7.2003	1.90	0.43	2.33
5	Construction of 11 KV ESS at Veeranwali Hospital, Chandra Gupta Marg	06.8.2002	03.3.2003	2.72	0.61	3.33
	<b>Total</b>			<b>29.91</b>	<b>3.79</b>	<b>33.70</b>

\* In lieu of a plot of 1982.78 sqm. earlier allotted to NDMC transferred to RML Hospital.

\*\*Up to the year 2010

Audit observed that there were inordinate delays up to 17 years in initiating and taking up the construction work on these plots. None of the above buildings has so far been completed except the one mentioned at Sl. No. 1. The Civil Engineering Department attributed (April 2013) the delays to the involvement of multiple agencies (Users department, Architect and Civil Engineering Department etc.) at various stages of planning and execution of works. The chronology of events, current status of these works, as intimated by the Department (April 2013) and Audit comments thereon are indicated below: -

(i) **Electical Sub Station at Vishamber Dass Marg –**

- The plot was handed over to Powergrid Corporation in January, 2009 for construction.
- The building has been constructed during Commonwealth Games which is under the occupation of Electrical Department.

*The Department took about 17 years from 1993 to 2010 to construct the Electric Sub-Station which is not justified.*



(ii) **Maternity and Child Welfare Centre, DIZ Area –**

- The plot allotted for construction of Maternity and Child Welfare Centre remained under drawing stage.
- Administrative Approval and Expenditure Sanction was accorded by the Council on 26.7.2004.
- Thereafter, in view of the requirement of Director (Welfare) and proper utilization of land the drawings were revised by the Chief Architect for double storey building and revised sanction accorded by the Council on 16.1.2008.
- Though Notice Inviting Tender was approved but tenders could not be invited due to existence of 9 trees and approval of Delhi Urban Art Commission.
- The trees were removed and transplanted by the Horticulture Department in April 2009.
- Thereafter a meeting was held in the Chamber of the Chairperson on 24.10.2011 to review the above project. It was decided that Architect Department would re-design the scheme for the above project for utilizing the maximum permissible Floor Area Ratio (FAR).
- After receiving the drawings from the Chief Architect, the Preliminary Estimates for ground plus 4 above floors with 3 basements for parking and services were prepared on the basis of FAR 2007 and the same was forwarded to Finance Department.
- Finance Department returned the same with some observations which was yet to be replied by the Health Department and Chief Architect Department.
- The scheme has now been changed from Child Welfare Centre to Old Age Home for which all the records were handed over to C-III Division of Civil Engineering Department.
- Further, the scheme has now been transferred to Special Project Division/ Chief Engineer (C-II), therefore, replies may be collected from Executive Engineer (Special Project).

*The period of 11 years taken in the internal processes is alarming and needs to be streamlined.*

(iii) **Electrical Sub Station behind Hanuman Road,–**

- After obtaining the administration approval and vetted drawing from the user Department the tender was called and work was awarded to the contractor in the year 2010.
- However the work could not be started as Residents' Welfare Association filed a writ in the Delhi High Court as the site falls in the corner of the park. The case is pending in the court.

*The Department took more than 7 years from August 2002 to award the work to the contractor which lacked justification.*

(iv) **Electrical Sub Station at Africa Avenue–**

- Administrative Approval & Expenditure Sanction was accorded by Council on 05.04.2010.
- Detailed Estimates were technically sanctioned by the Chief Engineer (C-I) on 12.08.2011.
- Tenders were called on 28.01.2013.
- Tenders were under scrutiny. (April 2013)

*The Department took more than six years from July 2003 to obtain administrative approval and expenditure sanction and two-and-a-half years to invite tenders which were inexplicable.*

(v) **Electrical Sub Station at Veerawali Hospital, Chandra Gupta Marg –**

- After obtaining the administrative approval from the Chairperson and vetted drawings from the user Department, the work of construction was taken up and the revised detailed estimates were under scrutiny in the planning wing.
- The administrative approval and expenditure sanction was obtained on 24.02.2010. The case was then forwarded to Chief Architecture Department for preparing the architectural drawings for execution purpose.
- The architectural drawings were forwarded to Design Division alongwith Soil Investigation Report for providing structural details.
- As per Structural Drawings NIT was prepared but could not be approved due to deviation of more than 10% of Technical Sanction amount.
- The revised detailed estimate shall be prepared after obtaining the revised drawings from the Chief Architecture Department.

*The Department took more than 10 years from March 2003 to obtain administrative approval, vetting of drawing from the user department and again revising the estimates which is alarming and unjustified.*

The reasons for such inordinate delay in seeking Administrative Approval and Financial Sanction have not been detailed. Audit feels that the Council should set a reasonable timeline for initial Administrative Approval, Financial Sanction, approval of designs/drawings and calling of tenders.

- (i) **Department may take up such projects in a planned, coordinated and time bound manner, and**
- (ii) **Device a suitable monitoring and oversight mechanism to avoid recurrence of such delays.**

### 4.3 Undue delay in construction of Electric Sub-station at Church Road

Land and Development Office (L&DO), Ministry of Urban Development, Government of India allotted land measuring 0.370 acre in December 1994 to the NDMC for construction of 33 KV Electric Sub Station (ESS) at Church Road at a premium of ₹ 7.40 lakh and a ground rent of ₹ 18,500/- per annum. The possession of the land was taken over by NDMC in November 1996.

**Rented plot allotted for construction of ESS was lying unused for more than 16 years and it was unauthorizedly occupied by Ministry of Finance.**

Scrutiny of records revealed that the Department has not utilized the land as of March 2013 for the intended purpose for which it was allotted. The above land is being used unauthorizedly by the Department of Revenue, Ministry of Finance, Government of India for parking their vehicles by constructing a boundary wall with overhead grill and iron gates. When NDMC requested the Ministry (April 1997) to vacate the land, it demanded payment of ₹ 5.65 lakh, being the cost of construction of boundary wall, etc.

In a meeting of the then Engineer-in-Chief, NDMC with the officials of L&DO, in March 2004, it was agreed that the L&DO would request the Ministry of Finance to vacate the land so that NDMC could start construction of ESS. It was further decided that NDMC would take up the matter with the Ministry.

It was, however, observed that the Department had not taken any follow up action with the Ministry of Finance for vacating the land as of March 2013 and continued to pay the ground rent @ ₹ 18,500/- per annum to L&DO.

Despite allotment of land and incurring ₹ 10.55 lakh towards premium of land and ground rent as of July 2011, construction of 33 KV ESS was not effected as of July 2011.

*The matter was referred to the Department in August 2012 and the Department stated (September 2012) that the physical possession of plot of land had been handed over provisionally to M/s Powergrid Corporation on 9 January 2009 for establishing the Electric Sub-Station. It was also stated that construction was likely to be started shortly by the Electrical Department.*

The fact remains that there has already been an undue delay of about 16 years in construction of Electric Sub-Station due to laxity on the part of Department and work was still to commence. The delay in construction of ESS has consequently delayed the intended service/benefits to the society.

## CHAPTER - 5

### ELECTRICITY DEPARTMENT

#### 5.1 Non-recovery of ₹ 6.15 lakh for the damages attributable to a contractor

Scrutiny of records of C-I (Electrical) Division revealed that four cables of a few pillars at electric substation, Shivaji Stadium had been damaged by the JCB machine deployed by a contractor engaged for improvement/upgradation in Shivaji Stadium for **Commonwealth Games 2010**.

**Non-recovery of expenditure from contractor responsible for damage to pillar and four cables set right by the department.**

The Division incurred an expenditure of ₹ 26.61 lakh to set right the damaged cables and pillars, besides electrical improvement/upgradation work in Shivaji Stadium. Of this, an expenditure of ₹ 6.15 lakh was attributable to the contractor who had damaged cables and pillars. The Department, however, had decided (September 2010), to charge the entire expenditure to 'Improvement/Upgradation of Shivaji Stadium' without making any recovery from the contractor.

On being pointed out by Audit, the Department reviewed the case de-novo and decided (March 2013) to recover ₹ 6.15 lakh from the deflating contractor.

**The amount was, however, yet to be recovered (May 2013).**

## CHAPTER - 6

### ESTATE DEPARTMENT

#### 6.1 Loss of revenue of ₹ 83.48 lakh due to waiver of misuse charges

As per para 6 of guidelines contained in Land & Development Office (L&DO) Office Manual, substitution of a property in the name(s) of heirs shall not act as a waiver of breach in the knowledge of the lessor. Office order 14/2000 dated 15.09.2000, enjoins that in case there are any breaches in the property and a case for mutation/substitution is received, the demand of up-to-date government dues should be raised simultaneously with issue of substitution letter. This will ensure that the mutatee is made known to the breach of charges simultaneously making him liable to pay entire government dues failing which they would be liable to be penalized under lease terms.

**Irregular waiver of ₹ 83.48 lakh misuse charges resulted in loss of revenue to the Council.**

An inspection carried by Technical Committee of L & DO on 13.09.2004 and NDMC on 27.01.2009 relating to disposal of case of substitution of title to successor/ legal heirs of property No.9/48, Diplomatic Enclave revealed illegal activities i.e unauthorized construction and encroachment on the said property. Consequently, the Department issued a demand notice to the legal heirs for damages and misuse charges including statutory charges like; ground rent, additional ground rent and interest thereon amounting to ₹ 2.54 crore. The legal heirs deposited ₹ 1.5 crore and requested the Department to waive off misuse charges amounting to ₹ 83.48 lakh on the plea that the premises was lying vacant from 1.04.2004 to 31.03.2008.

The Department waived the misuse charges based on vacancy remission conveyed by House Tax Department, since no electricity was consumed for the period of 4 years.

As there was no provision in the guidelines of L & DO to waive misuse charges, the action of the Department was not in line with the extant rules/guidelines.

