

# NEW DELHI MUNICIPAL COUNCIL



**Annual Audit Report  
of the Chief Auditor  
For the year ended  
March 2022**



**Annual Audit Report of the  
Chief Auditor for the year  
ended March-2022**

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## PREFACE

This Annual Audit Report for the year ended March-2022 has been prepared for submission to the Council in terms of sub-section-17 of Section-59 of the NDMC Act, 1994.

The Report contains Audit Comments on the Financial Accounts of the New Delhi Municipal Council for the year 2021-22 and Audit Reports on

- (i) Audit of Contract Management of Civil Engineering Department, NDMC
- (ii) Audit of Contract Management (Electrical), NDMC
- (iii) Audit of Assessment and Collection of Property Tax in NDMC
- (iv) Audit on the working of Palika Maternity Hospital, NDMC
- (v) Audit of Purchase and sale of surplus power
- (vi) Audit of Urban Poverty Alleviation and Social Welfare Department of NDMC, New Delhi
- (vii) Audit of Collection of GST

## OVERVIEW

This report includes one chapter on the State of Finances of New Delhi Municipal Council for the year 2022-23, one chapter on audit comments on the Finance Accounts of the Council for 2022-23, one chapter on follow up on Annual Audit Reports & Local Audit Reports along with recoveries made at the instance of Audit (₹ 5.10 Lakh) and Seven chapters containing Audit Reports on (i) Contract Management - Civil Department (ii) Contract Management - Electricity Department (iii) Assessment and collection of Property Tax in NDMC (iv) Working of Palika Maternity Hospital (v) Purchase and Sale of surplus Power (vi) Urban Poverty Alleviation and Social Welfare (vii) Collection of GST.

### Financial position of Council - Analysis of budget Documents (Chapter-1)

The total Receipts (Revenue and Capital) increased from ₹ 3915.79 Crore in 2020-21 to ₹ 4146.00 Crore for the year 2021-22, registering an increase of 5.88 *per cent*. The receipts of ₹ 4146.00 Crore includes tax revenue of ₹ 991.70 Crore, non-tax revenue of ₹ 2493.87 Crore, Capital Receipt of ₹ 654.40 Crore and revenue grants/contribution & subsidies etc. of ₹ 6.03 Crore. The total expenditure (Revenue & Capital) increased from ₹ 3236.69 Crore in 2020-21 to ₹ 3596.26 Crore in 2021-22 depicting a increase of 11.12 *per cent*. The expenditure of ₹ 3596.26 Crore includes establishment expenses of ₹ 1482.44 Crore, administrative expenses of ₹ 124.87 Crore, operations and maintenance etc. of ₹ 1184.48 Crore and other expenditure of ₹ 804.47 Crore.

### Audit Comments on Annual Accounts (Chapter-2)

Major Audit Observations/Comments on the accounts of the Council for the year 2022-23 are as under:

(a) **Liabilities:**

- Liability of ₹ 954.04 Crore on account of Provident Fund (PF) and Investments made there against was not incorporated in the Accounts of NDMC. Further PF Trust was also not formed.
- Department provided short provision of ₹ 35.64 Crore towards Pension liability.

(b) **Fixed Assets:**

- An amount of ₹ 2706.94 Crore as on 31 March 2022 existing under Capital-Work-in-Progress (CWIP) was not being converted into Fixed Assets since 2004-05. As a result CWIP presented distorted figure of Fixed Assets and no depreciation was charged on these Fixed Assets.

(c) **Current Assets**

- Department did not provide the details of Bank Reconciliation Statement to Audit, therefore, potential risk areas like wrong debit by bank, unauthorized payments, cheque deposited but credit not given by bank and status of stale cheques etc could not be examined.

(d) **Income**

- Due to uncertainty of recovery an income of ₹ 147.55 Crore was booked as income on account of License Fee against the Accounting Policy No.2.

- Booking of income of ₹ 1527.28 Crore on account of Property Tax during 2021-22 based on bye-laws of 2009 was not in accordance to Supreme Court decision resulting in overstatement of 'Receivables' and Income.

(e) **Expenditure**

- Rebate of ₹ 38.74 Crore allowed for making timely payment of Property Tax was not accounted for resulting in understatement of Expenditure and overstatement of 'Surplus' and 'Receivables'.
- Depreciation over charged amounting to ₹ 2.54 Crore due to wrong application of depreciation rates.

### Follow up on annual Audit Reports and Local Audit Reports (Chapter-3)

- (A) Total 111 Audit Reports containing 546 sub-paras are outstanding.
- (B) 23 outstanding Audit Reports are to be discussed in SCAN meeting.
- (C) Total 2302 Audit Paras of Local Audit Report are outstanding.
- (D) ₹ 5.10 Lakh was recovered at the instance of Audit.

### Audit of Contract Management of Civil Engineering Department, NDMC (Chapter-4)

- The contract was awarded to an agency which was not enlisted with any agency on the last date of submission of bids as required under terms and conditions of the NIT.
- Post modification of bid and award of contract to ineligible bidder based on modified technical bids.
- Tenders were accepted ranging from 10.22 *per cent* to 72.94 *per cent* below the justified rate which was beyond the permissible variation of 10 *per cent*.
- Condition of Work experience of Trenchless Technology was relaxed for Class-I contractor of NDMC who did not have work experience to execute the work with Trenchless Technology, and work was awarded to inexperienced contractor.
- Items not covered under the nature and scope of work were executed and payment of ₹ 0.87 crore was made to contractor.
- Failure of the Department to obtain the approval of Council for Final Action Notice under clause 3 of General Conditions of Contract for forfeiture of performance guarantee resulted in non-encashment of ₹ 1.34 Crore of forfeiture of PBG and Security Deposit. Also, the Department had not initiated any action against the contractor under Clause 2 of the General condition of the contract, 2014 to levy compensation ₹ 2.47 Crore (10 *per cent* of the tender Value).
- Against the total contract value of ₹ 24.25 Crore (for 7 years) the Department obtained PBG on one year's contract value of ₹ 3.46 Crore, resulting in short deposit of PBG of ₹ 1.04 Crore.
- Against the total deductible amount of GST of ₹ 11.86 Lakh, the department deducted ₹ 2.88 Lakh only from the contractor's bills. Thus, ₹ 8.98 Lakh was less deducted.

- An excess amount of ₹0.72 Crore was made to the contractor on account of VAT @ 15 *per cent* instead of GST @12 *per cent*. Also, ₹0.50 Crore was reimbursed to the contractor on account of difference of GST and VAT on 15 September 2020 as claimed by the contractor. Total excess payment made including reimbursed amount was ₹1.22 Crore.
- GST of ₹9.61 Crore was released to the contractors without obtaining GST deposit certificate along with copies of returns.
- Income Tax @ 2 *per cent* was deducted on net value of work instead of gross value, which resulted less deduction of income tax of ₹23.66 Lakh.
- Payment of ₹11.08 Crore was made to the contractor without submission of labour license in violation of Clause 7A and 19 of General Condition of Contract agreement.
- Department did not impose Penalty of ₹1.97 Crore on the contractor for non-deployment of Technical Representative(s).
- Department made Payment of ₹5.75 Crore on account of processing fee directly to the concessionaire instead of EDMC and without obtaining processing fee bills raised by EDMC, in violation Clause 1.4 (f) of RFP/concession agreement.
- Labour Cess @ 1 *per cent* was deducted on the net value of work instead of total value of construction which resulting in less deduction of ₹15.58 Lakh.
- Approval for technically eligible bidders from NIT approving authority was not obtained prior to opening of financial bids.

### **Audit of Contract Management (Electrical), NDMC (Chapter-5)**

- Additional procurement of ₹1.57 Crore (39.44 *percent* in excess) was made without obtaining revised AA&ES.
- Department did not obtain revised Technical Sanction (TS) despite tendered amount/work done being beyond 10 *per cent* of the original TS.
- Department relaxed the eligibility criteria and allowed the bidders with low financial capability of similar work experience and average annual turnover.
- Department called for New/additional documents after opening of Technical bids in violation of Section 7.3.5 of Manual for Procurement of Goods 2017.
- In Contract Agreement No.05/EE(S-I)/2020-21 the Department accepted conditional bids of two bidders with incomplete documents/information in Technical bids, by relaxing the technical eligibility criteria.
- A contract valuing ₹3.46 Crore was awarded to the agency without placing the case to Technical Evaluation Sub-Committee (TEC).
- Justification statements were prepared on the basis of old rates, estimated cost and the rates obtained after opening of technical bids instead of prevailing market rates.
- Department conducted negotiations with L1 bidder with the intention to bring the rates within the



permissible limit of variation of 5 *per cent* without any exceptional situation, in violation of Section 20.4.3.2 of CPWD Works Manual 2014 and CVC Guidelines.

- Tenders were accepted ranging from 13.79 *per cent* to 36.52 *per cent* below the justified cost against the permissible limit of 10 *per cent*.
- In 17 contracts, a condition was incorporated in the NIT in contravention of codal provisional that Performance Guarantee would be deducted from RA Bills lot wise instead of depositing within 14 days from letter of award. As a result of such relaxation, in 2 contracts, no Performance Guarantee could be deposited, in 8 contracts, it was deposited with delay ranging from 51 days to 343 days and in 7 contracts, the PG was deducted from RA Bills with delay ranging upto 725 days.
- For testing of LED street light fittings at the time of supply, the Department selected a firm on nomination basis, and paid an excess amount of ₹ 2.31 Lakh .The rates charged by the firm were on higher side in comparison to other firm which was selected by obtaining quotations at the time of sample testing at the time of technical qualification.
- In two contracts, the Department made advance payments of ₹ 2.21 Crore (100 *per cent*) and ₹ 0.29 Crore (100 *per cent*) and in one contract, advances payment of ₹ 0.30 Crore (50 *per cent*) of value of contract against the maximum limit of 30 *per cent* and without obtaining Bank Guarantee from the firm as required.
- An amount of ₹ 62.07 Lakh had been paid to the agency for the period 10 November 2017 to 9 May 2021 without execution of contract agreement.
- Income Tax was deducted on net value of work instead of gross value. The total amount less deducted was ₹ 15.56 Lakh.
- Labour Cess was deducted on net value of work instead of gross value. Less deduction of Labour Cess was ₹ 6.75 Lakh.
- ₹ 40.28 Crore was paid to the contractor without obtaining Labour License in violation of Clause 19 and 7A of General Condition of Contract.
- Department made payment of ₹ 55.7 Lakh against Contingency Charges without provision in the Detailed Estimate.
- Department did not impose Penalty of ₹ 91.58 Lakh on the contractor for non-deployment of Technical Representative(s) and non-recording the Certificate under the provisions of clause 36 verified by the AE in running bills that qualified engineer(s) had looked after the work during its execution.
- Total time taken in processing of tender from the date of issue of NIT to the date of award of contract was ranging from 6 to 22 months from the date of approval of NIT against the norm of 4 months.
- The time taken from opening of Technical Bid to award of contract was ranging from 6 to 20 months against the permissible period of 3 to 4 months.
- The time taken in processing from AA&ES to award of contract was ranging from 10 months to 11 years.

## Audit of Assessment and Collection of Property Tax in NDMC - (Chapter-6)

- NDMC needs to amend NDMC Act in the light of Hon'ble Supreme Court of India's (SCI) judgments (22 January 2019) to continue with the Unit Area Method (UAM). Despite lapse of a period of 4 years, assessment and collection of tax was made under UAM without amendment in the Act. The application of Bye-Laws 2009 by NDMC is open to challenge in the court of law in the absence of amendment in NDMC Act.
- Despite accumulation of huge tax arrears (₹ 6479.72 Crore) as on March-2022 against assesses, the department did not invoke penal provisions as required u/s 100, 101 and 102 for expedite recovery process.
- 48 properties of RV above ₹ 10 Crore (out of 15053 properties) contribute ₹ 4125.63 Crore (64 per cent) of amount of Tax arrears.
- Tax collection during the years 2019-20, 2020-21 and 2021-22 was ₹ 523.58 (9.08 per cent), ₹ 646.02 (9.34 per cent) and ₹ 896.65 (11.77 per cent), respectively against the demand raised (current as well as arrears).
- Against total 15053 properties, only 207 (1.37 per cent), 331 (2.2 per cent) and 280 (1.86 per cent) numbers of Property Tax Returns (PTRs) were filed online during the years 2019-20, 2020-21 and 2021-22 respectively.
- No record of receipt of PTRs was maintained and therefore the department could not ensure processing of all the PTRs received in a year.
- The department did not finalize 3588 number of notices pertaining to the period from 2010-11 to 2021-22 which involved tax revenue of ₹ 3528.11 Crore.
- ₹ 591.58 Crore of revenue could not be realized due to non-finalization of current rateable values of properties with zero value.
- In test-check (10 cases), notices u/s 72 were finalized with delay ranging from 61 months to 131 months involving ₹ 7.98 Crore of Property Tax.
- Revenue loss of ₹ 17.37 Crore was noticed due to (i) delay in issue of Notices u/s 72 and (ii) issue of notice at the fag end of the financial year.
- Loss of ₹ 95.45 Lakh due to allowing vacancy remission in respect of Hotel Oberoi (P-11229) from the date of issue of completion certificate issued by Chief Architect, NDMC (13 December 2017) instead of actual date of completion of renovation of building (11 October 2017).
- Loss of ₹ 3.24 Crore suffered by allowing 100 per cent remission of property tax instead of two third in respect of properties 5, Sikandra Road (P-3921, 3922, 3923, 3924, 3925, 3926 & 3927) as the building was not demolished and deprived of value but sealed on account of commercial activity in residential area.
- Non-realisation of Transfer Duty of ₹ 5.68 Crore due to failure of the department to provide required documents to the Registrar, Distt & Sessions Judge (Central), Tis Hazari Court, Delhi.

- Excess rebate of ₹40.22 Lakh was allowed on account of prompt payment in respect of Hotel Maurya Sheraton due to application of incorrect rebate of 10 *per cent* instead of 5 *per cent*.
- Non-realization of Property Tax of ₹44.87 Lakh against the dishonored cheques pertaining to the period from the year 2017 to 2022.