*The Department stated (November 2011) that the competent authority i.e. NDMC as lesser can consider the requests of lessees on the material evidences produced before the authority regarding their claim. The Department further stated (April 2013) that on the basis of Electricity consumption report the waiver of misuse charges with interest was duly approved by the competent authority.*

The views/decisions taken by the Department are, however, not supported by any rules/guidelines or Delegation of Financial Powers to ensure transparency in the decision making process.

**6.2 Loss of licence fee due to delay in allotment of vacant properties**

As per allotment policy of the Department, allotment of space is normally done on rehabilitation or open tender basis. If the Council decides to shift any temporary market in public interest, occupants are provided with alternate premises for carrying out their occupation. In such cases, there is a pre-determined licence fee, which may be revised from time to time. All other properties are allotted after inviting sealed tenders from the general public as well as from reserved categories.

**Delay in allotment of the vacant properties resulted in loss of licence fee of ₹ 48.07 lakh.**

During test check of records, Audit observed that there were delays of up to 52 months in allotment of seven vacant properties, as of July 2011. The details of these properties, period of vacancy and consequential loss of licence fee is tabulated below.

**(Amount in ₹)**

Sl. No.	Property	Date of vacation	Rate of licence fee	Vacant period* (months)	Licence fee for vacant period
1	Stall 27, Malcha Marg	10.11.2010	104000	8	832000
2	Stall 28, Malcha Marg	16.12.2010	97919	7	685433
3	Shop K-10 Palika Parking	27.3.2009	59800	28	1734200
4	Shop No.17 Palika Parking	12.4.2010	43575	15	653625
5	Stall No.S-30 Palika Bazar	13.3.2007	7935	52	412620
6	Stall No.S-42 Palika Bazar	04.4.2011	20055	4	80220

7	Shop 2- Food Court, Hanuman Mandir	26.11.2010	51150	8	409200
	<b>TOTAL</b>				<b>4807298</b>

*\*Upto July 2011*

The reasons for delay in allotment of these vacant properties were not on records.

Had the Department allotted these properties in time, the NDMC could have earned a revenue of ₹ 48.07 lakh (upto July 2011).

The matter was referred to the Department in October 2012; the reply was awaited (May 2013).

## CHAPTER - 7

### HEALTH DEPARTMENT

#### 7.1 Renting out of land at lower rates- Loss of revenue of ₹ 1.43 crore.

The Department entered into an agreement with M/s Ramkey Energy and Environment Limited (Concessionaire) in September 2006 for outsourcing the collection and transportation of Municipal Solid Waste (MSW) in selected NDMC circles on Public Private Partnership (PPP) basis. Agreement provided that the Concessionaire would make its own arrangement for a workshop facility outside the area under the jurisdiction of NDMC.

**The department rented out land to a PPP Concessionaire for commercial activities at lower rate though no such provision existed in the agreement.**

However, on the request of the Concessionaire in July 2007, NDMC agreed in principle to release ½ acre of land at Sarai Kale

Khan for the workshop and parking facility for one year on a monthly rent of ₹ 50 thousand from 21 September 2007 without working out the fair rental value of the land on the basis of prevailing market rate and/ or circle rate of land. The basis of working out the rent of ₹ 50 thousand per month was not on record.

The contract was extended (December 2008) for a further period of one year from 21 September 2008 to 20 September 2009 at the same rent of ₹ 50 thousand per month.

On the basis of prevailing circle rates of land ascertained in 2009, the rental value of the land was assessed (November 2009) by the Department at ₹ 6.52 lakh per month. The Department, however, extended the period of contract on year to year basis by increasing the earlier rent by 10 *per cent* every year, against the rent of ₹ 6.52 lakh per month assessed on the basis of prevailing circle rate as detailed below:-



(₹ in lakh)

Month of approval	Period of contract		Circle rate	Actual monthly rent realized	Difference (Column 4-5) x 12
	From	To			
1	2	3	4	5	6
April 2010	21.9.09	20.9.10	6.52	0.55	71.64
September 2010	21.9.10	20.9.11	6.52	0.61	70.92
<b>Total</b>					<b>142.56</b> <b>₹ 1.43 crore</b>

Despite the fact that as per the agreement it was the Concessionaire's responsibility to make their own arrangements for the workshop, NDMC provided land at throwaway rental for the workshop and parking facility. Further, even after knowing that market rent of the land was ₹ 6.52 lakh (on the basis of circle rates), NDMC continued to grant extension of the facility at rates much below the assessed rent. It resulted in extra-contractual benefit of ₹ 1.43 crore to the Concessionaire during the period from September 2009 to September 2011.

*On being pointed out in audit, the Department stated (April 2012) that the land in question had not been given for any commercial use as well as on permanent basis and that being a PPP project, it was the responsibility of the NDMC to help the contractor to implement the project.*

The reply of the Department was not tenable as (i) the land had been given to the Concessionaire for use as a part of the commercial activity, and (ii) the agreement did not provide for allotment of land at concessional rent.

Thus, the renting out of land at lower rates resulted in loss of revenue amounting to ₹ 1.43 crore to the Council.

The matter was referred to the Department in August 2012; the reply was awaited (May 2013).

## CHAPTER - 8

### HOUSE TAX DEPARTMENT

#### 8.1 Short-levy of House Tax of ₹ 2.07 crore

Section 63 of the New Delhi Municipal Council Act 1994 stipulates that the rateable value of any land or building assessable to any property tax shall be the annual rent at which such land or building might reasonably be expected to be let from year to year less a sum equal to ten *per cent* of the said annual rent towards cost of repairs, etc.

**Due to incorrect assessment, the Department short-levied the house tax of seven properties by ₹ 2.07 crore.**

Under Section 391(1) of NDMC Act 1994, the Government approved and published in official gazette, *New Delhi Municipal Council (Determination of Annual Rent) Bye-laws, 2009*

for determination of annual rent of the properties (Bye-laws) for determination of annual rent.

While Bye-law 3 deals with the procedure of determination of Annual Rent of special category of land and buildings which are not normally let, being the property of the Union Government, State or used as school, college, hostel, guest house, clubs, cinema hall, hotels and such other lands and buildings as may be specified by the Valuation Committee, Bye-law 4 deals with the procedure of determination of Annual Rent of other land and buildings valuation of which are not covered by Bye-law 3.

Scrutiny of assessment records of the following buildings test checked in audit revealed that the Department erred in assessing the annual rateable value of these properties which resulted in short levy of house tax:

**(i) Press Trust of India (PTI) building**

In case of PTI building, some portions of the building were rented out (14014.21 sqm in 2009-10 and 13853.31 sqm in 2010-11). The actual annual rental value of the portions which were let out were required to be determined under Bye law

4(8) which provides that Annual Ratable Value ( ARV) or the actual rent whichever is higher are to be used for tax assessment.

An area of 14014.21 sqm and 13853.31 sqm was let out in 2009-10 and 2010-11 respectively. The Department, however, calculated the ARV on actual rent basis in all the cases even where the actual rent was lower than the ARV calculated on the basis of unit area method. This resulted in under assessment of rateable value of the property by ₹ 421.65 lakh in 2009-10 and ₹ 155.84 lakh in 2010-11 and consequential short levy of house tax by ₹ 113.84 lakh and ₹ 42.07 lakh during these years. The detailed calculation is indicated in **Annexure - L**.

**(ii) Hotel Ambassador**

Audit observed that the Department assessed the rateable value of the property at ₹ 8.81 crore for 2009-10 under Bye-law 3 instead of ₹ 9.29 crore under Bye-law 4 because the Hotel was further rented out to M/s United Hotels and therefore was required to be assessed as a *commercial property* instead of *special category of properties*. This resulted in **short levy of property tax by ₹ 14.38 lakh**.

**(iii) State Trading Corporation building**

The Department assessed the rateable value of State Trading Corporation building, Janpath for the year 2009-10 in May 2010 at ₹ 31.52 crore on unit area basis.

Scrutiny of records revealed that while computing the rateable value of the property, annual rent of let out basement portion of 592.62 sqm was not included in the total rateable value resulted in under assessment of rateable value by ₹ 38.43 lakh and consequent **short levy of property tax by ₹ 11.53 lakh**.

**(iv) Maurya Sheraton Hotel & Towers**

The Department assessed the rateable value of property of Maurya Sheraton Hotel & Towers, Diplomatic Enclave at ₹ 20.66 crore for the year 2009-10 in February 2010.

Scrutiny of records revealed that the property had an actual covered area of 45333.52 sqm constructed in two phases i.e; 32476.79 sqm during 1975-77 and 12856.73 sqm during 1980-82. The rateable value of the property on the basis of actual covered area of 45333.52 sqm worked out to ₹ 21.02 crore (**Annexure-M**). The incorrect adoption of covered area of the property resulted in under assessment of rateable value of the property by ₹ 36.22 lakh and consequent **short-levy of house tax of ₹ 10.87 lakh**.

**(v) Reserve Bank of India Building**

The rateable value of Reserve Bank of India Building having a constructed area of 27079 sqm, for the period 2009-10 was assessed by the Department at ₹ 7.49 crore including rateable value of ₹ 17.01 lakh for an area of 405 sqm used for RBI Governor's flat. The Ratable value is worked out on the basis of area, rate, purpose of use- residential or other, age of the property and nature of occupancy (self occupied, vacant or others) Scrutiny of records revealed that the occupancy factor for the constructed portion of the Governor's flat was wrongly adopted as 'one'. This should have been taken as 'three' in terms of Bye-law 4 (6) which states that the premises used by Directors and Employees shall not be treated as self occupied by the owners. The occupancy factor for self occupied or vacant property is to be taken as 'one' and for others the same is 'three'. Incorrect adoption of occupancy factor led to assessment of the rateable value of the property at 1/3<sup>rd</sup> of the actual rateable value. Consequently the rateable value of the property was assessed at ₹17.01 Lakh instead of ₹ 51.03 lakh and resulted in **short levy of house tax by ₹ 10.21 lakh.**

**(vi) Nirmal Tower Building and Ashoka Estate**

Scrutiny of assessment records of the above buildings for the year 2010-11 revealed that the Department adopted incorrect rental income of these properties. The actual rent of these properties as per rent agreement was higher than the Annual Rent Value adopted for assessing the rental value of these properties. The irregular adoption of rental income resulted in **short levy of property tax by ₹ 3.62 lakh** as detailed below:-

(₹ in lakh)

S. No.	Property	Covered Area (Sqm)	Annual Rental Value adopted	Actual Annual Rent	Under assessment of rental value	Property tax short levied
1	1305, Nirmal Tower	21.83	2.28	2.88	0.60	0.11
2	414, Ashoka Estate	52.68	13.61	19.73	6.12	1.38
3	403, Ashoka Estate	59.46	15.36	22.27	6.91	1.55
4	301, Ashoka Estate	77.20	12.96	15.55	2.59	0.58
<b>Total</b>						<b>3.62</b>

In sum, due to incorrect assessment, the Department **short levied the property tax of the above buildings (i to vi) by ₹ 2.07 crore.**

The matter was referred to the Department in August 2012; the reply was still awaited (May 2013).

# CHAPTER - 9

## NAVYUG SCHOOL EDUCATION SOCIETY

### 9.1 Avoidable payment of TDS on fixed deposits

The Navyug School Education Society is a non-profit entity registered in 1992 under the Societies Registration Act 1980 and functioning with 100% grant-in-aid from NDMC. The Society deducts the General Provident Fund from the monthly salary of its employees as per the provisions of General Provident Fund Rules. The same is required to be refunded to the employees alongwith the interest at the applicable rates on their retirement/resignation/death etc. This amount can not be utilized by the NSES for any other purpose, whatsoever it may be.

**Failure of Navyug School Education Society to obtain exemption certificate from payment of tax and/or to apply for non-deduction of tax at source in terms of the provisions of income tax act resulted in avoidable payment of Income Tax of ₹ 15.81 lakh.**

Scrutiny of records relating to investment of funds under 'General Provident Fund' accounts of the employees by Navyug School Education Society revealed that that the Society invested ₹ 7.36 crore in fixed deposits during February 2007 to January 2011. The table below indicates the amount

of funds invested, date of investment, maturity value, tax deducted/ deductible by the banks at source, etc.:-

Sl. No	Name of Bank	Amount invested	Date of investment	Period	Interest rate (per cent)	Maturity amount		Interest accrued*	Tax deducted/ deductible at source
						Due	Received		
1	State Bank of India	125.00	21.2.07	3 yrs.	9.00	163.25	159.00	-	4.25
2	Central Bank of India	121.15	10.1.09	555 days	10.25	141.37	139.19	-	2.18
3	Karnataka Bank	300.00	29.5.08	5 yrs	9.25	-	-	78.54	8.09
4	Indus Ind Bank	160.00	22.7.10	3 yrs 93 days	7.61	-	-	12.17	1.24
5	Kotak Mahindra Bank	30.00	22.1.11	23 months	9.10	-	-	0.45	0.05
	<b>Total</b>	<b>736.15</b>				<b>304.62</b>	<b>298.19</b>	<b>91.16</b>	<b>15.81</b>

\*As of March 2011.

It is evident from the above that:-

- (i) the banks had deducted tax of ₹ 6.43 lakh at source from the maturity value of investments at Sl.No.1 and 2, and
- (ii) the tax deductible on interest of ₹ 91.16 lakh accrued on investments at Sl.No.3, 4 and 5 worked out to ₹ 9.38 lakh as of March 2011.

Section 10 (23C) (vi) of the Income Tax Act, 1961 provides that the income of any university or other educational institution existing solely for educational purposes and not for the purpose of profit and which may be approved by the prescribe authority shall not be included in computing the income chargeable to income tax provided that the institution makes an application in the prescribed form and manner to the prescribed authority for grant of exemption.

Further, Section 197(1) *ibid*, and Rules 28, 28AA, 29, 29B of Income Tax Rules, 1962 provide that payee shall apply to the Assessing Officer for grant of a certificate for deduction of tax at lower rates or for non deduction of tax at source in Form-13. The Assessing Officer shall grant such certificate if he is satisfied that the total income of the payee justifies the deduction of tax at a lower rate or no deduction of tax at source, as the case may be.

Audit observed that though the Society was established way back in December, 1992, it neither obtained exemption certificate nor applied for non-deduction of tax at source, in terms of the said provisions of the Income Tax Act which resulted in avoidable payment of Income Tax to the tune of ₹ 15.81 lakh.

On being pointed out by Audit, the Department stated (June 2013) that Navyug School Education Society has now been got registered under section 12/A and section 80G of the Income Tax Act and necessary documents for obtaining exemption under section 197 of the Income Tax Act are being submitted to the concerned authorities.

The fact remains that due to non obtaining of exemption certificates the Society had to pay avoidable tax of ₹ 15.81 lakh refund of which is yet to be taken.

## **9.2 Delay in investment of surplus funds - loss of ₹ 1.80 lakh**

The Navyug School Education Society is a non-profit entity. The Society deducts the General Provident Fund from the monthly salary of its employees as per the provisions of General Provident Fund Rules. The same is required to be refunded to the employees alongwith the interest at the applicable rates on their retirement/ resignation/death etc.

**Delay in investments of surplus funds by NSES resulted in loss of interest of ₹ 1.80 lakh.**

Scrutiny of records pertaining to investment of surplus balance in ‘General Provident Fund’ of employees by the Navyug School Education Society revealed that the Society had delayed investment of surplus funds of ₹ 50.00 lakh to ₹ 1.60 crore by 21 to 47 days as detailed below:-

**(₹ in lakh)**

<b>Amount available</b>	<b>Date of availability</b>	<b>Date of investment</b>	<b>Delay (days)</b>	<b>Interest rate (per cent)</b>	<b>Loss of interest</b>
<b>50.00</b>	<b>12.2.2009</b>	<b>31.3.2009</b>	<b>47</b>	<b>9.00</b>	<b>0.58</b>
<b>160.00</b>	<b>21.2.2010</b>	<b>23.3.2010</b>	<b>30</b>	<b>7.55</b>	<b>0.99</b>
<b>55.00</b>	<b>01.4.2010</b>	<b>22.4.2010</b>	<b>21</b>	<b>7.25</b>	<b>0.23</b>
<b>Total</b>					<b>1.80</b>

*Consequently the society suffered a loss of interest of ₹ 1.80 lakh.*

*The Department stated (September 2012) that as per policy of NDMC, it had to wait for ensuing meetings of investment committee so that the investment could be made in the same bank at the same rates which have been accepted by NDMC for their investments and this sometimes results in delay in investment as meetings of the Investment Committee are usually held after an interval of 15/30 days. Further, the Department while acknowledging the fact that the delay was attributable to the processing time taken at various levels, assured that every efforts would be made in future to minimize the processing time and delay in making investments*

Audit recommends that NSES may consider proposal in advance in anticipation of maturity date of funds already invested so that reinvestments are made promptly without any loss of time to earn maximum return on its investments.

## CHAPTER - 10

### RECOVERIES AT THE INSTANCE OF AUDIT

Various departments of NDMC confirmed recoveries aggregating to ₹4 crore made at the instance of Audit. The details are as indicated below:

#### 10.1 Recovery of ₹ 60.27 lakh from a contractor - Civil Engineering Department (Roads)

The Executive Engineer (R-V) Division awarded the work of 'Street scapping of Mother Teresa Crescent Road' to M/s K.R. Anand, contractor at their negotiated cost of ₹ 9.22 core, in June 2009 with the approval (May 2009) of the Council. The stipulated date of completion of the work was 24 December 2010. The work was actually completed on 14 January 2011. The contractor had been paid ₹ 7.52 crore up to XII Running Account (RA) bill released in March 2011. The final bill was, however, yet to be paid (December 2011).

Scrutiny of records by revealed that the contractor in a negotiation held on 15.4.09 had offered a rebate of 5.5 *per cent* on his quoted rates, before the award of work, which was agreed to and accepted by the council. No deduction on account of this rebate was, however, made by the Department while making payment of RA bills. Further, as a result of non-deduction of agreed rebate, the NDMC also suffered loss of interest accrued on this amount.

**On being pointed out in audit (January 2011), the Department informed (March 2013) that it made recoveries of ₹ 52.64 lakh from the XIII running bill of the contractor. The Department further informed that interest amounting ₹ 7.63 lakh has also been recovered from the security deposit and credited to NDMC account.**

#### 10.2 Overpayment of Family Pension

On being pointed out by Audit, the Accounts Department confirmed (March 2013) the recoveries of ₹ 10.17 lakh and ₹ 57.5 thousand on account of over payment of pension and family pension respectively.



### **10.3 Recovery of Permission Charges**

The issue regarding non-recovery of permission charges was raised in para 2.7.1.3 of Annual Audit Report for the year ended 31 March 2008. As a result of continued pursuance by Audit, the Architecture and Environs Department confirmed (December 2010) the recoveries of ₹ 1.75 crore made from cellular operators.

### **10.4 Recovery of dues from Sports Authority of India**

The issue regarding non-recovery of the expenditure incurred on annual maintenance of a Swimming Pool Complex from Sports Authority of India was raised in para 3.2 of Annual Audit Report for the year ending 31 March 2005. As a result of continued pursuance by Audit, the Civil Engineering Department confirmed (July 2011) the recovery of ₹ 1.37 crore effected by it.