### Audit on the working of Palika Maternity Hospital, NDMC - (Chapter-7)

- PMH is running without obtaining Accreditation (Certification) from National Accreditation Board for Hospitals and Health Care providers (NABH).
- Against 12421 ANC cards issued by the hospital, only 4242 (34.15 *per cent*) deliveries were performed during the years 2017-18 to 2021-22.
- Only 64 types of essential drugs were prescribed/available in the hospital against 93 types of drugs required as per guidelines of GOI (JSSK).
- Out of three OTs, one OT which was meant for emergency services for providing round the clock services was remained non-functional since September-2017. Other two OTs were also remained partly functional.
- Due to acute space crunch in the nursery and having only 8 beds against 15 beds approved by the Council, single beds were often shared by two or three kids.
- Due to non-availability of adequate essential facilities after 4.00 PM i.e. emergency OT, specialist doctor, vital equipments for tests/investigations there was reduction in OPD and IPD patients from 76949 and 1908 in 2017-18 to 55747 and 1808 in 2021-22 respectively and 1587 cases were referred to other hospital from labour rooms and ward during 2017-18 to 2021-22.
- Overall bed occupancy ratio was only 34.49 *per cent* from 2017-18 to 2021-22 as compared to 80 *per cent* recommended as per government guidelines.
- Due to non-availability of Radiologist, ultrasound facilities were not provided to patient during March 2019 to July 2022 and other vital equipments viz Laparoscopic, Colposcope & Hysteroscope were under/non-utilized.
- Non-functioning of Central Sterile Supply Department (for equipment sterilization), Air Purification System (since November-2019) and Effluent Treatment Plant (August-2018 to till February-2022) increased the risk of spread of various types of infections in the hospital.
- Non-availability of kitchen facility to provide free diet to pregnant women as per guidelines of GOI (JSSK).
- Shortage of Specialist and Sr. Resident doctors cadres viz., Anesthesia, Gyane & Radiologist and Technical Cadre viz. Technician & Lab assistant. Other cadres of Doctors (Jr. Resident and Medical officer) and Nurses, staffs were not utilized in optimum way.
- PMH did not maintain the stock registers of drugs and consumables received from central store as well as purchased locally.

### **Audit of Purchase and Sale of Surplus Power - (Chapter-8)**

- Surplus Power Situation due to unrealistic demand forecasting. The Department did not properly forecast its projected demand on scientific basis by considering factor like weather forecast, change in pattern of consumption of consumers and techno economic conditions.
- Surplus power sold at lower rates than purchased rates resulting in avoidable expenditure/loss of ₹ 156.92 Crore and comparative position of NDMC with other DISCOMS operating in Delhi.
- Sale through Unscheduled Inter Change (UI) mechanism in excess of limit of 5 *per cent* fixed by DERC resulted in additional expenditure of ₹ 9.81 Crore.
- Deviation in meeting Renewable Purchase Obligation (RPO) and shortfall in achievements ranged from 14.58 *per cent* to 81.97 *per cent* during 2017-18 to 2021-22. It may be seen that DERC has levied total penalty of ₹ 1.81 Crore on NDMC for non fulfilment of RPO targets.
- Avoidable extra expenditure of about ₹ 80 Crore per annum due to delay in finalisation of new long term sources of power and switching to renewable energy.

### **Audit of Urban Poverty Alleviation and Social Welfare Department, NDMC - (Chapter 9)**

- Old age and widow pension released in the names of persons declared as dead: ₹ 7.80 Lakh.
- Excess reimbursement of financial assistance for Higher Education under Hitkari Nidhi Yojna to 13 beneficiaries: ₹ 2.5 Lakh.
- In 410 cases of financial assistance for Higher Education, the department taken 6 to 14 months in processing and reimbursement of claim to the beneficiaries.
- In 447 cases of financial assistance for marriage of children, released to the employees after 3 to 8 months of the marriage of their children.
- Depriving of Onetime benefit to 9 employees who had not availed any benefit under Hitkari Nidhi Yojna: ₹ 29,400/-.
- Medical bills of 10 empanelled hospitals (out of 14 selected) pertaining to Liberalized Medical Health Scheme for the period 2017-18 to 2021-22 were not produced to audit.
- Empanelled Hospitals were paid cost of medicines, balloons (treatment for Coronary Angioplasty), etc. which were not covered under package rate: ₹ 5.10 Lakh.

### **Audit of collection of GST - (Chapter-10)**

- NDMC has owned the liabilities of ₹ 40.32 Crore due to non adhering the provisions of Section 13(2) of GST Act, 2017. A penal interest of ₹ 7.09 Crore also worked out as per the provisions of Section 50 in this regard.
- A variation in arrears demand between CGST and SGST is worked out to ₹ 1.67 Lakh during the year 2020-21.
- Data shown in B2B and B2C statements combined does not match with the monthly statements of RPT90E during 2020-21.

## CHAPTER-1

# FINANCIAL POSITION OF THE COUNCIL – ANALYSIS OF THE BUDGET DOCUMENTS

## 1.1 Introduction

This chapter depicts the financial position of the New Delhi Municipal Council (NDMC), for the year ending 31 March 2022 based on the information contained in the Budget Documents 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 switched over to Accrual Based Double Entry System of Accounting with effect from the year 2004-05 vide Council Resolution No.3(xii) dated 24 April 2002. The accounts for the year 2020-21 were stated to be prepared on double entry system of accounting through a software named e-finance developed for NDMC by a private vendor. The format for preparation of the Accounts is to be as prescribed in the National Municipal Accounts Manual (NMAM).

The financial position of the Council should be reflected through the New Delhi Municipal Fund, maintained by the Council under Section 44 of the NDMC Act, 1994. All receipts and expenditures are to be booked under this Fund.

## 1.3 Sources and application of funds

The main sources of funds of the Council were as follows :-

- The Revenue receipts increased from ₹ 3126.44 Crore for the year 2020-21 to ₹ 3491.60 Crore for the year 2021-22 which depicted a increase of 11.68 *per cent*.
- The Capital receipts decreased from ₹ 789.35 Crore for the year 2020-21 to ₹ 654.40 Crore for the year 2021-22 depicting an decrease of 17.09 *per cent*.

Thus, the total receipts (Revenue and Capital) ₹ 3915.79 Crore in 2020-21 to ₹ 4146.00 Crore in 2021-22 registering an increase of 5.88 *per cent*. The receipts of ₹ 4146.00 Crore included tax revenue of ₹ 991.70 Crore, non-tax revenue of ₹ 2493.87 Crore, Capital Receipt of ₹ 654.40 Crore and revenue grants/contribution & subsidies etc. of ₹ 6.03 Crore.

The main use of funds of the Council were as follows :-

- The Revenue Expenditure increase from ₹ 3061.06 Crore for the year 2020-21 to ₹ 3325.50 Crore for the year 2021-22 which depicted increase of 8.64 *per cent*.
- The Capital Expenditure increased from ₹ 175.63 Crore for the year 2020-21 to ₹ 270.75 Crore for the year 2021-22 depicting a increase of 54.16 *per cent*.

Thus, the total expenditure (Revenue & Capital) increased from ₹ 3236.69 Crore in 2020-21 to ₹ 3596.26 Crore in 2021-22 depicting a increase of 11.12 *per cent*. The expenditure of ₹ 3596.26 Crore includes establishment expenses of ₹ 1482.44 Crore, administrative expenses of ₹ 124.87 Crore, operations and maintenance etc. of ₹ 1184.48 Crore and other expenditure of ₹ 804.47 Crore.

## 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 is to form a part of the Fund. Expenditure on or behalf of the Council is to be incurred out of this Fund as per provisions of the Act. The total receipts and expenditure under this Fund for the year 2021-22 were as under :

**Table 1.1 Receipts and Payment for the year 2019-20 (₹ in Crore)**

| Sr. No.  | Year  | 2021-22         | 2020-21         |
|----------|---|-----------------|-----------------|
| 1        | Opening Balance as on 1 <sup>st</sup> April                 | 6762.44         | 6154.10         |
| 2        | Add Receipts during the year                                | 4146.00         | 3915.79         |
| <b>3</b> | <b>Total (1+2)</b>  | <b>10908.44</b> | <b>10069.89</b> |
| 4        | Less Expenditure during the year                            | 3596.26         | 3236.69         |
| 5        | Accrual Adjustment  | 188.74          | (-) 70.75       |
| 6        | Closing Balance as on 31 <sup>st</sup> March <b>(3-4+5)</b> | <b>7500.92</b>  | 6762.45         |
| <b>7</b> | <b>Net surplus (+)/deficit(-) during the year (6-1)</b>     | <b>738.48</b>   | <b>608.35</b>   |

The closing balance of the fund increased from ₹ 6762.44 Crore for the year 2021-22 to ₹ 7500.92 Crore at the end of 2021-22 and the net surplus for the year has increase from ₹ **608.35 Crore in 2020-21 to ₹ 738.48 Crore in 2021-22.**

## 1.5 Receipts

### 1.5.1 Revenue Receipts

#### 1.5.1.1 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 as taken from budget books, is as under:

**Table 1.2 Growth of revenue receipts (₹ in Crore)**

| Year    | Revenue receipts | Per centage increase (+)/Decrease(-) over previous year |
|---------|------------------|---|
| 2021-22 | 3491.60          | 11.68   |
| 2020-21 | 3126.44          | (-) 5.50  |
| 2019-20 | 3308.63          | (-) 0.42  |
| 2018-19 | 3322.72          | 6.20  |
| 2017-18 | 3128.72          | 4.42  |

**1.5.1.2 Components of revenue receipts**

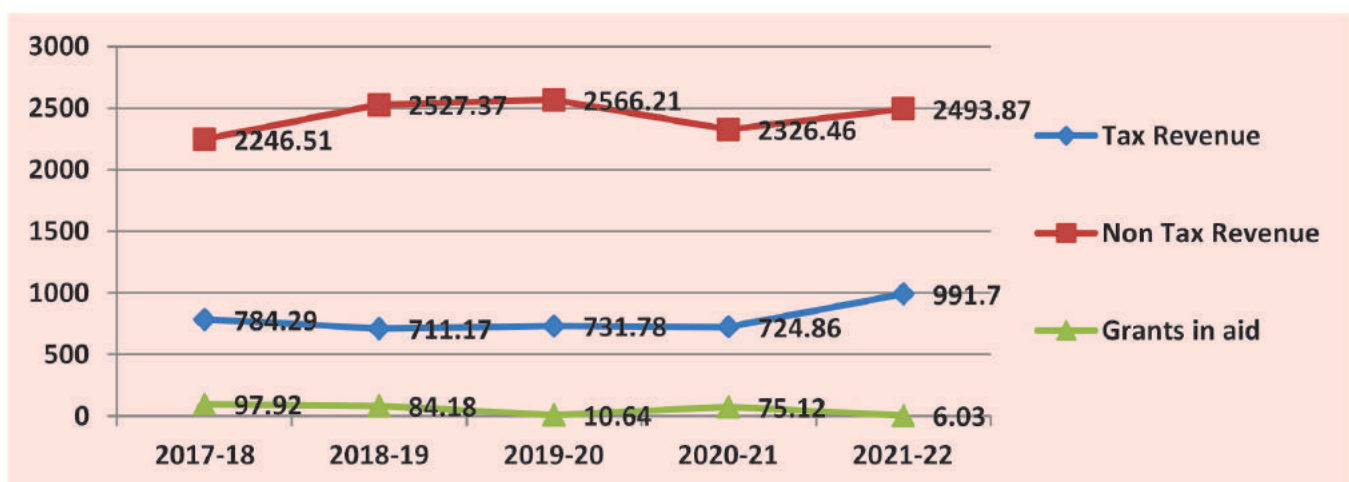
Revenue receipts under its different components during the last five years are as under:

**Table 1.3 Components of Revenue Receipts (₹ in Crore)**

| Components  | 2021-22                        | 2020-21                        | 2019-20                        | 2018-19                        | 2017-18                        |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Tax revenue   | 991.70<br>(28.40)              | 724.86<br>(23.18)              | 731.78<br>(22.12)              | 711.17<br>(21.40)              | 784.29<br>(25.07)              |
| Non-tax revenue   | 2493.87<br>(71.43)             | 2326.46<br>(74.41)             | 2566.21<br>(77.56)             | 2527.37<br>(76.07)             | 2246.51<br>(71.80)             |
| Grants-in-aid from Government of Delhi/Central Government | 6.03<br>(0.17)                 | 75.12<br>(2.41)                | 10.64<br>(0.32)                | 84.18<br>(2.53)                | 97.92<br>(3.13)                |
| <b>Total</b>  | <b>3491.60</b><br><b>(100)</b> | <b>3126.44</b><br><b>(100)</b> | <b>3308.63</b><br><b>(100)</b> | <b>3322.72</b><br><b>(100)</b> | <b>3128.72</b><br><b>(100)</b> |

**Note: Figures given in brackets indicate per centage with respect to total receipts**

- Non-tax revenue continued to be the major component of revenue receipts, the share of non-tax revenue decreased from 74.41 per cent in 2020-21 to 71.43 per cent in 2021-22. Grants-in-aid from Government of NCT of Delhi/Central Government decreased from 2.41 per cent in 2020-21 to 0.17 per cent in 2021-22 and share of tax-revenue increased from 23.18 per cent in 2020-21 to 28.40 per cent in 2021-22. This depicted graphically below:

**Graph 1.1 Components of Revenue Receipts**

### 1.5.1.3 Components of tax revenue

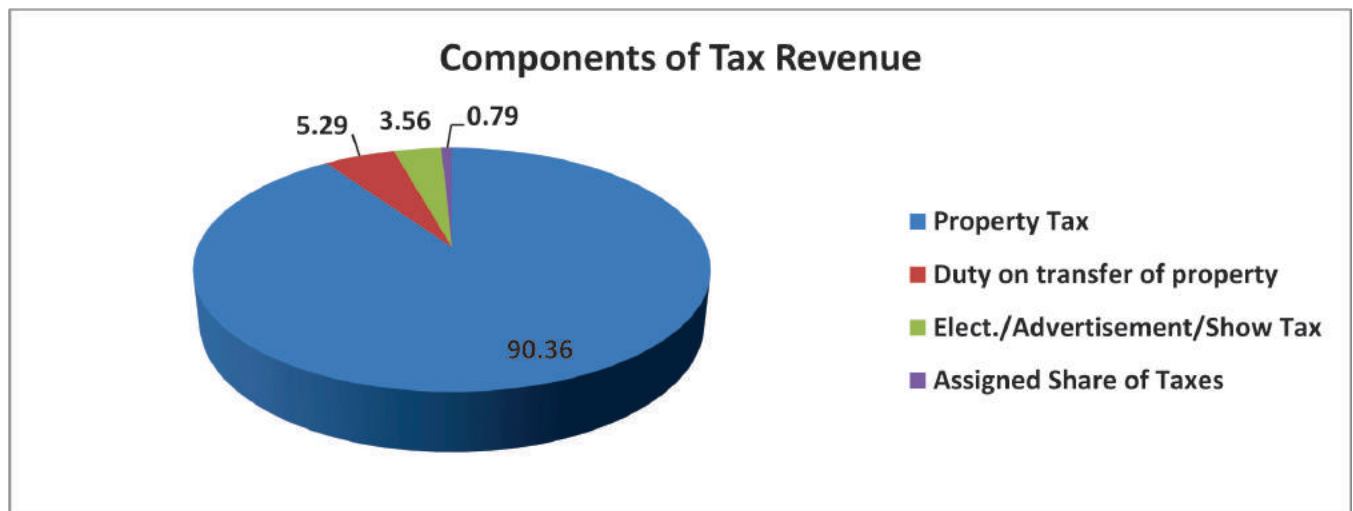
The growth pattern of components of tax revenue over the last five years is as detailed below:

**Table 1.4 Components of tax revenue (₹ in Crore)**

| Components   | 2021-22           | 2020-21           | 2019-20           | 2018-19           | 2017-18           |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Property Tax   | 896.04<br>(90.35) | 647.99<br>(89.39) | 523.86<br>(71.59) | 603.53<br>(84.86) | 641.54<br>(81.75) |
| Duty on transfer of property   | 52.53<br>(5.29)   | 42.78<br>(5.91)   | 163.34<br>(22.32) | 34.53<br>(4.86)   | 69.45<br>(8.85)   |
| Elect./Advertisement/show tax  | 35.33<br>(3.57)   | 30.80<br>(4.24)   | 42.30<br>(5.78)   | 43.72<br>(6.15)   | 38.11<br>(4.86)   |
| Assigned share of taxes (devolution of fund in terms of Delhi Fin. Commission) | 7.80<br>(0.79)    | 3.29<br>(0.46)    | 2.28<br>(0.31)    | 29.39<br>(4.13)   | 35.61<br>(4.54)   |
| <b>Total</b>   | <b>991.70</b>     | <b>724.86</b>     | <b>731.78</b>     | <b>711.17</b>     | <b>784.71</b>     |

**Note:** Figures given in brackets indicate *per centages* with respect to total receipts  
The share of different component of tax revenue is graphically depicted below :-

**Graph 1.2 Components of Tax Revenue (per cent) for 2020-21**



Property tax continued to be the major contributor to the tax revenue. Share of Property Tax increased by 0.96 *per cent* as compared to the previous year.

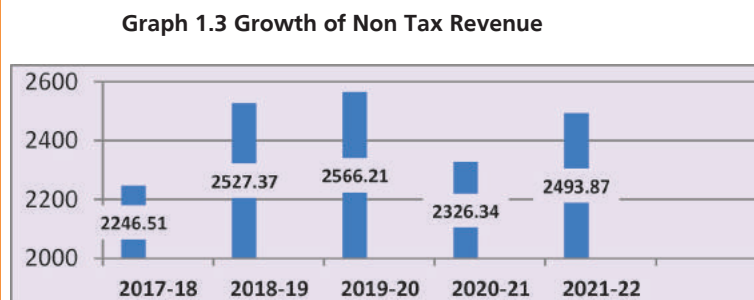


### 1.5.1.4 Non-tax revenue receipts

#### Growth of non-tax revenue

Year-wise trend (growth) of non-tax revenue is shown below:-

| Year    | Actual non-tax revenue | Per centage increase(+)/ decrease (-) over the previous year |
|---------|------------------------|--|
| 2021-22 | 2493.87                | 7.12   |
| 2020-21 | 2326.46                | (-) 9.34   |
| 2019-20 | 2566.21                | 1.54   |
| 2018-19 | 2527.37                | 12.50  |
| 2017-18 | 2246.41                | (-)0.49  |



- In absolute terms, non-tax revenue increased from ₹ 2326.46 Crore in 2020-21 to ₹ 2493.87 Crore in 2021-22, registering a increase of 7.12 per cent as compared to the previous year.

### 1.5.1.5 Composition of non-tax revenue

Growth pattern of various components of non-tax revenue over the last five years was as detailed below:

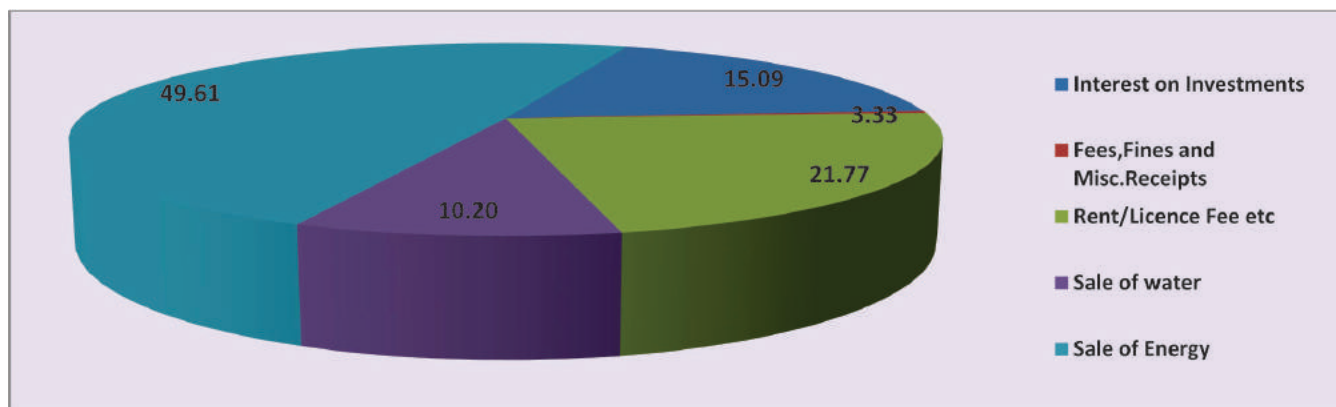
Table 1.6 Components of non-tax revenue (₹ in Crore)

| Components   | 2021-22                        | 2020-21                        | 2019-20                        | 2018-19                        | 2017-18                        |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Sale of energy   | 1237.28<br>(49.61)             | 1144.41<br>(49.19)             | 1363.36<br>(53.13)             | 1301.55<br>(51.50)             | 1195.19<br>(53.20)             |
| Sale of water + Sewerage                                 | 254.31<br>(10.20)              | 227.72<br>(9.79)               | 191.88<br>(7.47)               | 229.40<br>(9.08)               | 191.68<br>(8.53)               |
| Rent/licence fee and receipts from commercial activities | 542.82<br>(21.77)              | 523.05<br>(22.49)              | 467.75<br>(18.23)              | 485.40<br>(19.20)              | 403.48<br>(17.96)              |
| Fees, fines and misc. receipts                           | 83.15<br>(3.33)                | 9.23<br>(0.39)                 | 75.8<br>(2.96)                 | 68.26<br>(2.70)                | 60.33<br>(2.69)                |
| Interest on investment                                   | 376.31<br>(15.09)              | 422.05<br>(18.14)              | 467.42<br>(18.21)              | 442.76<br>(17.52)              | 395.73<br>(17.62)              |
| <b>Total</b>   | <b>2493.87</b><br><b>(100)</b> | <b>2326.46</b><br><b>(100)</b> | <b>2566.21</b><br><b>(100)</b> | <b>2527.37</b><br><b>(100)</b> | <b>2246.41</b><br><b>(100)</b> |

**Note: Figures given in brackets indicate per centage with respect to total receipts**

Non-tax revenue of the Council consists of sale of energy/water, rent/licence fee, interest on investments and other miscellaneous receipts.

**Graph 1.4 Components of Non-Tax Revenue (per cent)**



Major sources of non-tax revenue were receipts on account of sale of energy (49.61 per cent), interest on investment (15.09 per cent) and rent/licence fee and receipts from other commercial activities (21.77 per cent).

### 1.5.1.6 Grants-in-aid receipts

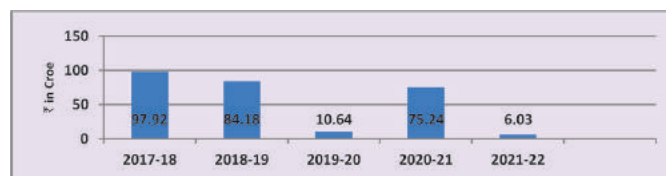
#### Assistance from Government of NCT of Delhi

The Council receives assistance from the Government of NCT of Delhi in the form of grants-in-aid (Education – salary of staff, mid day meal and health scheme etc). Trend of assistance received during the last five years was as under:

**Table 1.7 Grants-in-aid (₹ in Crore)**

| Year    | Grants-in-aid | Per centage of total receipts |
|---------|---------------|-------------------------------|
| 2021-22 | 6.03          | 0.17                          |
| 2020-21 | 75.12         | 2.40                          |
| 2019-20 | 10.64         | 0.31                          |
| 2018-19 | 84.18         | 2.12                          |
| 2017-18 | 97.92         | 2.70                          |

**Graph No. 1.5 Grant in Aid**



### 1.5.1.7 Arrears of revenue receipts

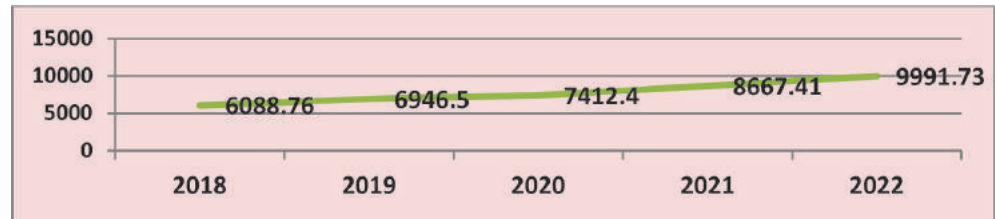
Arrears of total receivables were shown as ₹ 9991.73 Crore as of March-2022 in the accounts, however, the year-wise breakup of the arrears was not indicated. This was pointed out in earlier Audit Reports also but corrective steps were yet to be taken by the Department. For better monitoring of recovery of arrears, year-wise details of arrears are required to be maintained so that effective steps could be taken for their recovery.

The Details of Arrears of Revenue Receipts is as under :

**Table 1.8 (₹ in Crore)**

| March Ended | Amount  |
|-------------|---------|
| 2022        | 9991.73 |
| 2021        | 8667.41 |
| 2020        | 7412.40 |
| 2019        | 6946.50 |
| 2018        | 6088.76 |

**Graph No. 1.6**



- The huge increase in arrears of revenue receipt during 2017-18 to 2021-22 was due to booking of revenue based on property tax bye-laws 2009. Though these were struck down by Hon'ble High Court (10 August 2017) and subsequently by Hon'ble Supreme Court (22 January 2019) but NDMC continued to depict it as receivable and had not recalculated the same which resulted in huge uncollectible revenue receivables as arrears.

## 1.6 Expenditure

### Trend of expenditure

The total expenditure denotes all expenditure, both revenue and capital, and disbursement of loans to NDMC employees. The Council spent a total of ₹ 3596.26 Crore in 2021-22. The trend of expenditure during 2017-18 to 2021-22 is as shown below:

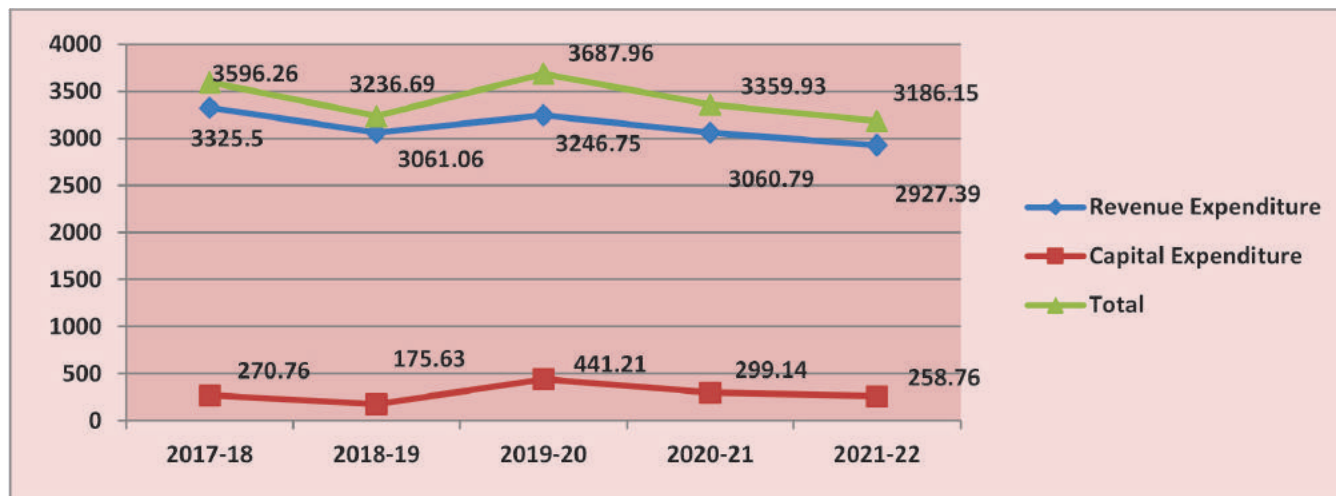
**Table 1.9 Trend of expenditure (₹ in Crore)**

| Year    | Revenue expenditure | Capital expenditure | Total   |
|---------|---------------------|---------------------|---------|
| 2021-22 | 3325.50             | 270.76              | 3596.26 |
| 2020-21 | 3061.06             | 175.63              | 3236.69 |
| 2019-20 | 3246.75             | 441.21              | 3687.96 |
| 2018-19 | 3060.79             | 299.14              | 3359.93 |
| 2017-18 | 2927.39             | 258.76              | 3186.15 |

The graphical depiction of trend of Expenditure is shown below:-

**Graph 1.7 : Trend of Expenditure**

(₹ in Crore)



- Total expenditure increased from ₹ 3236.69 Crore in 2020-21 to ₹ 3596.26 Crore in 2021-22. Expenditure incurred during 2021-22 increased by 11.11 per cent over the previous year.
- Capital expenditure increased from ₹ 175.63 Crore in 2020-21 to ₹ 270.76 Crore in 2021-22 depicted a rise of 54.16 per cent. Revenue expenditure increased from ₹ 3061.06 Crore in 2020-21 to ₹ 3325.50 Crore in 2021-22 showing a rise of 8.64 per cent.