### **10.5 Recovery of licence fee from advertising agencies**

The issue regarding non-recovery of arrears of licence fee from advertising agencies was raised in para 10.3 of Annual Audit Report for the year ending 31 March 2007. As a result of continued pursuance by Audit, the Enforcement Department confirmed (January 2013) the recoveries to the tune of ₹ 7.24 lakh effected by it.

### **10.6 Recovery of arrears of licence fee**

The issue regarding non-recovery of arrears of licence fee from ex-inmates of a working girls hostel was raised in para 8.1 of Annual Audit Report for the year ending 31 March 2003. As a result of continued pursuance by Audit, the Samaj Kalyan Samiti Department confirmed (January 2013) that recoveries to the tune of ₹ 9.54 lakh had been effected.

**(VARSHA TIWARY)**  
**CHIEF AUDITOR**

**New Delhi**  
**Dated**

## Annexure-A

**Detailed calculation of loss of interest due to investment of NPS funds  
without ensuring competitiveness of rates of interest  
Chapter-2 [Para 2.9 (i)]**

S.No	Date of Investment by Fund Branch	Amount invested (₹ in Lakh)	Rate of Interest (per cent)	Period of Investment		Rate of Interest approved by Investment Sub-Committee for Surplus Fund (per cent)	Period of Investment approved by Investment Sub-Committee (in years)	Loss of Interest due to investment without consulting Investment Sub-Committee (in ₹)
				year	days			
1	20.09.06	25.00	7.25	5	-	8.55	3	97500
2	14.06.07	18.50	9.50	-	550	10.00	3	27750
3	17.10.08	41.00	10.60	-	1000	11.75	2	94300
4	04.12.08	30.00	10.10	-	1000	11.00	2	54000
5	17.12.08	30.00	10.10	-	1000	10.50	3	36000
6	19.01.09	12.50	9.00	-	1000	9.75	3	28125
7	25.03.09	18.50	8.50	-	1000	9.00	3	27750
8	14.10.09	30.00	7.00	3	1	7.50	3	45000
9	11.02.10	30.00	7.25	5	-	7.70	3	40500
10	12.05.10	40.00	7.25	5	-	7.80	4	88000
11	08.07.10	33.00	6.50	2	-	7.51	3	99990
12	09.08.10	60.00	7.25	5	-	8.30	4	252000
13	10.09.10	50.00	7.25	-	555	8.30	4	210000
14	16.11.10	90.00	7.50	-	555	8.60	1	99000
15	23.12.10	50.00	8.50	-	555	9.47	1	48500
16	11.01.11	90.00	9.00	-	555	9.76	1	68400
17	08.02.11	90.00	9.00	-	555	10.00	1	90000
18	11.03.11	85.00	9.25	-	555	10.36	1	94350
<b>TOTAL</b>								<b>1501165</b>

₹ 15.01 lakh

Annexure-B

Detailed calculations of loss of interest due to non-renewal of investments  
Chapter-2 [Para 2.9 (iii)]

S. No.	Date of Investment	Rate of Interest (per cent)	Amount Invested (₹. in lakh)	Period of Investment		Date of increase of rate of interest	Increased rate of Interest (per cent)	Period remaining to mature the investment		Loss of interest (in ₹)
				Year	days			years	month	
1.	20.09.06	7.25	25.00	5	-	14.02.11	9.25	-	7	134896
2.	17.06.09	7.50	30.00	-	1000	14.02.11	9.25	1	1	300625
3.	18.08.09	7.25	35.00	-	1000	14.02.11	9.25	1	3	404688
4.	14.10.09	7.00	30.00	3	1	14.02.11	9.25	1	8	462500
5.	16.12.09	7.25	45.00	5	-	14.02.11	9.25	3	10	1595625
6.	13.01.10	7.25	15.00	5	1	14.02.11	9.25	4	11	682188
7.	11.02.10	7.25	30.00	5	-	14.02.11	9.25	4	-	1110000
8.	12.05.10	7.25	40.00	5	-	14.02.11	9.25	4	3	1572500
9.	08.07.10	6.50	33.00	2	-	14.02.11	9.25	1	5	432438
10.	09.08.10	7.25	60.00	5	-	14.02.11	9.25	4	6	2497500
11.	10.09.10	7.25	50.00	-	555	14.02.11	9.25	1	1	501042
12.	16.11.10	7.50	90.00	-	555	14.02.11	9.25	1	3	1040625
		<b>TOTAL</b>	<b>483.00</b>							<b>10734627</b>

₹ 107.35 lakh

## Annexure-C

## Details of loss of interest on Surplus Fund of New Pension Scheme due to delay/Non-Investments of Funds

## Chapter-2 [Para 2.9 (iv)]

Month & Year	Recoveries on a/c of New Pension Scheme as per Fund Branch (Amt. in ₹)	Balance as per State Bank of India account No. 11084229464 for New Pension Scheme			Difference between Bank Statement and Fund Branch recoveries (4-2) (Amt. in ₹)	Amount invested with State Bank of India		Amount not invested (5-7) (Amt. in ₹)	Rate of Interest* as approved by the Investment Sub-Committee (per cent)	Loss of interest for the month due to non investment (Amt. in ₹)
		Opening Balance at the start of the Month (Amt. in ₹)	Recoveries on account of New Pension Scheme as per Bank Statement (Amt. in ₹)	Total Balance at the close of the month (Amt. in ₹)		Amount Invested (Amt. in ₹)	Date of Investment			
1	2	3	4	5	6	7	8	9	10	11
<b>2010-11</b>										
April, 10	817974	1640598	1589219	3229817	771245	---	---	3229817	7.90	21663
May, 10	836319	3229817	1673923	4903740	837604	4000000	12.05.10	903740	7.80	5874
June, 10	930247	903740	2481419	3385159	1551172	----	---	3385159	7.50	21157
July, 10	1560623	3385159	4985460	8370619	3424837	3300000	08.07.10	5070619	7.61	32156
Aug., 10	3490020	5070619	5089231	10159850	1599211	6000000	09.08.10	4159850	8.30	28772
Sept., 10	2424077	4159850	4457416	8617266	2033339	5000000	10.09.10	3617266	8.30	25019
Oct., 10	1737013	3617266	5629606	9246872	3892592	----	---	9246872	8.46	65191
Nov., 10	3128673	9246872	10493105	19739977	7364432	9000000	16.11.10	10739970	8.60	76970
Dec., 10	4527318	5739977	8392827	14132804	3865509	5000000	23.12.10	9103394	9.47	71841
Jan., 11	4054122	9103394	9756233	18859627	5702111	9000000	11.01.11	9859627	9.76	80192
Feb., 11	5174907	9859647	8039523	17899170	2864616	9000000	08.02.11	8899170	10.00	74160
March, 11	1788428	8899170	3687766	12586936	1899338	8500000	11.03.11	4086936	10.36	35284
									<b>Total</b>	<b>538279</b>
<b>2007-08</b>										
April, 07	95504	1417646	190386	1608032	94882	---	---	1608032	10.85	14539
May, 07	95086	1608032	191628	1799660	96542	---	---	1799660	10.75	16122
June, 07	95144	1799660	190464	1990124	95320	1850000	14.6.07	140124	10.00	1168
July, 07	95256	140124	188944	329068	93688	---	---	329068	9.75	2674
Aug., 07	88593	329068	178132	507200	89539	---	---	507200	9.50	4015
Sept., 07	90628	507200	180246	687446	89618	---	---	687446	9.75	5586
Oct. 07	99084	687446	198899	886345	99815	---	---	886345	9.50	7017
Nov., 07	101537	886345	202518	1088863	100981	---	---	1088863	9.50	8620
Dec., 07	101946	1088863	206813	1295676	104867	---	---	1295676	9.50	10257
Jan, 08	106742	1295676	210388	1506064	103646	---	---	1506064	9.05	11358
Feb., 08	102647	1506064	205294	1711358	102647	---	---	1711358	9.85	14047
March, 08	101421	1711358	206226	1917584	104805	---	---	1917584	10.16	16236
									<b>Total</b>	<b>111639</b>
								<b>GRAND TOTAL</b>		<b>649918</b>
* Rate of interest as approved by Investment Sub-Committee.										

₹ 6.50 lakh

## Annexure-D

**Details of short term and long term investments made with bank without  
ensuring CRISIL/ICRA rating  
Chapter-2 [Para 2.10.2]**

Bank	Short term ratings/ no rating		Investment made with the Bank (₹ in crore)				
	CRISIL	ICRA	Below one year	1 to 2 year	2 to 3 year	3 to 5 year	5 to 10 year
Allahabad Bank	-	-	-	10.00	63.75	-	60.00
Andhra Bank	-	-	-	-	120.00	-	-
Bank of India	-	-	-	102.50	-	55.00	6.00
Canara Bank	-	-	-	120.00	38.00	98.00	-
Central Bank of India	-	-	-	40.50	-	-	-
HDFC	-	-	-	-	-	32.00	-
ICICI	-	-	-	-	-	680.00	-
Indian Bank	-	-	-	-	12.50	211.75	-
Indian Overseas Bank	-	-	-	70.00	130.00	15.00	15.00
State bank of India	-	-	-	60.00	35.00	-	100.00
Syndicate Bank	-	-	-	-	-	13.00	-
Union Bank of India	-	-	-	20.00	-	49.00	-
United Bank of India	-	-	-	-	-	22.00	-
UTI Bank (Axis)	A1+	-	-	251.00	30.00	60.00	-
State Bank of Patiala	-	-	-	-	-	0.99	-
Karnataka Bank	-	-	-	-	60.00	317.80	159.00
Kotak Mahindra	-	-	-	21.50	-	70.00	-
Oriental Bank of Commerce	-	-	-	30.00	40.00	-	-
Federal Bank Ltd.	P1+	-	-	101.00	102.00	152.00	300.00
IndusInd Bank	P1+	A1+	-	75.50	-	262.00	-
Yes Bank	-	A1+	-	30.75	-	-	-
<b>Total</b>				<b>932.75</b>	<b>631.25</b>	<b>2038.54</b>	<b>640.00</b>
<b>Grand Total</b>				<b>4242.54</b>			

₹ 4242.54 crore

Annexure – E

Detailed calculation of Loss of Interest on Investible Funds due to non-Investment of Funds

Chapter-2 [(Para 2.11.1)]

S.No.	Period of Inflow/Outflow	2006-07				Loss of interest due to non-investment (in rupees)
		Investible funds (₹ in crore)	Amount invested (₹ in crore)	Amount not/less invested (after excluding 3 crore) (₹ in crore)	Rate of Interest (per cent)	
1	01.04.06 to 15.04.06	63.06	50	10.06	8.26	227659
2	16.04.06 to 30.04.06	14.41	10	1.41	8.01	30943
3	01.05.06 to 15.05.06	260.13	10 140 95	12.13	8.37 8.37 8.05	278159
4	16.05.06 to 31.05.06	98.91	0	95.91	8.25	2384612
5	01.06.06 to 15.06.06	19.19	5	11.19	8.25	252925
6	16.06.06 to 30.06.06	16.39	10	3.39	8.25	76623
7	01.07.06 to 15.07.06	20.18	12	5.18	8.4	119211
8	01.08.06 to 15.08.06	11.79	0	8.79	8.4	202290
9	01.09.06 to 15.09.06	25.82	0	22.82	8.26	516420
10	16.09.06 to 30.09.06	22.57	0	19.57	8.26	442872
11	01.10.06 to 15.10.06	75.52	13 12	47.52	8.55 8.50	1106630
12	16.10.06 to 31.10.06	128.67	115	10.67	8.55	274935
13	01.11.06 to 15.11.06	224.43	220	1.43	8.75	34281
14	16.11.06 to 30.11.06	56.76	17 33	3.76	8.71 8.75	90137
15	01.12.06 to 15.12.06	37.21	15 5	14.21	8.61 8.61	335200
16	16.12.06 to 31.12.06	32.87	15	14.87	9	403323

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17	01.01.07 to 15.01.07	55.83	20 20	12.83	9.25 9.45	332174
18	16.01.07 to 31.01.07	34.56	30	1.56	9.6	45133
19	01.02.07 to 15.02.07	36.11	20	13.11	9.61	345170
20	16.02.07 to 28.02.07	13.14	10	0.14	10.25	3145
21	01.03.07 to 15.03.07	11.68	3	5.68	10.5	163397
22	16.03.07 to 31.03.07	74.9	50	21.9	11.36	749760
					<b>TOTAL</b>	<b>8414999</b>
		<b>2007-08</b>				
1	01.04.07 to 15.04.07	3.52	0	0.52	10.5	14959
2	16.04.07 to 30.04.07	207.31	100 100	4.31	10.85 10.50	128119
3	01.06.07 to 15.06.07	16.48	5.5	7.98	10	218630
4	01.07.07 to 15.07.07	8.51	0	5.51	10	150959
5	16.07.07 to 31.07.07	148.27	20 100	25.27	9.50 9.50	723484
6	01.08.07 to 15.08.07	20.53	10	7.53	9.25	190829
7	01.09.07 to 15.09.07	73.71	65	5.71	9.75	152527
8	16.10.07 to 31.10.07	27.63	0	24.63	9.5	641055
9	01.12.07 to 15.12.07	106.01	50	53.01	9.5	1379712
10	16.12.07 to 31.12.07	113.5	110	0.50	9.5	15068
11	01.01.08 to 15.01.08	78.44	60	15.44	9.05	382827
12	01.02.08 to 15.02.08	96.84	45	48.84	9.3	1244416
13	16.02.08 to 29.02.08	78.83	60	15.83	9.85	384474
					<b>TOTAL</b>	<b>5627059</b>
		<b>2008-09</b>				
1	01.04.08 to 15.04.08	74.57	31 24	16.57	9.25	419925
2	01.05.08 to 15.05.08	69.59	55	11.59	9.5	301658

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3	16.05.08 to 31.05.08	338.98	60 35	240.98	9.25 9.25	6717730
4	01.06.08 to 15.06.08	20.94	0	17.94	9.25	454644
5	16.06.08 to 30.06.08	24.32	0	21.32	9.25	540301
6	01.07.08 to 15.07.08	98.15	55	40.15	9.5	1045000
7	16.07.08 to 31.07.08	54.08	0	51.08	9.5	1462427
8	16.09.08 to 30.09.08	24.2	0	21.2	11.05	636359
9	01.11.08 to 15.11.08	52.94	0	49.94	11.75	1607658
10	16.11.08 to 30.11.08	75.3	55	17.3	11	521370
11	01.12.08 to 15.12.08	61.17	50	8.17	11	246219
12	16.02.09 to 28.02.09	11.3	0	8.3	7.5	136438
					<b>TOTAL</b>	<b>14089729</b>
		<b>2009-10</b>				
1	16.04.09 to 30.04.09	130.62	110	17.62	7.55	364468
2	01.05.09 to 15.05.09	68.84	50	15.64	6.75	289233
3	16.05.09 to 31.05.09	457.43	300 30	124.43	6.75	2531213
4	01.06.09 to 15.06.09	60.39	12.5	44.89	6.5	799411
5	01.08.09 to 15.08.09	52.42	30	19.42	7.25	385740
6	16.08.09 to 31.08.09	40.94	0	37.94	7.25	828963
7	16.10.09 to 31.10.09	6.88	0	3.88	7.5	87699
8	01.12.09 to 15.12.09	5.84	0	2.84	7	54466
9	16.12.09 to 31.12.09	23.35	15	5.35	7.02	112863
10	16.02.10 to 28.02.10	39.32	35	1.32	7.7	22277
11	16.03.10 to 31.03.10	27.55	20	4.55	7.55	103528
					<b>TOTAL</b>	<b>5579861</b>
		<b>2010-11</b>				



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1	16.04.10 to 30.04.10	181.57	120	58.57	7.8	1251633
2	01.05.10 to 15.05.10	145.58	140	2.58	7.8	55134
3	16.05.10 to 31.05.10	906.47	795	283.81	7.8	6671479
4	01.07.10 to 15.07.10	44.49	20	21.49	7.51	442164
5	16.07.10 to 31.07.10	20.04	15	2.04	7.61	46786
6	16.08.10 to 31.08.10	11.42	0	8.42	7.61	193106
7	01.10.10 to 15.10.10	249.9	180 60	6.9	8.26 8.25	155959
8	16.10.10 to 31.10.10	115.64	100	12.64	8.46	322268
9	09.12.10 to 31.12.10	53.05	0	50.05	9.47	2337404
10	01.01.11 to 15.01.11	19.24	15	1.24	9.76	33157
11	16.01.11 to 31.01.11	19.27	15	1.27	9.92	37968
12	01.02.11 to 15.02.11	19.49	15	1.49	10	40822
13	16.02.11 to 28.02.11	30.89	25	2.89	10.26	64989
14	01.03.11 to 15.03.11	Records not available				0
15	16.03.11 to 31.03.11					0
					<b>TOTAL</b>	<b>₹ 11652869</b>
					<b>GRAND TOTAL</b>	<b>₹ 45364517</b>

**₹ 4.54 crore**

Annexure-F

Detail of loss of interest calculated on Investible funds due to delayed investment

Chapter-2 [(Para 2.11.2)]

S.No.	Period of Inflow. Outflow	Investible funds (₹in crores)	Amount invested (₹in crores)	Date of Investment	Delay in investment (in days after excluding 05 days)	Rate of Interest (per cent)	Loss of interest due to delayed investment (In rupees)
<b>2006-07</b>							
1	01.05.06 to 15.05.06	260.13	10 140 95	08.05.06 05.05.06 11.05.06	3 --- 6	8.37 8.37 8.05	68795 0 1257123
2	01.06.06 to 15.06.06	19.19	5	06.06.05	1	8.25	11301
3	16.06.06 to 30.06.06	16.39	10	22.06.06	2	8.25	45205
4	01.11.06 to 15.11.06	224.43	220	09.11.06	4	8.75	2109589
5	16.11.06 to 30.11.06	56.76	17 33	23.11.06	3 3	8.71 8.75	121701 237329
6	01.01.07 to 15.01.07	55.83	20 20	03.01.07 12.01.07	--- 7	9.25 9.45	362466
7	16.01.07 to 31.01.07	34.56	30	23.01.07	3	9.60	236712
8	16.03.07 to 31.03.07	74.90	50	21.03.07	1	11.36	155616
						<b>TOTAL</b>	<b>4605837</b>
<b>2007-08</b>							
1	16.04.07 to 30.04.07	207.31	100 100	21.04.07 21.04.07	1 1	10.85 10.50	287671 297260
2	01.09.07 to 15.09.07	73.71	65	06.09.07	1	9.75	173630
3	01.10.07 to 15.10.07	116.97	115	09.10.07	4	9.50	1197260
4	16.11.07 to 30.11.07	8.42	10	21.11.07	1	9.50	26027
5	01.12.07 to 15.12.07	106.01	50	11.12.07	6	9.50	780822
6	01.02.08 to 15.02.08	96.84	45	06.02.08	1	9.30	114658
7	16.02.08 to 28.02.08	78.83	60	21.02.08	1	9.85	161918