## 1.7 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 is as under:

**Table 1.10 Grants-in-aid by the Council (₹ in Lakh)**

| Sr. No. | Name of Institution                                  | 2021-22        | 2020-21        | 2019-20        | 2018-19        | 2017-18        |
|---------|--|----------------|----------------|----------------|----------------|----------------|
| 1       | Navyug School Society                                | 5547.75        | 5916.75        | 5274.73        | 5098.93        | 4840.83        |
| 2       | R.M. Arya Girls Primary School, No 2                 | 50.78          | 307.80         | 53.00          | 40.00          | 26.50          |
| 3       | Nirmal Primary School, Kota House                    | 163.77         | 125.45         | 121.72         | 113.77         | 106.30         |
| 4       | R.M. Girls Primary School, No. 1                     | 7.58           | 787.10         | 104.07         | 95.54          | 96.74          |
| 5       | Subsidy for Rain water Harvesting                    | 129.10         | 123.96         | 161.24         | 0.00           | 142.14         |
| 6       | Social and Cultural Organization/NGOs                | 0.00           | 0.00           | 0.00           | 10.50          | 11.36          |
| 7       | Samaj Kalyan Samiti                                  | 119.09         | 131.56         | 136.80         | 136.93         | 164.64         |
| 8       | Subsidies for electric water charges for dhobi ghats | 0.00           | 0.00           | 0.00           | 0.00           | 10.00          |
| 9       | Animal Birth Control Society                         | 20.00          | 10.00          | 10.00          | 18.05          | 16.96          |
| 10      | Nutrition – Mid day Meals                            | 4.84           | 180.00         | 171.48         | 300.51         | 75.38          |
| 11      | Rebate on Energy Charges                             | 6.17           | 0.00           | 0.00           | 0.00           | 1.76           |
|         | <b>Total</b>   | <b>6049.08</b> | <b>7582.62</b> | <b>6033.04</b> | <b>5814.23</b> | <b>5492.61</b> |

- The grants-in-aid provided by the Council decreased from ₹ 7582.62 Lakh in 2020-21 to ₹ 6049.08 lakh in 2021-22, depicted a decrease of 20.22 per cent.

## 1.8 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 2021-22 was as under:

**Table 1.11 Surplus & Reserve Funds (₹ in Crore)**

| Sl. No.                                    | Description                    | Opening Balance | Additions during the year | Expenditure during the year | Closing Balance |
|--|--------------------------------|-----------------|---------------------------|-----------------------------|-----------------|
| <b>1. Electricity Fund</b>                 |                                |                 |                           |                             |                 |
|  | (i) Regulatory Reserve Fund    | 5.00            | 0.26                      | --                          | 5.26            |
|  | (ii) Depreciation Reserve Fund | 307.22          | 15.77                     | 0.45                        | 322.54          |
|  | <b>Total Electricity Fund</b>  | <b>312.22</b>   | <b>16.03</b>              | <b>0.45</b>                 | <b>327.80</b>   |
| <b>2. Water Supply &amp; Sewerage Fund</b> |                                |                 |                           |                             |                 |
|  | (i)DRF                         | 293.67          | 14.91                     | 3.49                        | 305.09          |
| <b>3. Estate Fund</b>                      |                                |                 |                           |                             |                 |
|  | (i) Comm. Building Fund        | 361.79          | 18.49                     | 2.03                        | 378.25          |
|  | (ii) Trans. Market Fund        | 137.24          | 7.05                      | 0.15                        | 144.14          |
|  | (iii) DRF                      | 378.90          | 19.44                     | 0.64                        | 397.70          |
|  | (iv) Public Art Fund           | 5.00            | 0.26                      | --                          | 5.26            |
|  | <b>Total Estate Fund</b>       | <b>882.93</b>   | <b>45.24</b>              | <b>2.82</b>                 | <b>925.35</b>   |
| <b>4. Employee Fund</b>                    |                                |                 |                           |                             |                 |
|  | (i) Pension Fund (Sch. B-2)    | 860.28          | 2792.44                   | 460.73                      | 3191.99         |
|  | (ii) Staff Welfare Fund        | 9.83            | 0.07                      | 8.31                        | 1.59            |
|  | <b>Total Employee Fund</b>     | <b>870.11</b>   | <b>2792.51</b>            | <b>469.04</b>               | <b>3193.58</b>  |
| <b>5. General Fund</b>                     |                                |                 |                           |                             |                 |
|  | (i) Cash in Hand               | 265.05          | 357.98                    | --                          | 623.03          |
|  | (ii) Investment General Fund   | 6496.51         | 381.20                    | --                          | 6877.01         |
|  | <b>Total General Fund</b>      | <b>6761.56</b>  | <b>739.18</b>             | <b>--</b>                   | <b>7500.04</b>  |
|  | <b>NDMC Fund (1+2+3+4+5)</b>   | <b>9120.49</b>  | <b>3607.87</b>            | <b>475.80</b>               | <b>12252.56</b> |

## 1.9 Analysis of budgetary projections

The budget presents three sets of figures (a) actual 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.

### 1.9.1 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 1.12 Actual collection of revenue vis-à-vis revised estimates (₹ in Crore)**

| Year    | Revised estimates | Actual revenue receipts | Increase/decrease over RE | Per centage increase over RE |
|---------|-------------------|-------------------------|---------------------------|------------------------------|
| 2021-22 | 3336.45           | 3491.60                 | 155.15                    | 4.44                         |
| 2020-21 | 3143.25           | 3126.44                 | (-) 16.81                 | (-) 0.53                     |
| 2019-20 | 3606.88           | 3308.63                 | -298.25                   | -8.27                        |
| 2018-19 | 3390.53           | 3322.72                 | -67.81                    | -2.00                        |
| 2017-18 | 3183.52           | 3128.72                 | - 54.80                   | - 1.72                       |

*There was shortfall in actual receipts by ₹ 99.21 Crore over the revised estimated.*

**1.9.2 In respect of the following 5 functions, the shortfall in receipts as compared to revised estimates ranged from ₹ 267.13 lakh to ₹ 805.33 lakh during 2021-22; the actual revenue receipts during 2021-22 was less than the revised estimates by as shown in table below:**

**Table 1.13 Shortfall in Receipts (₹ in Thousand)**

| S. No. | Fun. Code | Function Description | RE (2021-22) | Actual Receipts (2021-22) | Shortfall |
|--------|-----------|----------------------|--------------|---------------------------|-----------|
| 1      | 5         | Estate               | 6281100      | 5475763                   | 805337    |
| 2      | 81        | Electricity          | 12499797     | 12372821                  | 126976    |
| 3      | 99        | Other Taxes          | 541050       | 431309                    | 109741    |
| 4      | 7         | Store & Purchase     | 61200        | 15358                     | 45842     |
| 5      | 82        | Education            | 27305        | 592                       | 26713     |

**Major shortfall in receipts with respect to revised estimate was in 5 functions (Estate, Electricity, Other Taxes, Store & Purchase & Education).**

**1.9.3 Receipts with reference to revised estimates were higher in the following cases ranging from 17.06 per cent to 43 per cent.**

**Table 1.14 Excess collections of receipts (₹ in Thousand)**

| S. No. | Fun. Code | Function Description       | RE (2021-22) | Actual Receipts (2021-22) | Increase w.r.t. to Revised Estimate | Per centage increase w.r.t. RE |
|--------|-----------|----------------------------|--------------|---------------------------|-------------------------------------|--------------------------------|
| 1      | 12        | Building Regulation        | 10010        | 14318                     | 4308                                | 43.0                           |
| 2      | 58        | Municipal Market           | 59970        | 85103                     | 25133                               | 41.9                           |
| 3      | 55        | Community/Marriage Centres | 10010        | 13059                     | 3049                                | 30.5                           |
| 4      | 91        | Property Taxes             | 7500040      | 9485791                   | 1985751                             | 26.5                           |
| 5      | 42        | Public Convenience         | 16350        | 20018                     | 3668                                | 22.4                           |
| 6      | 11        | City & Town Planning       | 383851       | 462631                    | 78780                               | 20.5                           |
| 7      | 14        | Encroachment Removal       | 13129        | 15703                     | 2574                                | 19.6                           |
| 8      | 21        | Roads & Pavements          | 76380        | 89861                     | 13481                               | 17.6                           |

### 1.9.4 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 1.15: Actual collection of tax revenue vis-à-vis revised estimates (₹ in Crore)**

| Year    | Revised estimates | Actual tax revenue | Increase(+)/ decrease (-) over RE | Per centage increase(+)/ decrease (-) over RE |
|---------|-------------------|--------------------|-----------------------------------|---|
| 2021-22 | 804.10            | 991.70             | 187.60                            | 18.92   |
| 2020-21 | 759.30            | 724.86             | (-) 34.44                         | - 4.53  |
| 2019-20 | 779.77            | 731.78             | (-) 47.99                         | - 6.15  |
| 2018-19 | 759.18            | 711.17             | (-) 48.01                         | - 6.32  |
| 2017-18 | 614.35            | 784.29             | 169.94                            | 27.66   |

**There was an increase of 14.88 per cent during 2021-22 in the actual collection of tax revenue with reference to the revised estimates.**

### 1.9.5 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 1.16 : Actual collection of non-tax revenue vis-à-vis revised estimates (₹ in Crore)**

| Year    | Revised estimates | Actual non-tax revenue | Increase(+)/ decrease(-) over RE | Per centage increase (+) / decrease(-) over RE |
|---------|-------------------|------------------------|----------------------------------|--|
| 2021-22 | 2532.35           | 2493.87                | (-) 38.48                        | (-) 1.52                                       |
| 2020-21 | 2333.35           | 2326.46                | (-) 6.89                         | (-) 0.30                                       |
| 2019-20 | 2719.71           | 2566.21                | (-) 153.50                       | (-) 5.64                                       |
| 2018-19 | 2518.69           | 2527.37                | 8.68                             | 0.34   |
| 2017-18 | 2431.03           | 2246.51                | (-) 184.52                       | (-) 7.59                                       |

**The actual non-tax revenue collections during 2021-22 were 1.28 per cent less than the revised estimates.**

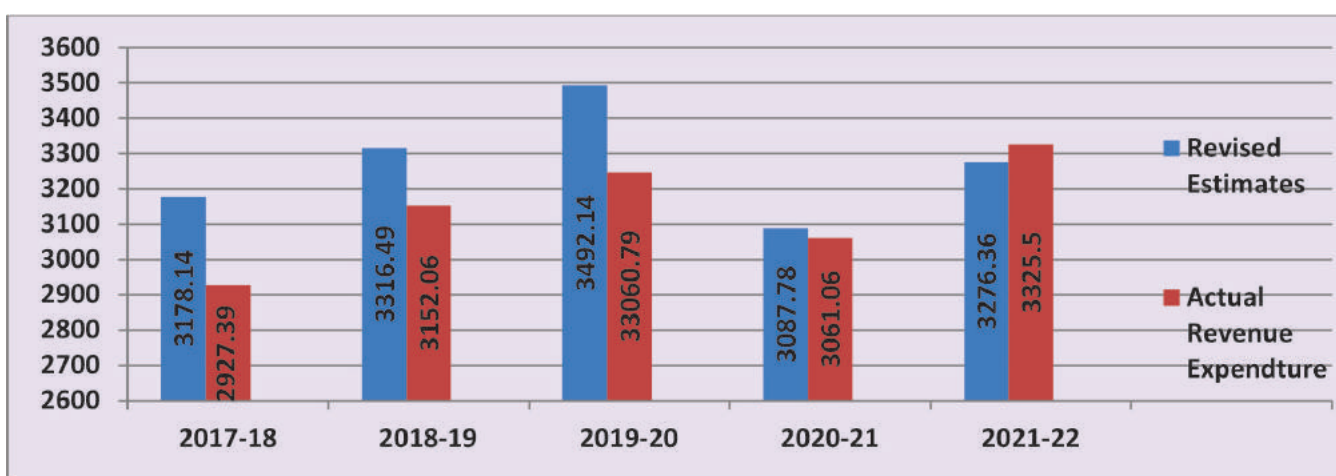
### 1.9.6 Actual revenue expenditure vis-à-vis revised estimate

The actual expenditure vis-à-vis revised estimates during 2017-18 to 2021-22 was as under:

**Table 1.17 Actual expenditure vis-à-vis revised estimate (revenue) (₹ in Crore)**

| Year    | Revised Estimates | Actual Revenue Expenditure | Excess(+)/ Saving(-) | Per centage |
|---------|-------------------|----------------------------|----------------------|-------------|
| 2021-22 | 3276.36           | 3325.50                    | (-) 49.14            | (-) 1.50    |
| 2020-21 | 3087.82           | 3061.06                    | (-) 26.76            | (-) 0.86    |
| 2019-20 | 3492.14           | 3246.75                    | (-)245.39            | (-)7.03     |
| 2018-19 | 3316.49           | 3060.79                    | (-)255.70            | (-)7.70     |
| 2017-18 | 3178.14           | 2927.39                    | (-) 250.75           | (-) 7.89    |

**Graph 1.8 : Actual Revenue Expenditure viz-a-viz revised estimate (₹ in Crore)**



- The actual revenue expenditure for the year 2021-22 was ₹ 3325.50 Crore against revised estimate of ₹ 3276.36 Crore.

### 1.9.7 Savings in comparison to revised estimates

Maximum under-utilization of Revised Estimates (RE) was observed in the following 13 functions during 2020-21 as shown below:

**Table 1.18: Less expenditure incurred against revised estimates (₹ in Thousand)**

| S. No | code No. | Function Description | Revised Estimates (21-22) |         |          | Actual Expenditure (21-22) |         |          | Under Utilization of RE |
|-------|----------|----------------------|---------------------------|---------|----------|----------------------------|---------|----------|-------------------------|
|       |          |                      | Revenue                   | Capital | Total    | Revenue                    | Capital | Total    |                         |
| 1     | 11       | City & Town Planning | 58543                     | 1441614 | 1500157  | 56722                      | 596459  | 653181   | 846976                  |
| 2     | 81       | Electricity          | 11465113                  | 589459  | 12054572 | 11388375                   | 306049  | 11694424 | 360148                  |
| 3     | 21       | Roads & Pavement     | 1030514                   | 238843  | 1269357  | 925758                     | 81352   | 1007110  | 262247                  |
| 4     | 82       | Education            | 1919723                   | 155877  | 2075600  | 1751946                    | 96620   | 1848566  | 227034                  |



| S. No | code No. | Function Description               | Revised Estimates (21-22) |         |         | Actual Expenditure (21-22) |         |         | Under Utilization of RE |
|-------|----------|------------------------------------|---------------------------|---------|---------|----------------------------|---------|---------|-------------------------|
|       |          |                                    | Revenue                   | Capital | Total   | Revenue                    | Capital | Total   |                         |
| 5     | 61       | Parks & Gardens                    | 1087465                   | 93047   | 1180512 | 986099                     | 31677   | 1017776 | 162736                  |
| 6     | 52       | Sewerage                           | 957541                    | 107460  | 1065001 | 883034                     | 51435   | 934469  | 130532                  |
| 7     | 58       | Municipal Markets                  | 192494                    | 34109   | 226603  | 97064                      | 22248   | 119312  | 107291                  |
| 8     | 35       | Hospital Service                   | 758309                    | 72875   | 831184  | 726903                     | 7757    | 734660  | 96524                   |
| 9     | 41       | Solid Waste Management             | 1620568                   | 12500   | 1633068 | 1565534                    | 3385    | 1568919 | 64149                   |
| 10    | 53       | Fire Service & Disaster Management | 268826                    | 25300   | 294126  | 246493                     | 8358    | 254851  | 39275                   |

**Under-utilization with reference to RE ranging from ₹ 3.92 Crore to ₹ 84.69 Crore, which shows that budget estimate was not prepared properly.**

### 1.9.8 Excess Expenditure in comparison with revised estimates

There was excess expenditure with reference to Revised Estimates during the year 2021-22 as shown below:

**Table 1.19: Excess expenditure with reference to Revised Estimates during the year 2021-22**

| S. No | code No. | Function Description | Revised Estimates (21-22) |         |          | Actual Expenditure (21-22) |         |          | Excess Utilization of R.E. | % of under Utilization w.e.t. R.E |
|-------|----------|----------------------|---------------------------|---------|----------|----------------------------|---------|----------|----------------------------|-----------------------------------|
|       |          |                      | Revenue                   | Capital | Total    | Revenue                    | Capital | Total    |                            |                                   |
| 1     | 3        | Finance & Accounts   | 179071                    | 0       | 179071   | 1040963                    | 5       | 1040968  | 861897                     | 82.80                             |
| 3     | 7        | Store & Purchase     | 118414                    | 150     | 118564   | 111972                     | 290557  | 402529   | 283965                     | 70.55                             |
| 2     | 6        | Estate               | 198050                    | 627930  | 825980   | 696155                     | 403691  | 1099846  | 273866                     | 24.90                             |
| 5     | 51       | Water Supply         | 1533840                   | 86562   | 1620402  | 1653414                    | 51570   | 1704984  | 84582                      | 4.96                              |
| 4     | 2        | Administration       | 9697575                   | 390776  | 10088351 | 9533130                    | 686725  | 10218955 | 131504                     | 1.29                              |

### 1.10 Rush of Expenditure

As per Rule 62(3) of General Financial Rules 2017, 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 of rush of expenditure are given below:

**Table 1.20 Rush of expenditure in month of March-2021 (₹ in thousands)**

| S. No. | Function Code | Function Description     | Total expenditure | Expenditure in March | per centage expenditure in March |
|--------|---------------|--------------------------|-------------------|----------------------|----------------------------------|
| 1      | 22            | Bridges and Fly overs    | 659               | 659                  | 100                              |
| 2      | 91            | Property Taxes           | 8485373           | 8292997              | 98                               |
| 3      | 6             | Estate                   | 1243094           | 1125440              | 91                               |
| 4      | 3             | Finance Accounts & Audit | 1042346           | 869186               | 83                               |
| 5      | 51            | Water Supply             | 1920443           | 718259               | 37                               |
| 6      | 2             | Administration           | 9700488           | 3504068              | 36                               |
| 7      | 25            | Storm water Drains       | 14821             | 5154                 | 35                               |
| 8      | 1             | Mpl Body                 | 22261             | 6093                 | 27                               |
| 9      | 42            | Public Convenience       | 64812             | 14838                | 23                               |
| 10     | 56            | Amusement                | 80239             | 18244                | 23                               |
| 11     | 54            | Arts and Culture         | 10801             | 2301                 | 21                               |

Similarly large sum was spent in the last quarter as per details given below:

**Table 1.21: Rush of expenditure in the last quarter (Jan.-2021 to Mar.-2021) (₹ in thousands)**

| S. No. | Function No. | Function Description       | Total expenditure | Expenditure during last quarter | per centage of total expenditure incurred during last quarter |
|--------|--------------|----------------------------|-------------------|---------------------------------|---|
| 1      | 22           | Bridges and Fly overs      | 659               | 659                             | 100   |
| 2      | 91           | Property Taxes             | 8485373           | 8300070                         | 98  |
| 3      | 6            | Estate                     | 1243094           | 1155205                         | 93  |
| 4      | 3            | Finance Accounts & Audit   | 1042346           | 898362                          | 86  |
| 5      | 25           | Storm water Drains         | 14821             | 12099                           | 82  |
| 6      | 73           | Welfare of Aged            | 8839              | 6081                            | 69  |
| 7      | 51           | Water Supply               | 1920443           | 1035532                         | 54  |
| 8      | 54           | Arts and Culture           | 10801             | 5814                            | 54  |
| 9      | 55           | Community/Marriage Centers | 34341             | 17521                           | 51  |
| 10     | 2            | Administration             | 9700488           | 4653009                         | 48  |
| 11     | 56           | Amusement                  | 80239             | 36606                           | 46  |
| 12     | 1            | Municipal Body             | 22261             | 9082                            | 41  |

The utilization of budget provisions ranged from 21 per cent to 100 per cent in the month of March-2022 for eleven functions (**Table No.1.20**) whereas in the last quarter of financial year 2021-22 for twelve functions (**Table No.1.21**) it ranged from 41 per cent to 100 per cent which does not portray sound Financial Management practice relating to expenditure in NDMC for the year 2021-22.

## CHAPTER-2

## Audit Report (Finance & Accounts Department) Audit comments on the Annual Accounts of the Council Executive Summary/Highlights

### Liability

- Liability of ₹ 954.04 Crore on account of Provident Fund (PF) and Investments made there against was not incorporated in the Accounts of NDMC. Further PF Trust was also not formed. **(Para 2.8.1.1)**
- Department provided short provision of ₹ 35.64 Crore towards Pension liability. **[2.8.1.2]**

### Fixed Assets

- An amount of ₹ 2706.94 Crore as on 31 March 2022 existing under Capital-Work-in-Progress (CWIP) was not being converted into Fixed Assets since 2004-05. As a result CWIP presented distorted figure of Fixed Assets and no depreciation was charged on these Fixed Assets. **[2.8.2.1]**

### Current Assets

- Department did not provide the details of Bank Reconciliation Statement to Audit, therefore, potential risk areas like wrong debit by bank, unauthorized payments, cheque deposited but credit not given by bank and status of stale cheques etc could not be examined. **[2.8.2.4]**
- Payment of ₹ 163.69 Crore under 'Sabka Vishwas Scheme 2019' was not refundable/recoverable but shown as 'Advace to Government Department' against the Accounting Policy No.2. **[2.8.2.5]**

### Income

- Due to uncertainty of recovery an income of ₹ 147.55 Crore was booked as income on account of License Fee against the Accounting Policy No.2 **[2.9.1.1]**
- Booking of income of ₹ 1527.28 Crore on account of Property Tax during 2021-22 based on bye-laws of 2009 was not in accordance to Supreme Court decision resulting in overstatement of 'Receivables' and Income. **[2.9.1.3]**

## Expenditure

- Rebate of ₹ 38.74 Crore allowed for making timely payment of Property Tax was not accounted for resulting in understatement of Expenditure and overstatement of 'Surplus' and 'Receivables'. **[2.9.2.1]**
- Depreciation over charged amounting to ₹ 2.54 Crore due to wrong application of depreciation rates. **[2.9.2.2]**

## Others

- Expenditure amounting to ₹ 151.30 (₹ 74.47 + ₹ 76.83) Crore was booked on cash basis instead of accrual basis. **[2.9.3.1]**

## ANNUAL ACCOUNTS OF NDMC

### 2. Audit Comments on the Annual Accounts of the Council

#### AUDIT REPORT OF THE CHIEF AUDITOR UNDER SECTION 59 OF THE NEW DELHI MUNICIPAL COUNCIL ACT, 1994 ON THE ACCOUNTS OF THE NEW DELHI MUNICIPAL COUNCIL (NDMC) FOR THE YEAR ENDING 31 MARCH 2022.

- 2.1** We have audited the Balance Sheet as on 31 March 2022 and Income & Expenditure Statement, Receipt and Payment Account and Cash Flow Statement for the year 2021-22 of New Delhi Municipal Council (NDMC) under Section 59 of the NDMC Act 1994. The administration is responsible for the preparation and fair presentation of these Financial Statements in accordance with the generally accepted accounting principles in India for Local Bodies which *inter alia* comprise of National Municipal Accounting Manual (NMAM) and Accounting Standards for Local Bodies. This includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error.
- 2.2** Audit has been conducted in accordance with the generally accepted auditing principles in India for public entities. These principles require that Audit is planned and performed to obtain reasonable assurance about whether the Financial Statements are free from material misstatements. An Audit includes examination, on a test basis, of evidence supporting the amounts and disclosures in the Financial Statements and assessing the accounting principles used and significant estimates made by the administration, as well as evaluating the overall presentation of Financial Statements. We believe that our audit provides a reasonable basis for our findings.
- 2.3** Based on our audit, subject to the disclaimer, we report that:
- (i) The Balance Sheet as on 31 March 2022 and the Income & Expenditure Statement for the period 2021-22 dealt with by this Report have been drawn up in the approved format as per NMAM.
  - (ii) The books of accounts and relevant records have been maintained by NDMC except Bank Reconciliation Statements (BRS), as required under NMAM in so far as it appears from our test check of such books.
  - (iii) We have obtained the information and explanations, which to the best of our knowledge and belief were required for the purpose of our audit.
  - (iv) Control risk (the probability that a material misstatement may not either be prevented from entering entity's financial information or may not be detected and corrected by the internal control system of the entity), remains a matter of concern in NDMC to that extent.

**Disclaimers:** Detection risk is the possibility that an Audit may not detect material misstatement in the Financial Statements; this remains high as human resources available to Audit are inadequate to fulfill the Audit mandate. Responsibility of preventing fraud lies with the administration of NDMC which has certified that there was no loss to NDMC due to fraud, embezzlement and theft during the year 2021-22.

## 2.4 Management's responsibility for the Financial Statement

The authorities of Council are responsible for preparation of these Financial statements that gives a true and fair view of the financial position, financial performance in accordance with Generally Accepted Accounting Principles (GAAP) in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Council and for preventing and detecting frauds and other irregularities; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and competence of the accounting records, relevant to the preparation and presentation of Financial Statements that gives a true and fair view and are free from material misstatement, whether due to fraud or error.

## 2.5 Auditors Responsibility

Auditor responsibility is to express an opinion on these Financial Statements prepared under accrual based accounting system based on National Municipal Accounting Manual (NMAM).

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Financial Statements prepared under accrual based accounting system of Council. The procedures selected depends on the Auditor's judgement, including the assessment of risks of material misstatements of the Financial Statements whether due to fraud or error. In making, those risk assessment, the auditor considered the internal control relevant to the Council's preparation and fair presentation of the Financial Statement in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and evaluating the overall presentation of the Financial Statement.

## 2.6 Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Financial Statements provide information as required by NMAM in accordance with GAAP in India:

- (a) In case of Balance Sheet of the state of affairs of the Council as on 31 March 2022;
- (b) In case of statement of Income & Expenditures, of the surplus of the Council for the year ended as on that date;
- (c) In the case of Cash Flow Statement, of the cash flow of the Council for the year ended on that date.

## 2.7 Report on Other Legal and Regulatory Requirement.

As required by Chapter-32 of NMAM, issued by the Government of India, Ministry of Urban Development November 2004, we report that:

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

- (b) In our opinion, the council has kept proper books of account as required by law as far as it appears from our examination of those books. All books of accounts are computerized. The council has maintained the books of account under the programme called "ABAS'.
- (c) The Balance Sheet and Statement of Income & Expenditure dealt with by this Report are in agreement with the books of account.
- (d) In case of Fixed Assets of the Council balances stated in the balance sheet are subject to physical verification, revaluation and impairment if any. In absences of information, we are not able to quantify the financial effects if any.
- (e) In case of bank balance, audit is unable to comment as complete information under Bank Reconciliation Statement was not provided to audit. In case of bank reconciliation, the balance lying in the reconciliation statements pertain to more than one year. All the bank accounts balance are as per books of account subject to reconciliation.
- (f) In our opinion and to the best of our information and according to the explanations given to us the Council has some pending litigations, which would impact its financial position.