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8	01.03.08 to 15.03.08	26.88	60	07.03.08	2	10.10	332055
						<b>TOTAL</b>	<b>3371301</b>
<b>2008-09</b>							
1	16.05.08 to 31.05.08	338.98	60 35	26.05.08 29.05.08	6 9	9.25 9.25	912328 798288
2	01.10.08 to 15.10.08	(-) 47.33	250	08.10.08	3	13.05	2681506
3	16.10.08 to 31.10.08	53.87	55	23.10.08	3	11.75	531164
4	16.03.09 to 31.03.09	42.77	22 20 30 50	18.03.09 18.03.09 30.03.09 30.03.09	---- ---- 10 10	9 9 9 8.75	0 0 739726 1198630
						<b>TOTAL</b>	<b>6861642</b>
<b>2009-10</b>							
1	16.05.09 to 31.05.09	457.43	300 30	19.05.09 29.05.09	----- 9	6.75	499315
2	01.06.09 to 15.06.09	60.39	15	10.06.09	5	6.50	111301
3	16.07.09 to 31.07.09	(-) 16.33	52	27.07.09	7	7.50	747945
4	01.08.09 to 15.08.09	52.42	30	11.08.09	6	7.25	357534
5	01.01.10 to 15.01.10	12.07	40 55	6.1.10 11.1.10	1 6	7.06 7.00	77370 632877
6	16.01.10 to 31.01.10	14.90	35	21.1.10	1	7.00	67123
7	16.02.10 to 28.02.10	39.32	35	22.2.10	2	7.70	155054
8	16.03.10 to 31.03.10	27.55	20	22.3.10	2	7.55	82740
						<b>TOTAL</b>	<b>2731259</b>
<b>2010-11</b>							
1	01.04.10 to 15.04.10	(-)6.35	25	8.4.2010	3	7.90	162329
2	01.05.10 to 15.05.10	145.58	140	7.5.2010	2	7.80	598356
3	16.5.10 to 31.5.10	175.34	75	26.05.10	6	7.25	893836
4	01.06.10 to 15.06.10	382.44	158 222	8.6.2010	3	7.50 7.35	973973 1341123
5	16.06.10 to 30.06.10	32.86	53	21.06.10	1	7.40	107452
6	01.07.10 to 15.07.10	44.49	20	6.7.2010	1	7.51	14151

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7	16.07.10 to 31.07.10	20.04	15	21.07.10	1	7.61	31274	
8	01.10.10 to 15.10.10	249.90	180 60	08.10.10	3 3	8.26 8.25	1222027 406849	
9	16.10.10 to 31.10.10	115.64	100	25.10.10	5	8.46	1158904	
10	01.12.10 to 15.12.10	(-) 27.45	30	13.12.10	8	9.47	622685	
						<b>TOTAL</b>	<b>7532959</b>	
		<b>GRAND TOTAL FOR THE PD. 2006-07 TO 2010-11</b>						<b>₹ 25102998</b>
							<b>Or say ₹ 251.03 crore</b>	

**₹ 2.51 crore**

**Annexure –G**  
**Details of loss of interest due to non-rescheduling of investments of GPF Branch in May 2007**  
**Chapter-2 [Para 2.11.5 (i)]**

(Amount in lakh of ₹)

FDR No.	Date of FDR	Date of maturity	Amount of FDR (Rate of interest) (in lakh)	Period as of May 2007						Maturity amount as of May 2007 (Rate of interest)	Maturity amount at higher rate of interest (Rate of interest)	Original maturity amount	Amount of interest short realized/loss
				Elapsed			Left						
				Y	M	D	Y	M	D				
0641317	01.12.2004	02.12.2009	250.00(6.25)	2	5	8	2	6	24	282.10 (5.00)	347.46 (8.25)	340.94	6.52
0641432	22.12.2004	23.12.2009	50.00 (6.25)	2	4	18	2	7	15	56.27 (5.00)	69.62 (8.25)	68.19	1.43
0641487	03.01.2005	04.01.2010	200.00(6.25)	2	4	5	2	7	27	224.68 (5.00)	278.71 (8.25)	272.75	5.96
0641495	06.01.2005	11.01.2010	100.00(6.25)	2	4	2	2	8	4	112.29 (5.00)	139.51 (8.25)	136.47	3.04
0641542	02.02.2005	03.02.2010	150.00(6.25)	2	3	5	2	8	24	167.83 (5.00)	209.40 (8.25)	204.57	4.83
0641562	07.02.2005	08.02.2010	150.00(6.25)	2	3	0	2	9	2	167.72 (5.00)	209.61 (8.25)	204.57	5.05
0641644	21.02.2005	22.02.2010	150.00(6.25)	2	2	16	2	9	16	167.40 (5.00)	209.84 (8.25)	204.57	5.27
0641669	02.03.2005	02.03.2010	175.00(6.25)	2	2	7	2	9	24	195.06 (5.00)	244.93 (8.25)	238.62	6.31
0641752	23.03.2005	22.03.2010	638.80(6.25)	2	1	17	2	11	14	710.09 (5.00)	901.07 (8.25)	871.03	30.05
0641800	04.04.2005	05.04.2010	150.00(6.25)	2	1	5	2	11	25	166.69 (5.00)	212.02 (8.25)	204.57	7.45
0641801	04.04.2005	05.04.2010	221.94(6.25)	2	1	5	2	11	25	246.31 (5.00)	313.28 (8.25)	302.68	10.6

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0641949	02.05.2005	03.05.2010	126.82(6.25)	2	-	8	2	11	23	140.23 (5.00)	178.28 (8.25)	172.96	5.32
0641950	02.05.2005	03.05.2010	75.00 (6.25)	2	-	8	2	11	23	82.93 (5.00)	105.43 (8.25)	102.28	3.15
0641986	24.05.2005	24.05.2010	95.12 (6.25)	1	11	16	3	-	15	104.70 (5.00)	134.22 (8.25)	129.74	4.48
0643003	02.06.2005	02.06.2010	50.00 (6.25)	1	11	7	3	-	25	54.97 (5.00)	70.63 (8.25)	68.18	2.45
0643009	03.06.2005	03.06.2010	190.24(6.25)	1	11	6	3	-	25	209.13 (5.00)	268.75 (8.25)	259.39	9.36
0643155	25.06.2005	25.06.2010	63.41 (6.25)	1	10	14	3	1	18	69.78 (5.00)	90.12 (8.25)	86.46	3.66
0643180	04.07.2005	05.07.2010	100.00(6.25)	1	10	4	3	1	28	109.47 (5.00)	141.69 (8.25)	136.38	5.32
0643181	05.07.2005	05.07.2010	190.32(6.25)	1	10	3	3	1	29	209.14 (5.00)	270.76 (8.25)	259.55	11.21
0643208	12.07.2005	13.07.2010	444.08(6.25)	1	9	26	3	2	6	485.63 (5.00)	629.69 (8.25)	605.62	24.07
0643220	18.07.2005	19.07.2010	126.82(6.25)	1	9	20	3	2	12	138.58 (5.00)	179.93 (8.25)	172.96	6.97
0643333	01.08.2005	02.08.2010	50.00 (6.25)	1	9	8	3	2	24	54.55 (5.00)	71.01 (8.25)	68.19	2.83
0643335	02.08.2005	02.08.2010	62.49 (6.25)	1	9	7	3	2	25	68.16 (5.00)	88.76 (8.25)	85.2	3.55
0643403	02.09.2005	02.09.2010	312.43(6.25)	1	8	7	3	3	25	339.46 (5.00)	444.96 (8.25)	426.01	18.95
0643402	02.09.2005	02.09.2010	150.00(6.25)	1	8	7	3	3	25	162.98 (5.00)	213.63 (8.25)	204.53	9.1
0643479	12.09.2005	13.09.2010	156.21(6.25)	1	7	27	3	4	5	169.50 (5.00)	222.68 (8.25)	213.04	9.63
0643513	03.10.2005	04.10.2010	187.53(6.25)	1	7	7	3	4	25	202.95 (5.00)	267.78 (8.25)	255.75	12.03
0643520	03.10.2005	04.10.2010	50.00 (6.25)	1	7	7	3	4	25	54.10 (5.00)	71.40 (8.25)	68.19	3.21
0643576	18.10.2005	18.10.2010	249.94(6.25)	1	6	14	3	5	18	269.66 (5.00)	357.60 (8.25)	340.81	16.79
0643645	28.10.2005	28.10.2010	50.00 (6.25)	1	6	4	3	5	28	53.87 (5.00)	71.60 (8.25)	68.18	3.42

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0643653	02.11.2005	02.11.2010	50.00 (6.25)	1	6	7	3	5	25	53.89 (5.00)	71.58 (8.25)	68.18	3.4
0643712	02.11.2005	02.11.2010	307.92(6.25)	1	6	7	3	5	25	330.61 (5.00)	439.09 (8.25)	419.86	19.23
0643725	11.11.2005	11.11.2010	153.93(6.25)	1	5	28	3	6	4	165.72 (5.00)	220.52 (8.25)	209.89	10.63
0643787	01.12.2005	01.12.2010	50.00 (6.25)	1	5	8	3	6	24	53.68 (5.00)	71.75 (8.25)	68.18	3.57
0643788	02.12.2005	02.12.2010	212.35(6.25)	1	4	29	3	7	3	227.72 (5.00)	304.94 (8.25)	289.54	15.4
0643843	13.12.2005	13.12.2010	303.35(6.25)	1	4	27	3	7	5	325.23 (5.00)	435.70 (8.25)	413.63	22.07
0644310	22.12.2005	22.12.2010	25.00 (6.25)	1	4	17	3	7	15	26.77 (5.00)	35.94 (8.25)	34.09	1.85
0644308	02.01.2006	03.01.2011	150.00(6.25)	1	4	8	3	7	24	160.41 (5.00)	315.77 (8.25)	204.57	11.21
0644309	03.01.2006	03.01.2011	100.00(6.25)	1	4	7	3	7	25	106.92 (5.00)	143.86 (8.25)	136.35	7.51
0644330	10.01.2006	10.01.2011	85.00 (6.50)	1	4	2	3	8	1	92.03 (6.00)	123.98 (8.25)	117.34	6.64
0644360	24.01.2006	24.01.2011	40.00 (6.50)	1	3	16	3	8	16	43.19 (6.00)	58.38 (8.25)	55.22	3.76
0644380	01.02.2006	01.02.2011	200.00(6.50)	1	3	6	3	8	26	215.62 (6.00)	292.04 (8.25)	276.08	15.96
0583090	17.02.2006	17.02.2011	180.00(6.50)	1	2	23	3	9	9	193.65 (6.00)	263.01 (8.25)	248.48	14.54
0583129	01.03.2006	01.03.2011	175.00(6.50)	1	2	8	3	9	24	187.81 (6.00)	255.90 (8.25)	241.57	14.32
0583131	03.03.2006	03.03.2011	100.00(6.50)	1	2	6	3	9	26	107.29 (6.00)	146.24 (8.25)	138.04	8.2
0583151	13.03.2006	14.03.2011	230.00(6.50)	1	1	27	3	10	5	246.40 (6.00)	404.79 (8.25)	317.55	87.23
0583150	13.03.2006	14.03.2011	25.00 (6.50)	1	1	27	3	10	5	26.78 (6.00)	36.58 (8.25)	34.52	2.06
0583159	21.03.2006	21.03.2011	350.00(6.50)	1	1	19	3	10	13	374.47 (6.00)	512.27 (8.25)	483.15	29.12
0583179	28.03.2006	28.03.2011	25.00 (6.50)	1	1	12	3	10	19	26.72 (6.00)	36.60 (8.25)	34.51	2.08