## 2.8 BALANCE SHEET

### 2.8.1 LIABILITIES

#### 2.8.1.1 Non providing of liability of ₹ 954.04 Crore towards Provident Fund

Note 6(i) of Schedule-23 of Financial Statements of NDMC states that "the liabilities under the Provident Fund account of the Employee are not to be incorporated in the accounts of NDMC". However, Para-3.14(b) of NMAM specifies that interalia Provident Fund (PF) deduction from the salary shall be recognized as liability in the same period in which the corresponding salary is recognized as expense. Further, as per NMAM, Para 3.14 (C&D) formation of Trusts shall be considered for management of PF and it will be the responsibility of the Urban Local Body to form the trusts and meet the shortfall of the fund if any. PF money shall be invested as per the guidelines applicable to any Employee Provident Fund. Audit observations are as follows:

- (a) In NDMC no such trust has been formed and liability on account of PF of employees has been kept off the balance sheet of NDMC. Further, the PF money was not invested as per guidelines of Employees Provident Fund Organization. It is also noticed that as on 31 March 2022, the total liability on account of PF was ₹ 954.04 Crore.
- (b) If the Board of Trustees are unable to pay interest at the rate declared for Employee's Provident Fund by the Government of India, then, Para 14.30 of NMAM should apply i.e. in situations wherein the interest earned is lower than the stipulated rate payable to the employees, the shortfall in payment of interest shall be made good by the Urban Local Body. During the year 2021-22, interest payable to employees on the PF amounted to ₹ 64.71 Crore, however, interest earned from investment of PF was not calculated on accrual basis. Thus excess amount payable if any (than earned on PF investment) which is chargeable to Income and Expenditure Account was not ascertainable in Audit.

Not having a separate PF trust, and its associated control mechanism/independence, not only leaves the interests of the employees unprotected but is also not in compliance with the extant Act/Rules/regulations.

**Department agreed to enquire the rule position to form the Trust. Further department accepted to route this through NDMC Accounts if otherwise permissible.**

#### **2.8.1.2 Non-Providing of full liability towards Pension payable to employees.**

Para No. 3.14(e) of NMAM stipulates that separate funds may also be formed for meeting the pension and other retirement benefits including Gratuity and Leave encashment etc. It is further stipulated that contribution towards pension and other retirement benefit funds shall be recognized as an expense and a liability.

However, it was observed that instead of creating provisions on actuarial or estimation basis, NDMC was meeting retirement expenses on cash basis under establishment expenses. This issue was raised in the Annual Audit Report for the year 2016-17 to 2020-21 wherein it was highlighted that the actuarial valuation for pension and retirement benefits as on 31 March 2017 amounted to ₹ 3422.63 Crore (including ₹ 195.00 Crore of leave encashment liability) and the Council vide Resolution No.06(D-03) read with subsequent Resolution No.4(D-01) dated 4 April 2018 decided to create a Pension Trust Fund having a corpus of ₹ 3227.63 Crore (excluding leave encashment liability) out of which ₹ 1000 Crore would be transferred each year from NDMC Fund to Pension Trust till the amount reaches the corpus value.

There was an opening balance of ₹ 860.28 Crore under Pension Fund Account. The Establishment Department had transferred an additional amount of ₹ 2792.44 Crore during 2021-22 from General Fund to Pension Fund Account. After making payment from this account to the tune of ₹ 460.73 Crore, an amount of ₹ 3191.99 Crore was appearing as closing balance under the fund account (Account code-3101041) as on 31 March 2022. Thus there was still short provision of ₹ 35.64 Crore.

Further as per para 3.19 (Special Fund) of NMAM, the income on investment made from Special Fund shall be recognized and credited only to the Special Fund. However, Audit noted that interest earned on investment of Pension Fund during 2021-22 of ₹ 90.36 Crore was booked under General Fund instead of under Pension Fund.

**Department stated that sufficient funds have been transferred during 2021-22, however shortfall pointed out by Audit will also be provided during 2022-23.**

#### **2.8.1.3 Incorrect presentation of undisbursed subsidy.**

Government of NCT Delhi provides funds to NDMC on account of "Electricity Subsidy" to be passed on to the consumers in NDMC area.

It was observed in Audit that subsidy was passed on to the consumers while generating the Electricity Charges bill by Commercial Department. Accounting of subsidy was done in ABAS at the time of payment by consumers (i.e. on cash basis rather than on accrual basis). As per ABAS the undisbursed



subsidy was ₹ 27.96 Crore. However, as per Commercial Department subsidy disbursed was in excess to the tune of ₹ 5.50 Crore. Thus there is a gap of ₹ 33.46 Crore (₹ 27.96 + ₹ 5.50 Crore) which resulted in overstatement of undisbursed subsidy by ₹ 33.46 Crore.

**Department accepted to review the issue and will take corrective action in 2022-23.**

#### **2.8.1.4 Non-adjustment of Advance Collection of Revenue**

##### **(a) Non-adjustment of advance receipt of License Fee-(Account code:3504105)**

In respect of "Advance collection of License Fee" it was observed that there was an opening balance of ₹ 126.01 Crore of advance collection of revenue as on 1 April 2021. During the year 2021-22, NDMC collected ₹ 27.49 Crore of revenue in advance on account of License fee from various Licensee, however no adjustment (i.e. to income head) was made during the year 2021-22. This resulted in accumulation of "Advance License Fee" of ₹ 153.50 Crore and understatement of income to that extent.

##### **(b) Non adjustment of License Fee Deposit- (Account Code:3402003)**

License Fee deposit received upto 31 March 2020 of ₹ 47.48 Crore was shown against the Account code 3402003 and the same amount was being carried forward upto 31 March 2022 without making any adjustment (i.e. to income head) of advance collection of revenue of ₹ 47.48 Crore.

Non adjustment of advance receipt of revenue resulted in inflated liabilities and understatement of income of ₹ 47.48 Crore.

##### **(c) Non adjustment of advance receipt of 'Fee and User Charges'- (Account Code:3504107)**

In respect of account of 'Other Fee and User charges' for the year 2021-22, Audit noted that ₹ 10.18 Crore was received in advance upto 2018-19 on account of 'Fee and User charges', however only ₹ 0.21 Crore was adjusted during 2021-22 and remaining ₹ 9.97 Crore still lying unadjusted for the last three years.

Non adjustment of advance receipt of revenue in above cases resulted in inflated liabilities and understatement of income to the extent amount mentioned there against.

**Department accepted the observation and agreed to issue the directions to concerned executive departments to adjust such advance receipts or such transactions in 2022-23.**

#### **2.8.1.5 Non-adjustment of expenditure against various Grants-in-Aid/Funds**

As per commercial prudence principle, the Grants or Funds or Advance received should be regularly monitored, reconciled and settled after utilization.

Audit noted that Grant-in-Aid received during 2010-11 to 2016-17 remain outstanding and unadjusted in the accounts of current year also. The details are shown in **table-2.1** below :-

**Table 2.1 Details of Grant-in-Aid received**

| Sl. No | Particulars                                | Period appearing since | Account Code | Amount (₹ in Crore) |
|--------|--|------------------------|--------------|---------------------|
| 1      | Construction of EWS houses (JNNURM scheme) | 2012-13                | 3202007      | 22.65               |
| 2      | Construction of Roads & Bridges            | 2010-11                | 3202001      | 15.00               |
| 3      | Sports & Youth Services                    | 2011-12                | 3202018      | 68.94               |
| 4      | MLA Fund- Sarojni Nagar                    | 2011-12                | 3208002      | 3.12                |
| 5      | MLA Fund- Gole Market                      | 2016-17                | 3208001      | 1.69                |

Non adjustment of Grants-in Aid/Funds received by NDMC under various schemes may be reviewed and necessary corrective entries may be passed.

**Department accepted the observation and agreed to issue the directions to concerned executive departments to adjust such grants/funds in 2022-23.**

#### **2.8.1.6 Accounting of Departmental Charges against the provisions of NMAM**

NMAM para 3.12 (f) provides that revenue (*per centage* charges) in respect of Deposit works shall be accrued along with expenditure of Deposit work.

On scrutiny of Departmental charges Accounts (1407004) for the year 2021-22, Audit observed that NDMC is accounting departmental charges on receipt of deposits whereas it should be accounted for after incurring the expenditure and raising the bill. During the current year, an amount of ₹ 5.42 Crore was accounted as departmental charges against the provisions of NMAM.

**Department accepted and agreed to take corrective action in 2022-23.**

#### **2.8.1.7 Non provision of liability amounting to b ₹ 3.27 Crore towards NDMC contribution to NPS scheme 2004- (Account Code:2103003)**

In respect of NDMC's contribution to New Pension Scheme 2004 for the month of February and March 2022, provision of liability on accrual basis of ₹ 3.27 Crore was not made in the account of 2021-22.

This resulted in understatement of expenditure under the account head 'Contribution to New Pension scheme 2004' by ₹ 3.27 Crore.

**Department stated that it has been complying with the suggestion of Audit relating to booking of transactions on accrual basis and will act on the above in 2022-23.**

#### **2.8.1.8 Non-Capitalization of Grant- (Schedule B-4)**

Department received ₹ 107.97 Crore grant from Ministry of Power, GOI for the work "Strengthening of Sub-Transmission and Distribution Network under IPDS Scheme". Out of which work for ₹ 71.09 Crore was completed (24 December 2020 as intimated to DERC). The amount of ₹ 71.09 Crore incurred on the capital work should have been capitalized and adjusted from the account head of Grant, however, this was not done. This resulted in overstatement of Grant and overstatement of Capital Work-in-Progress.

**Department stated that accounting of Grants and CWIP is under review at management level and corrective action will be taken in 2022-23.**

### 2.8.1.9 Different Account Head

There are three head of accounts under which receivables/payable under Service Tax is appearing as on 31 March 2022 as detail below :

**Table 2.2**

| S.No. | Account Code | Closing Balance (Amount in Crore) |
|-------|--------------|-----------------------------------|
| 1     | 4311962      | 15.47                             |
| 2     | 3502007      | 7.56                              |
| 3     | 4311967      | (-)36.41                          |

As these accounts relates to same head of Service Tax so these may be reviewed to depict the correct position of receivables/payable as on 31 March 2022.

**Department agreed to review the above accounts and will take corrective action for adjustments in 2022-23.**

## 2.8.2 Assets

### 2.8.2.1 Non-capitalisation of Capital-Work-in-Progress: ₹ 2706.94 Crore- (Schedule B-11b)

As per Significant Accounting Policies 5(I) Fixed Assets stipulates that the assets acquired by way of purchase or construction are valued at their cost of acquisition or cost of construction on completion. Whereas 5(II) relating to Capital Work in Progress (CWIP) stipulates that capital expenditure attributable to a particular asset are kept under CWIP till completion or construction of asset or project. Notes to Accounts (2021-22) 1(I)(vi) states that amount existing under the CWIP has not been capitalized (since 2004-05 onwards) due to non-availability of data related to each asset despite best efforts. The total amount of capital-work-in-progress shown in the account was ₹ 2706.94 Crore as on 31 March 2022. The note to accounts is not in compliance with the accounting policy. In absence of details of capital-work-in-progress, the impact on financial statement due to non-capitalisation and consequent non-charging of depreciation since 2004-05 onwards to 2021-22 could not be ascertained.

**Department stated that accounting of CWIP is under review at management level and corrective action will be taken in 2022-23.**

### 2.8.2.2 Under-capitalisation of Fixed Assets/Stores/Capital-Work-in progress.

As per Manual issued by Ministry of Finance, Govt. of India and Cost Accounting Standard, definition of cost of purchase of goods and services includes purchase price, overheads, packing & forwarding charges, insurance, excise/import duties and other taxes as applicable.

Audit reviewed random bills (14 No.) relating to purchase of Store Items/ Fixed Assets/CWIP valuing ₹ 37.60 Crore which includes ₹ 6.15 Crore of Central/State Goods and Service Tax. Audit noted that department capitalized only ₹ 31.45 Crore excluding ₹ 6.15 Crore of tax amount during the year 2021-22. This resulted in under capitalization of Fixed Assets/Stores/CWIP by ₹ 6.15 Crore.

**This is an illustration only. Total impact of such transactions may be much higher.**

**Department accepted the Audit observation and agreed to issue directions on this issue to all concerned departments for taking corrective action.**

### 2.8.2.3 Incorrect presentation of Receivables and Provision for doubtful Receivables

Para 3.6 (i) of NMAM stipulates that in respect of the demand outstanding beyond two years, provision shall be made on the following terms:

|   |              |
|---|--------------|
| Outstanding for more than two years but not exceeding 3 years   | 25 per cent  |
| Outstanding for more than three years but not exceeding 4 years | 50 per cent  |
| Outstanding for more than four years but not exceeding 5 years  | 75 per cent  |
| Outstanding for more than five years                            | 100 per cent |

However, Schedule B-15(a) in respect of Sundry Debtors Receivables has not been prepared in accordance with the requirement of the NMAM to depict proportionate age wise analysis of Sundry Debtors. As a result, accumulated provision of ₹ 5835.42 Crore for doubtful receivable has been made on a rough estimation. This is disclosed under Note 6 (m) of Schedule B-23 of the account. The same Note is being produced every year in the accounts of NDMC without any remedial action.

**Department accepted and agreed to review the matter next year for corrective action.**

### 2.8.2.4 Cash and Bank Balances

The complete details of Bank Reconciliation Statements (BRS) as on 31 March 2022 were not provided to Audit. In the absence of complete details of BRS following risks cannot be ruled out.

- (i) Unauthorized payments made or withdrawal from the Accounts
- (ii) Wrong debits made by Bank and money withdrawn remaining undetected
- (iii) Money either not deposited or credited by Bank in other's Account
- (iv) Difference between Bank Pass book and Cash book cannot be detected.
- (v) Status of stale cheques remaining detected
- (vi) Unauthorized charges/levies by bank remaining undetected

However, Audit examined BRS (31 March 2022) as provided by Accounts Department. In this regard following further information/details with relevant records were called for but not provided:-

- (i) Unconnected debits given (₹ 66.44 Crore) by bank upto March 2022.
- (ii) Cheques and cash deposited' but credit not given by bank (₹ 29.76 Crore).
- (iii) Adjustments made upto 1 April 2005-₹ 2.32 Crore

- (iv) Excess cash drawn (2009-10)- ₹ 2.17 Crore
- (v) Less cash drawn (2009-10)- ₹ 3.03 Crore
- (vi) Excess cash drawn (2013)- ₹ 4.33 lakh
- (vii) Dishonoured /returned cheques-₹ 4.50 lakh

In the absence of complete/proper reconciliation, availability of details, reasons etc., Audit could not vouch safe the accuracy of figures appearing in BRS. Consequently the risk of wrong debit by bank, wrong credit by banks, transferring of payments by banks to unauthorized persons cannot be ruled out.

**Department accepted the Audit observation and agreed to review the old details/information etc for taking corrective action.**

#### **2.8.2.5 Advance against liabilities towards Govt. Departmen- (Account Code:4605008)**

NDMC was liable to collect and pay Service Tax to Service Tax Department in respect of various services and rent earned from its properties. However NDMC failed to collect the Tax from clients utilizing its services.

NDMC made payment of ₹ 163.69 Crore to Service Tax Department in 2019-2020 and 2020-2021 under SABKA VISHWAS (LEGACY DISPUTE RESOLUTION) SCHEME 2019 of Central Board of Indirect Taxes.

Payment of ₹ 163.69 Crore as Service Tax is expenditure to NDMC being paid without matching recovery from clients in earlier years. The department received only ₹ 2.85 Crore till 31 March 2022 from its clients. Thus the balance amount of ₹ 160.84 Crore (₹ 163.69 Crore - ₹ 2.85 Crore of recovery made) appearing as Advance (Account Code:460508) as on 31 March 2022 should have been booked as expenditure during the current year.

Further, in view of the Accounting Policy no-2- any other income/receipts which is of uncertain nature or for which the amount is not ascertainable or when demand is not raised in regular course of operation of NDMC is recognized on actual receipts basis. As the receipt/recovery of clients is uncertain, so if any receipts comes in future, would be taken as income on actual receipts basis as per accounting policy.

**Department stated that instead of booking expenditure in one go or one time, amount of above Advance will be transferred to 'Receivables 'in 2022-23. Further stated that receipt against the above will be taken to income on actual receipt basis. For remaining amount 'Provision for doubtful debts' against Receivables will be provided as per policy.**

## 2.9 INCOME AND EXPENDITURE

### 2.9.1 INCOME

#### 2.9.1.1 Accounting of income against the Accounting Policy and Accounting Standard

Accounting policy No.(2) of NDMC specify that any other income, which is of uncertain nature is recognized as income on actual receipt. Further, para 9 of Accounting Standard (AS-9) issued by Institute of Chartered of India provides that when the ability to assess the ultimate collection and reasonable certainty is lacking at the time of raising any claim, revenue recognition is postponed to the extent of uncertainty involved. In such cases it may be appropriated to recognize revenue only when it is reasonably certain that ultimate collection will be made.

NDMC raised total demand of ₹ 2405.29 Crore including current year demand of ₹ 151.53 Crore towards License Fee on the following four licensees. The details are shown in **table 2.3** below :-

**Table 2.3 Total arrear demand including current year demand (₹ in crore)**

| S. No        | Name of Assesseees      | Demand for the year 2021-22 | Amount received during 2021-22 | Total Arrears as on 31 March 2022 including interest |
|--------------|-------------------------|-----------------------------|--------------------------------|--|
| 1            | M/s Bharat Hotel        | 98.00                       | 00                             | 1358.17  |
| 2            | Super Bazar             | 6.95                        | 00                             | 119.49   |
| 3            | Common Wealth Committee | 6.88                        | 00                             | 110.51   |
| 4            | M/s.C.J.International   | 39.70                       | 3.98                           | 817.12   |
| <b>Total</b> |                         | <b>151.53</b>               | <b>3.98</b>                    | <b>2405.29</b>                                       |

Audit noted that there was uncertainty regarding realization of huge arrears of ₹ 2405.29 Crore due to dispute with the parties or matter being sub-judice. Thus booking of ₹ 147.55 Crore (₹ 151.53 Crore - ₹ 3.98 Crore) as income has resulted in overstatement of 'Surplus' and 'Receivables' for the year.

**Department agreed to review the matter in consultation with Estate department for taking corrective action.**

#### 2.9.1.2 Accounting in current year instead of routing through Prior Period Income

As per Accounting Standard 5, the error or omission in booking of expenditure or income in previous year should have been booked or routed through 'Prior Period Expenditure/Income' instead of showing current year expenditure or income.

In six cases, Audit noted that the expenditure/income of previous year was booked as current year expenditure/income instead of prior period expenditure/income. The details are shown in **Table 2.4** below:-

Table 2.4

| S. No. | Brief of expenditure  | Amount<br>(₹ in Crore) | Period<br>pertains |
|--------|---|------------------------|--------------------|
| 1      | Property tax in respect of 9 properties <sup>1</sup> (Prior period income)  | 345.92                 | 2010-21            |
| 2      | Departmental charges @ 7 per cent in respect of Works related to Kidwai nagar (E)- M/s NBCC, Lady Hardinge Hospital, Delhi police, AIIMS, Safdarjung Hospital and PWD (Prior period income) | 0.20                   | 2020-21            |
| 3      | License Fee from markets transferred from L&DO (Prior period income)  | 0.37                   | 2020-21            |
| 4      | License Fee (Parking) (Prior period income)   | 4.00                   | 2019-21            |
| 5      | Leave Salary Contribution of officers (Prior period expenditure)  | 0.28                   | 2020-21            |
| 6      | Energy Power Purchase Bills of Central Transmission Utility booked under head Bulk Power Purchase Expenses (Prior period expenditure)   | 1.87                   | 2020-21            |
|        | Energy Power Purchase Bills of M/s PPCL (Prior period expenditure)  | 1.13                   | 2018-19            |

Thus expenditure/income pertaining to period of 2009-10 to 2020-21 was booked as income/expenditure of current year, which should have been booked through prior period income/expenditure.

**Department stated that it has been complying with the suggestion of Audit relating to booking of 'prior period income/expenditure' and will act on the above in 2022-23.**

### 2.9.1.3 Overbooking of income on account of Property Tax.

Honorable Supreme Court of India declared NDMC Bye-Laws 2009 (Unit Area Method) as ultra vires in the Civil Appeal vide Order dated 22 January 2019 and accordingly, the tax dues arising from the Bye Laws are irrelevant.

It was observed that NDMC vide its letters dated 27 October 2020 and 2 August 2021 intimated to Delhi Golf Club that owing to decision of Honorable Supreme Court on Bye-Laws 2009, Tax liability on the Club has become invalidated and the Ratable Value of the property needs to be re-fixed. However, NDMC raised demand of Property Tax of ₹ 1517.28 Crore including fresh demand of ₹ 126.14 Crore on 15 November 2021 on Delhi Golf Club based on Unit Area Method. Thus this demand does not in accordance to decision of Hon'ble Supreme Court and letters issued by NDMC.

Thus booking of demand of ₹ 1517.28 Crore as income has resulted in overstatement of Revenue and Receivables.

**Department accepted and stated that rectification will be done in consultation with Tax department in 2022-23.**

## 2.9.2 EXPENDITURE

### 2.9.2.1 Non-accountal of rebate allowed to assesses on timely payment of Property Tax.

As per para 6.13 of NMAM those assesses who make payment within prescribed time limit are entitled for rebate.

<sup>1</sup> PID-9619 (₹ 13.23 Crore), P-15190 (₹ 124.11 Crore), P-15717 (₹ 29.69 Crore), P-15795 (₹ 25.78 Crore), P-15796 (₹ 30.84 Crore), P-14120 (₹ 18.67 Crore), P-15713 (₹ 32.57 Crore), P-15710 (₹ 25.33 Crore), P-15192 (₹ 45.70 Crore)

For accounting of Property Tax and collection thereof, the Department issued demand notices to assesses based on the last data available. After getting the demand notice assesses file the Property Tax Return (PTR) and make payment.

Audit noted that during the year 2021-22 the total demand of ₹ 1394.60 Crore was raised in respect of Property Tax and was taken as income in the accounts. However, ₹ 38.74 Crore allowed as rebate by the department should have been charged as expense in 'Income & Expenditure Account' as per NMAM. Non-accountal of rebate, resulted in understatement of 'Expenditure' and overstatement of 'Surplus' & 'Debtors' by ₹ 38.74 Crore.

**Department accepted the observation and stated that matter will be sorted out in consultation with Tax Department.**

### 2.9.2.2 Wrong application of depreciation rates.

(a) NDMC Assets Valuation Manual specifies that depreciation on computers would be charged @ 20 per cent. Audit noted that an amount of ₹ 17.30 Crore was charged as depreciation on various Assets including Computers and Software. On Computers and software ₹ 4.74 Crore was charged @10 per cent p.a. on written down value. The impact of this misapplication of depreciation rates since purchase of Assets may be worked out and corrective action be taken under intimation to audit.

(b) NDMC purchased 10 Nos. of Type-II Flats at East Kidwai Nagar from NBCC at a value of ₹ 9.54 Crore. These assets were capitalized and shown under 'Other Fixed Assets' (Code of Account 4108020) instead of under 'Residential Building' (Code of Account 4102004).

Due to wrong accounting of Residential Flats (upto 31 March 2022), the depreciation of ₹ 3.28 Crore @10 per cent under 'Other Fixed Assets category' was booked instead of ₹ 0.74 Crore @2 per cent under Residential Building category. This resulted in overstatement of depreciation by ₹ 2.54 Crore and understatement of Surplus by the same amount.

**Department agreed to review the depreciation schedule for taking corrective action.**

## 2.9.3 Others

### 2.9.3.1 Booking of expenditure on cash basis

Audit noted instances of accounting of transactions being done on cash basis instead of accrual basis as required under NMAM.

(a) During the year 2021-22, payment of ₹ 74.47 Crore was made against various bills pertaining to the year 2020-21 and booked in 2021-22 on cash basis. Details are shown in **table 2.5** below :-

**Table 2.5 Expenditure for the year 2020-21 booked in 2021-22 on cash basis (₹ in Crore)**

| S. No. | Particulars                    | Amount |
|--------|--------------------------------|--------|
| 1      | Bulk purchase of Energy/ Power | 51.76  |
| 2      | Wages of contractual workers   | 7.14   |
| 3      | Garbage Removal                | 7.12   |



| S. No. | Particulars             | Amount       |
|--------|-------------------------|--------------|
| 4      | Security & surveillance | 4.59         |
| 5      | Medical reimbursement   | 3.04         |
| 6      | Water charges           | 0.82         |
|        | <b>Total</b>            | <b>74.47</b> |

(b) Similarly the expenditures of ₹ 76.83 Crore pertaining to the current year 2021-22 have been booked in the year 2022-23 on cash basis. Details are shown in **table 2.6** below:-

**Table 2.6 Expenditure for the year 2021-22 booked in 2022-23 on cash basis (₹ in Crore)**

| S. No | Particulars                          | Amount       |
|-------|--------------------------------------|--------------|
| 1     | Bulk purchase of Energy/ Power       | 51.02        |
| 2     | Medical reimbursement                | 15.66        |
| 3     | Purchase of medicines for hospital   | 0.41         |
| 4     | Electricity charges for internal use | 0.95         |
| 5     | Leave salary contribution            | 0.26         |
| 6     | Security & Surveillance              | 4.76         |
| 7     | Garbage Removal                      | 3.77         |
|       | <b>Total</b>                         | <b>76.83</b> |

**Department stated that it has been complying with the suggestion of Audit relating to booking of transactions on accrual basis and will act on the above in 2022-23.**

#### **2.9.3.2 Investment – General Fund- (Sch.B-12)**

Fixed Deposit of ₹ 66.80 Crore with Federal Bank was pledged with Power Generating Company (PPCC) for payment security for the purpose of procurement of power. The amount should have been disclosed in the notes of account being material information, however same was not disclosed in the Notes to the Account.

**Department accepted the observation and agreed to take corrective action in 2022-23.**

#### **2.9.3.3 Incorrect presentation of 'surplus/deficit'**

Against the surplus of ₹ 358.11 Crore under the Income & Expenditure account for the year 2021-22, ₹ 376.32 Crore was shown as transferred to Reserve fund under the main head Municipal (General) Fund, leading to net deficit of ₹ 18.21 Crore in Income & Expenditure Account.

Audit noted that under Municipal (General) Fund – Schedule (B-1) in Balance Sheet, there was transfer of only ₹ 358.11 Crore (closing balance of ₹ 13092.18 Crore minus opening balance of ₹ 12734.07 Crore) during 2021-2022.

Thus presentation in Income & Expenditure Account of transfer in excess of actual surplus during 2021-22 to Reserve Fund was not as per Commercial prudence and giving wrong impression that there was deficit/loss for the year 2021-22 whereas in actual there was surplus by the closing of 2021-22.

**Department agreed to show the correct position in 2022-23.**

## Follow Up on Annual Audit Report and Local Audit Report

(A) Outstanding Audit Report and Sub-Paras of Annual Audit Report, the details of which (Department wise) are given below:-

| S. No.       | Name of the Department    | Opening Balance of Audit Repot | Additon/ deletion | No. of Audit Report as on March-2023 | Opening Balance of Sub-paras | Additon/ deletion | No. of Sub-paras as on March- 2023 |
|--------------|---------------------------|--------------------------------|-------------------|--------------------------------------|------------------------------|-------------------|------------------------------------|
| 1            | Architect & Environs      | 9                              |                   | 9                                    | 29                           | -                 | 29                                 |
| 2            | Civil Engineering         | 9                              |                   | 9                                    | 50                           | -                 | 50                                 |
| 3            | Commercial                | 5                              |                   | 5                                    | 22                           | -                 | 22                                 |
| 4            | Education                 | 6                              | +1                | 7                                    | 18                           | +29               | 47                                 |
| 5            | Electrical Engineering    | 8                              |                   | 8                                    | 23                           | -                 | 23                                 |
| 6            | Enforcement               | 12                             |                   | 12                                   | 21                           | -                 | 21                                 |
| 7            | Estate-I                  | 6                              | +1                | 7                                    | 17                           | +1                | 18                                 |
| 8            | Estate-II                 | 3                              | +1                | 4                                    | 15                           | +17               | 32                                 |
| 9            | Finance & Accounts        | 4                              | +1                | 5                                    | 7                            | +1                | 8                                  |
| 10           | General Administration    | 1                              |                   | 1                                    | 2                            | -                 | 2                                  |
| 11           | Medical Services          | 3                              |                   | 3                                    | 74                           | -                 | 74                                 |
| 12           | Horticulture              | 4                              |                   | 4                                    | 25                           | -5                | 20                                 |
| 13           | Information Technology    | 3                              | +1                | 4                                    | 3                            | +5                | 8                                  |
| 14           | Municipal Housing         | 6                              |                   | 6                                    | 11                           | -                 | 11                                 |
| 15           | Personnel                 | 4                              | +1                | 5                                    | 43                           | +2                | 45                                 |
| 16           | Power                     | 1                              |                   | 1                                    | 9                            | -                 | 9                                  |
| 17           | Property Tax              | 4                              |                   | 4                                    | 24                           | -                 | 24                                 |
| 18           | PSOI                      | 1                              |                   | 1                                    | 3                            | -                 | 3                                  |
| 19           | Public Health             | 4                              | +1                | 5                                    | 16                           | +15               | 31                                 |
| 20           | Public Relation           | 2                              |                   | 2                                    | 11                           | -                 | 11                                 |
| 21           | Parking Management System | 1                              |                   | 1                                    | 9                            | -5                | 4                                  |
| 22           | Security                  | 2                              |                   | 2                                    | 2                            | -                 | 2                                  |
| 23           | Skill Development         | 1                              |                   | 1                                    | 14                           | -                 | 14                                 |
| 24           | Special Project           | -                              | +1                | 1                                    | -                            | +9                | 9                                  |
| 25           | Transport                 | 2                              |                   | 2                                    | 3                            | -                 | 3                                  |
| 26           | Welfare                   | 1                              |                   | 1                                    | 9                            | -                 | 9                                  |
| 27           | Law                       | -                              | +1                | 1                                    | -                            | +17               | 17                                 |
| <b>Total</b> |                           | <b>102</b>                     | <b>9</b>          | <b>111</b>                           | <b>460</b>                   | <b>86</b>         | <b>546</b>                         |