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0583201	03.04.2006	04.04.2011	100.00(6.50)	1	1	6	3	10	26	106.76 (6.00)	146.45 (8.25)	138.07	8.39
0583200	04.04.2006	04.04.2011	250.00(6.50)	1	1	5	3	10	27	266.87 (6.00)	366.15 (8.25)	345.1	21.04
0583202	10.04.2006	11.04.2011	75.00 (6.50)	1	1	-	3	11	1	79.99 (6.00)	109.85 (8.25)	103.55	6.3
0583222	18.04.2006	18.04.2011	40.00 (6.50)	1	-	21	3	11	11	42.60 (6.00)	58.62 (8.25)	55.22	3.41
0583333	01.05.2006	03.05.2011	150.00(7.50)	1	-	8	3	11	24	159.41 (6.00)	219.96 (8.25)	217.58	1.78
0583354	03.05.2006	03.05.2011	400.00(7.50)	1	-	6	3	11	26	424.96 (6.00)	586.62 (8.25)	579.98	6.64
0583410	01.06.2006	06.06.2011	250.00(7.50)	-	11	8	4	-	24	264.38 (6.00)	368.50 (8.25)	362.86	5.64
0583417	02.06.2006	06.06.2011	230.00(7.50)	-	11	7	4	-	25	243.19 (6.00)	339.04 (8.25)	333.76	5.28
0583420	05.06.2006	06.06.2011	300.00(7.50)	-	11	4	4	-	28	317.05 (6.00)	442.31 (8.25)	435.07	7.23
0583505	03.07.2006	04.07.2011	100.00(7.50)	-	10	7	4	1	25	105.21 (6.00)	147.67 (8.25)	145.02	2.64
0583529	22.07.2006	22.07.2011	100.00(7.50)	-	9	18	4	2	14	104.88 (6.00)	147.82 (8.25)	144.99	2.83
0583585	01.08.2006	01.08.2011	875.00(7.50)	-	9	8	4	2	24	916.17 (6.00)	1294.21(8.25)	1268.7	25.5
0583609	16.08.2006	16.08.2011	300.00(7.50)	-	8	23	4	3	9	313.33 (6.00)	444.09 (8.25)	434.98	9.1
0583610	17.08.2006	17.08.2011	120.00(7.50)	-	8	22	4	3	10	-	-	173.99	-
0583625	01.09.2006	01.09.2011	120.00(7.25)	-	8	8	4	3	24	125.03 (6.00)	177.79 (8.25)	171.87	5.92
0583750	03.10.2006	20.10.2011	300.00(7.25)	-	7	7	4	4	25	310.97 (6.00)	445.23 (8.25)	431.13	14.1
0583786	17.10.2006	20.10.2011	280.00(7.25)	-	6	23	4	5	9	289.55 (6.00)	415.84 (8.25)	401.27	14.56
0583793	20.10.2006	20.10.2011	375.00(7.25)	-	6	20	4	5	12	387.60 (6.00)	557.01 (8.25)	537.1	19.92
0583874	01.11.2006	10.11.2011	475.00(7.25)	-	6	8	4	5	24	490.00 (6.00)	706.01 (8.25)	681.54	2.45
0583885	06.11.2006	10.11.2011	300.00(7.25)	-	6	18	4	5	14	309.98 (6.00)	445.66 (8.25)	430.02	15.64



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0583886	07.11.2006	10.11.2011	150.00(7.25)	-	6	17	4	5	15	154.97 (6.00)	222.84 (8.25)	214.97	7.87
0583897	21.11.2006	11.12.2011	200.00(7.25)	-	6	3	4	5	29	206.15 (6.00)	297.34 (8.25)	287.59	9.75
0583919	01.12.2006	07.12.2011	250.00(7.25)	-	5	8	4	6	24	255.51 (5.00)	370.55 (8.25)	358.49	12.06
0583929	04.12.2006	10.12.2011	550.00(8.25)	-	5	5	4	6	27	567.82 (5.00)	824.00 (8.25)	788.68	35.32
<b>Total</b>			<b>14018.70</b>	<b>68</b>	<b>381</b>	<b>832</b>	<b>224</b>	<b>429</b>	<b>1375</b>	<b>14883.52</b>	<b>20316.87</b>	<b>19604.66</b>	<b>764.16</b>

Figure in bracket indicates the percentage of rate of interest applicable  
Y-years, M-months, D-days

**₹ 7.64 crore**

Annexure-H

Details of loss of interest due to non re-scheduling of investments of GPF Branch in April 2011  
Chapter-2 [Para 2.11.5 (iii)]

(Amount in lakh of ₹)

FDR No.	Date of FDR	Date of maturity	Amount of FDR (Rate of interest)	Period as of May 2007						Maturity amount as of May 2007 (Rate of interest)	Maturity amount at higher rate of interest (Rate of interest)	Original maturity amount	Amount of interest short realized / loss
				Elapsed			Left						
				Y	M	D	Y	M	D				
3540216	18.04.2009	18.04.2012	150.00 (7.55)	1	10	13	3	1	17	171.96 (7.50)	230.77 (9.51)	218.03	12.74
0143401002587/1	11.08.2009	11.08.2012	99.00 (7.25)	1	6	20	1	5	10	110.18 (7.00)	127.58 (10.35)	122.81	4.76
002587/2	11.08.2009	11.08.2012	1.00 (7.25)	1	6	10	1	5	20	1.11 (7.00)	1.29 (10.35)	1.24	0.05
889176	26.10.2009	22.07.2012	99.00 (7.50)							109.15 (7.50)	123.28 (9.25)	121.34	1.93
7701698543	26.10.2009	22.07.2012	76.00 (7.5)							83.26 (7.00)	94.04 (9.25)	93.15	0.9
119366001	10.12.09	12.12.2012	500.00 (7.00)	1	2	22	1	9	10	541.66 (6.50)	630.28 (8.75)	615.95	14.32
119366004	6.01.2010	8.01.2012	250.00 (7.00)	1	1	26	1	10	6	269.31 (6.50)	315.20 (8.75)	308.58	6.62
	22.02.2010	25.02.2013	175.00 (7.70)	1	-	8	1	11	25	185.05 (5.50)	223.08 (9.75)	220.13	2.95
11107000045845	3.03.2010	12.03.2013	100.00 (7.5)	-	11	28	2	-	6	107.66 (7.5)	130.10 (9.51)	125.07	5.03
45854	3.03.2010	12.03.2013	100.00 (7.5)	-	11	28	2	-	6	107.66 (7.5)	130.10 (9.51)	125.07	5.03
21287		13.03.2013	450.00 (7.5)	-	11	28	2	-	6	158.36 (5.50)	192.32 (9.75)	187.61	4.71
011107000045913	22.03.2010	28.06.2013	1000.00 (7.55)	-	11	10	2	3	25	1072.70(7.5)	1333.33 (9.51)	1276.5	56.83
778813	26.05.2010	5.06.2013	125.00 (7.25)	-	9	6	2	3	4	129.36 (4.50)	159.90 (9.50)	155.38	4.53
101100939	4.06.2010	5.06.2013	500.00 (7.35)	-	8	27	2	3	4	516.85 (4.50)	642.40 (9.75)	622.23	20.17
22085		5.06.2013	500.00 (7.35)	-	8	27	2	3	4	516.85 (4.50)	642.40 (9.75)	622.23	20.17
86			400.00 (7.35)	-	8	27	2	3	4	413.48 (4.50)	513.92 (9.75)	497.78	16.14

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393		21.06.2013	500.00 (7.35)	-	8	16	2	3	18	516.16 (4.50)	643.88 (9.75)	622.61	21.28
394			500.00 (7.35)	-	8	16	2	3	18	516.16 (4.50)	643.88 (9.75)	622.61	21.28
22400	17.06.2010		500.00 (7.35)	-	8	16	2	3	18	516.16 (4.50)	643.88 (9.75)	622.61	21.28
401			400.00 (7.35)	-	8	16	2	3	18	412.93 (4.50)	515.10 (9.75)	498.08	17.02
779045	6.07.2010	18.07.2013	600.00 (7.51)	-	7	25	2	4	17	617.77 (4.50)	771.96 (9.50)	751.9	20.05
119366026	21.07.2010	6.08.2013	250.00 (7.61)	-	7	10	2	5	7	256.93 (4.50)	316.99 (8.75)	314.55	2.44
119366025	21.07.2010	6.08.2013	500.00 (7.61)	-	7	10	2	5	7	513.86 (4.50)	633.98 (8.75)	629.1	4.87
3526552523013382	4.08.2010	7.08.2013	400.00 (7.75)	-	6	27	2	5	4	412.75 (5.50)	517.97 (9.50)	503.69	14.28
50309213654	9.09.2010	18.09.2014	500.00 (8.30)	-	5	22	3	6	17	511.99 (5.00)	725.74 (10.00)	695.93	29.81
15544	9.09.2010		500.00 (8.30)	-	5	22	3	6	17	511.99 (5.00)	725.74 (10.00)	695.93	29.81
6973	23.09.2010	7.10.2010	100.00 (8.20)	-	5	8	3	7	6	102.20 (5.00)	145.59 (10.00)	138.79	6.79
119366004	7.10.2010	8.10.2013	100.00 (8.26)	-	4	25	2	7	7	102.63 (6.50)	128.37 (8.75)	127.85	0.52
66005	7.10.2010	8.10.2013	100.00 (8.26)	-	4	25	2	7	7	102.63 (6.50)	128.37 (8.75)	127.85	0.52
66006	7.10.2010	8.10.2013	100.00 (8.26)	-	4	25	2	7	7	102.63 (6.50)	128.37 (8.75)	127.85	0.52
66007	7.10.2010	8.10.2013	100.00 (8.26)	-	4	25	2	7	7	102.63 (6.50)	128.37 (8.75)	127.85	0.52
66008	7.10.2010	8.10.2013	100.00 (8.26)	-	4	25	2	7	7	102.63 (6.50)	128.37 (8.75)	127.85	0.52
66009	7.10.2010	8.10.2013	100.00 (8.26)	-	4	25	2	7	7	102.63 (6.50)	128.37 (8.75)	127.85	0.52
66010	7.10.2010	8.10.2013	100.00 (8.26)	-	4	25	2	7	7	102.63 (6.50)	128.37 (8.75)	127.85	0.52
66011	7.10.2010	8.10.2013	100.00 (8.26)	-	4	25	2	7	7	102.63 (6.50)	128.37 (8.75)	127.85	0.52
503092131478	8.04.2010	17.04.2014	220.00 (7.90)	-	10	23	3	1	16	230.02 (5.00)	313.26 (10.00)	301.42	11.84
503092131989	8.04.2010	17.04.2014	500.00 (7.90)	-	10	23	3	1	16	522.78 (5.00)	711.95 (10.00)	685.04	26.91
503092133056	7.05.2010	19.05.2014	500.00 (7.80)	-	9	25	3	2	17	520.76 (5.00)	715.14 (10.00)	682.78	32.37
503092133276	17.05.2010	21.05.2014	800.00 (7.80)	-	9	15	3	2	18	832.08 (5.00)	1142.97 (10.00)	1090.35	52.63
<b>Total</b>			<b>12095.00</b>	<b>6</b>	<b>246</b>	<b>754</b>	<b>77</b>	<b>168</b>	<b>417</b>	<b>12310.18</b>	<b>15684.98</b>	<b>15191.29</b>	<b>493.7</b>

Figure in bracket indicates the percentage of rate of interest applicable  
Y-years, M-months, D-days

**₹ 4.94 crore**

Annexure-I

Details of loss of interest due to non re-scheduling of investments of contributory provident fund

Chapter-2 [Para 2.11.5 (iv)]

(Amount in Crore of ₹)

FDR No.	Date of FDR	Date of maturity	Amount of FDR (Rate of interest) (in Crore)	Period as of May 2007						Maturity amount as of May 2007 (Rate of interest)	Maturity amount at higher rate of interest (Rate of interest)	Original maturity amount	Amount of interest short realized/loss
				Elapsed			Left						
				Y	M	D	Y	M	D				
B908195	18.05.10	21.05.14	6.40 (7.80)	10	-	13	3	1	20	6.68	9.11	8.72	0.39
16876241	07.07.10	07.07.12	0.33 (6.50)	8	-	25	1	3	5	0.34	0.38	0.37	0.01
3.13E+10	13.07.10	13.07.12	0.69 (6.50)	8	-	19	1	3	11	0.72	0.81	0.79	0.02
<b>Total</b>			<b>7.42</b>							<b>7.74</b>	<b>10.3</b>	<b>9.88</b>	<b>0.42</b>

Figure in bracket indicates the percentage of rate of interest applicable  
Y-years, M-months, D-days

₹ 42.00 lakh

**Annexure-J**

**Over payment of family pension - ₹ 4.05 lakh**

**Chapter-3 [Para 3.1]**

(Amount in ₹)

Sl. No.	Name of Pensioner (Ms)	NDMC PPO No.	Date of retirement/ death	Family pension		Date from which enhanced rate was not admissible	Over payment
				Enhanced rate	Normal rate		
1.	Sukarti	4222	31.12.2003	6351	3865	12.12.2010	24856
2.	Bimla	3134	09.09.2000*	6215	3729	10.09.2010	35863
3.	Sushila	3100	05.06.2000*	6017	3613	06.06.2010	45400
4.	Raj Rani	2534	31.10.1999	8136	5177	21.10.2006	206481
5.	Chameli Devi	3406	31.03.2002	5956	3670	30.03.2009	85077
6.	Shanti Devi	3794	30.12.2003*	4266	3500	30.12.2010	7014
<b>Total</b>							<b>404691</b>

\*Death while in service

**₹ 4.05 lakh**

Annexure –K

Excess payment to the pensioners - ₹ 22.14 lakh

Chapter-3 [Para 3.2]

(Amount in ₹)

Sl. No.	Name of Pensioner (Ms./Sh.)	NDMC PPO No.	Date of retirement	Amount commuted	No. of months*	Total overpayment
1.	Kamla Devi	3129	30.06.2001	683	120	81960
2.	Dhooli	4349	30.04.2004	1623	86	139578
3.	Savitri Rana	2593	31.12.1999	1625	138	224250
4.	Raghuraj Singh	2256	30.11.1998	1048	151	158248
5.	Somprakash Bhojgi	4419	30.06.2004	2946	84	247464
6.	Jagdish Kumar Grover	3631	31.10.2002	1082	104	112528
7.	Anotia Kujur	3709	31.12.2002	760	102	77520
8.	Shakuntala Grover	4012	31.07.2003	1800	95	171000
9.	Laxman Dass	1315	30.06.1996	1277	180	229860
10.	Suriender Mohan	1673	30.04.1997	1988	170	337960
11.	Saroj Arora	3472	31.05.2002	1074	109	117066
12.	Suraj Kumari	4637	31.01.2005	2653	77	204281
13.	Sunder Devi	4800	31.05.2005	914	73	66722
14.	Khazan Singh	1537	31.12.1996	260	174	45240
	<b>Total</b>					<b>2213677</b>

\* upto June 2011

₹ 22.14 lakh

**Annexure - L**

**Assessment of Annual Rateable Value (ARV) of the property –  
Press Trust of India building  
Chapter-8 [Para 8.1 (i)]**

**2009-10**

(₹ in lakh)

Floor	Covered area (sqm) let out	ARV	Actual Rent	Actual ARV
Basement	465.18	29.31	9.57	29.31
Ground	2500.59	315.07	426.69	426.69
First	697.43	87.88	16.51	87.88
Second	2614.21	329.39	116.95	329.39
Third	2456.82	309.56	607.31	607.31
Fourth	2614.21	329.39	270.34	329.39
Fifth	2614.21	329.39	270.34	329.39
Terrace	51.56	6.49	122.72	122.72
<b>TOTAL</b>	<b>14014.21</b>	<b>1736.48</b>	<b>1840.43</b>	<b>2262.08</b>

Short calculation of ARV: ₹ 421.65 lakh (2262.08– 1840.43)

90 per cent ₹ 379.48 lakh

Thus, short calculation of House tax: ₹ 113.84 lakh

**2010-11**

(₹ in lakh)

Floor	Covered area (sqm) let out	ARV	Actual Rent	Actual ARV
Basement	465.18	9.77	9.57	9.77
Ground	2500.59	210.05	426.69	426.69
First	697.43	58.59	16.51	58.59
Second	2614.21	219.59	106.02	219.59
Third	2295.92	192.86	584.79	584.79
Fourth	2614.21	219.59	270.34	270.34
Fifth	2614.21	219.59	270.34	270.34
Terrace	51.56	4.33	132.56	132.56
<b>TOTAL</b>	<b>13853.31</b>	<b>1134.37</b>	<b>1816.82</b>	<b>1972.67</b>

Short calculation of ARV: ₹ 155.84 lakh (1972.67 – 1816.82)

90 per cent ₹ 140.25 lakh

Thus, short calculation of House tax: ₹ 42.07 lakh

Annexure-M

Rateable value of property - M/s Maurya Sheraton Hotel & Towers  
for 2009-10

Chapter-8 [Para 8.1 (iv)]

(₹ in lakh)

Category	Actual rateable value				Assessed by the department			
	Area (sqm.)	Rate	Factor	Value	Area (sqm.)	Rate	Factor	Value
Land	24283.00	1.72	-	41766.76	24283.00	1.72	-	41766.76
Covered area (1 <sup>st</sup> Phase)	32476.79	0.15	0.7	3410.06	25602.00	0.15	0.7	2688.21
Covered area (2 <sup>nd</sup> Phase)	12856.73	0.15	0.8	1542.80	5568.00	0.15	0.8	668.16
Covered area (3 <sup>rd</sup> Phase)	-	-	-	-	5277.00	0.15	1.0	791.55
<b>TOTAL</b>				46719.62				45914.68
<b>Annual Rate(5%)</b>				2335.98				2102.38
<b>90% of Annual Rate</b>				2102.38				2066.16

Difference - ₹ 36.22 lakh

Short levy of tax (30%) - ₹ 10.87 lakh