**(B) Audit Report to be discussed in ensuing meeting of SCAN :-**

| S. No. | Name of the Department    | Year/years of Audit Report to be discussed (as on March-2023) |
|--------|---------------------------|---|
| 1.     | Architect & Environs      | 2018  |
| 2.     | Civil Engineering         | 2018  |
| 3.     | Commercial                | 2012  |
| 4.     | Education                 | 2020 & 2021   |
| 5.     | Electrical Engineering    | 2016  |
| 6.     | Enforcement               | 2014  |
| 7.     | Estate-I                  | 2016  |
| 8.     | Estate-II                 | 2016 and 2020 & 2021  |
| 9.     | Finance & Accounts        | Nil   |
| 10.    | General Administration    | Nil   |
| 11.    | Health (Medical Services) | Nil   |
| 12.    | Horticulture              | 2009, 2019  |
| 13.    | Information Technology    | 2015  |
| 14.    | Law                       | 2020 & 2021   |
| 15.    | Municipal Housing         | 2017  |
| 16.    | Personnel                 | 2013  |
| 17.    | Power                     | Nil   |
| 18.    | Property Tax              | Nil   |
| 19.    | PSOI                      | 2016  |
| 20.    | Public Health             | 2018 and 2020 & 2021  |
| 21.    | Public Relation           | 2017  |
| 22.    | Parking Management System | 2019  |
| 23.    | Security                  | Nil   |
| 24.    | Skill Development         | 2019  |
| 25.    | Special Project           | 2020 & 2021   |
| 26.    | Transport                 | Nil   |
| 27.    | Welfare                   | 2017  |

(C) Outstanding paras of Local Audit Reports (Department wise) are given below:-

| S. No.       | Name of Department             | No. of remaining outstanding paras as on March-2023 |
|--------------|--------------------------------|---|
| 1.           | Accounts & Finance             | 14  |
|              | i. CBS                         |   |
|              | ii. Cash                       | 27  |
|              | iii. Fund                      | 4   |
|              | iv. Invest                     | 4   |
|              | v. Main A/C Br.                | 26  |
|              | vi. Pension                    | 18  |
| 2.           | Architect & Environment        | 20  |
| 3.           | Civil Engineering              | 503   |
| 4.           | Commercial                     | 21  |
| 5.           | Education                      | 316   |
| 6.           | Electricity                    | 360   |
| 7.           | Enforcement                    | 13  |
| 8.           | Estate I & II                  | 128   |
|              | i. Mpl. Housing                | 19  |
| 9.           | Fire                           | 17  |
| 10.          | General Administration         | 51  |
| 11.          | Medical Services/Public Health | 217   |
| 12.          | Horticulture                   | 28  |
| 13.          | Property Tax                   | 43  |
| 14.          | Information Technology         | 14  |
| 15.          | Law                            | 8   |
| 16.          | Personnel                      | 166   |
| 17.          | Public Relations               | 17  |
|              | Library                        | 10  |
| 18.          | Security                       | 19  |
|              | i. Palika parking              | 9   |
|              | ii. Transport                  | 38  |
| 19.          | Welfare                        | 183   |
| 20.          | Project                        | 9   |
| <b>Total</b> |                                | <b>2302</b>   |

## CHAPTER-4

## CIVIL ENGINEERING DEPARTMENT

## Audit of Contract Management of Civil Engineering Department, NDMC for the period 2016-17 to 2020-21

## Executive Summary/Highlights

- The Civil Engineering Department of NDMC is divided into two zones Civil-I & Civil-II which are headed by Chief Engineers (CEs). Chief Engineers are assisted by the Superintending Engineers (SEs) at Circle levels. The work executed at sub-division level (AE) is monitored at division level (EE). The payment of work is made at division's level headed by Executive Engineers (EEs). **(Para 4.1)**
- The contract was awarded to an agency which was not enlisted with any agency on the last date of submission of bids as required under terms and conditions of the NIT/codal provisions. **(Para 4.5.5.1)**
- The minimum qualifying marks for Principal Technical representative(s) and their qualifications as per Schedule 'F' of NIT was 5.20. As per uploaded bid the marks obtained by the bidder was 2.40. Post modification of bid the bidder was awarded 5.40 marks and declared as qualified which was irregular and in violation of codal provisions. **(Para 4.5.5.2)**
- In 25 contract agreements tenders were accepted ranging from 10.22 *per cent* to 72.94 *per cent* below the justified rate which was beyond the permissible variation of 10 *per cent* **(Para 4.5.4.3)**
- As per NIT, bidders with "work experience of Trenchless Technology" would be eligible for bidding being specialized job/work. This condition was relaxed through amendment in NIT for Class-I contractor of NDMC. Due to relaxation in the condition the NDMC registered Class-I contractor who did not have work experience to execute the work with Trenchless Technology, was awarded the contract. **(Para 4.5.2.2)**
- The total contract value of the work was ₹ 2.35 Crore. However, items which were not covered under the nature and scope of work were executed and payment of ₹ 0.87 Crore was made to contractor. **(Para 4.5.7.9)**
- Failure of the Department to obtain the approval of Council for Final Action Notice under clause 3 of General Conditions of Contract for forfeiture of performance guarantee resulted in non-encashment of ₹ 1.34 Crore of forfeiture of PBG and Security Deposit. Also, the Department had not initiated any action against the contractor under Clause 2 of the General condition of the contract, 2014 to levy compensation ₹ 2.47 Crore (10 *per cent* of the tender Value). **(Para 4.5.3.2 & 4.5.7.8)**

- Against the total contract value of ₹ 24.25 Crore (for 7 years) the Department obtained PBG on one year's contract value of ₹ 3.46 Crore, resulting in short deposit of PBG of ₹ 1.04 Crore. Also, the PBG was not renewed after 31 December 2018 till the date of Audit. { **Para 4.5.3.3 (i) & (ii)** }
- In 9 contract agreements, the contractor had not revalidated performance bank guarantee. Out of 9 contracts, work of 3 was completed and 6 were in progress. **(Para 4.5.3.4)**
- Against the total deductible amount of GST of ₹ 11.86 Lakh, the department deducted ₹ 2.88 Lakh only from the contractor's bills. Thus, ₹ 8.98 Lakh was less deducted. **(Para 4.5.6.1)**
- Up to 25th RA Bill, an excess amount of ₹ 0.72 Crore was made to the contractor on account of VAT @ 15 *per cent* instead of GST @12 *per cent*. Also, ₹ 0.50 Crore was reimbursed to the contractor on account of difference of GST and VAT on 15 September 2020 as claimed by the contractor. Total excess payment made including reimbursed amount was ₹ 1.22 Crore **(Para 4.5.6.2)**
- In 9 contract agreements GST of ₹ 9.61 Crore was released to the contractors without obtaining GST deposit certificate along with copies of returns. **(Para 4.5.6.3)**
- In 18 contract agreements Income Tax @ 2 *per cent* was deducted on net value of work instead of gross value, which resulted less deduction of income tax of ₹ 23.66 Lakh. **(Para 4.5.6.4)**
- In 15 contract agreements payment of ₹ 11.08 Crore was made to the contractor without submission of labour license in violation of Clause 7A and 19 of General Condition of Contract agreement. **(Para 4.5.7.1)**
- In 12 contracts, the Department did not impose Penalty of ₹ 1.97 Crore on the contractor for non-deployment of Technical Representative(s). **(Para 4.5.7.3)**
- Department made Payment of ₹ 5.75 Crore on account of processing fee directly to the concessionaire instead of EDMC and without obtaining processing fee bills raised by EDMC, in violation Clause 1.4 (f) of RFP/concession agreement. **(Para 4.5.7.6)**
- In 19 contract agreements Labour Cess @ 1 *per cent* was deducted on the net value of work instead of total value of construction which resulting in less deduction of ₹ 15.58 Lakh **(Para 4.5.6.5)**
- In 12 contracts, the approval for technically eligible bidders from NIT approving authority was not obtained prior to opening of financial bids Out of these 12 cases, in eight cases the competent authority to approve the technical bid was Chief Engineer (Civil) and in four cases the competent authority was Superintending Engineer. However, the technical bids in all the cases were approved by the Executive Engineer which was in violation of codal provisions. **(Para 4.5.4.4)**

## 4. Audit of Contract Management (Civil), NDMC

### 4.1 Introduction

The Civil Engineering Department of NDMC is divided into two zones Civil-I & Civil-II, headed by Chief Engineers (CEs). Chief Engineers are assisted by the Superintending Engineers (SEs) at Circle levels. The work is executed at sub-division level (AE) and monitored at division level (EE). The payment of work is made at division's level.

### 4.2 Scope of Audit

Audit of Contract Management of Civil Engineering Department, NDMC covering the period from 2016-17 to 2020-21 was conducted during the period August-2021 to March-2022. Total 4950 contracts involving value of ₹ 811.84 Crore were executed by 18 divisions during the period 2016-2017 to 2020-21. Audit of 29 contracts with value of ₹ 352.17 (43.38 per cent) Crore of 8 divisions<sup>2</sup> was conducted on sample basis.

### 4.3 Audit Objective

Audit was conducted with a view to ascertain the following: -

- (i) Whether the AA&ES was obtained before incurring the liability.
- (ii) Whether Technical Sanction (TS) and Detailed Estimate (DE) were approved by the competent technical authority.
- (iii) Whether the selection of bidders (technical and financial evaluation) was made as per criteria mentioned in NIT.
- (iv) Whether the rates accepted at the time of award of contract were reasonable as per justified rates.
- (v) Whether the Performance Security and Security Deposit were obtained.
- (vi) Whether the payments were made as per conditions of the contract.
- (vii) Whether the mandatory taxes such as Income Tax, Labour Welfare Cess, GST etc. were deducted.
- (viii) Whether the work was completed within stipulated time period.

### 4.4 Audit Criteria

1. CPWD Works Manuals 2014 and 2019.
2. Standard Operating Procedures (SOPs) for CPWD Works Manuals 2019.
3. General Conditions of Contract (Construction), 2014 and 2019.
4. General Financial Rules 2005 and 2017.

<sup>2</sup> EE (BM-I), EE (BM-III), EE (C-III), EE Sewerage (Project), EE Sewerage (Maintenance), EE Palika Kendra (PK), EE Spl. Project & EE RIP (SD)

5. CVC guidelines on contracts.
6. Delegation of financial powers, NDMC dated 9 May 2013 (as amended from time to time).
7. Delhi Schedule of Rates (DSRs).
8. CPWD – Maintenance Manual.

## 4.5 Audit Findings

### 4.5.1 Administrative Approval & Expenditure Sanction (AA & ES)

#### 4.5.1.1 Issue of Tender Notice (NIT) without accord of Administrative Approval & Expenditure Sanction (A/A&E/S)

Rule 132 (ii & iii) of GFR 2005 read with Rule 139 of GFR 2017 (ii & iii) and Para 1.2 of CPWD Works manual 2014 stipulates preparation of detailed design and estimates shall precede any sanction for works. No work shall be undertaken before issue of Administrative Approval and Expenditure Sanction by the competent authority on the basis of estimates framed.

In 5 contracts, A/A & E/S was not obtained from the Competent Authority before issue of Tender Notice. It was further observed that, AA & ES of the work was obtained from the Council at the time of award of contract. The details are given in **Table 4.1** below:

**Table 4.1 Issue of Tender Notice (NIT) without accord of Administrative Approval & Expenditure Sanction & Revised Administrative Approval**

(₹ in Crore)

| Sl. No | Agreement No., date and agency                               | Name of work   | Estimated Cost/AIP | Accepted tender Amount | Nature of irregularity   |
|--------|--|--|--------------------|------------------------|--|
| 1      | 2  | 3  | 4                  | 5                      | 6  |
| 1      | 08/EE(RIP)/2016-2017<br>M/s Meterro Waste Handling Pvt. Ltd. | Collection, Transportation and Dumping of construction and demolition (C&D) waste from NDMC area on PPP Model" | 3.60               | 30.84                  | NIT was issued on 30.01.2016, without approval of AA & ES from the Competent Authority as required AA&ES by the Council at the time of award of contract vide Item No.11(A-34) dt.5 Sept.2016. |



| Sl. No | Agreement No., date and agency   | Name of work   | Estimated Cost/AIP | Accepted tender Amount | Nature of irregularity  |
|--------|--|--|--------------------|------------------------|---|
| 2      | 03/EE(SP/2016-17<br>M/s S.S Engineering Corporation                            | PPP Project to develop additional water resources by installing STPs 100 KLD to 500 KLD (10 Nos.) in three group infrastructure in NDMC Area and run for 12 years<br><b>(Group-I II &amp; III)</b> | 44.00              | 37.33                  | NIT was issued, on 18.03.2016 without approval of A/A & E/S Authority. AA&ES was accorded by the Council at the time of award of contract vide Item No.17(A-29) dt.17 Aug.2016.           |
| 3      | 01/EE(SP/2016-17<br>M/s Ecosystem resource Management Pvt. Ltd.                |  |                    |                        |   |
| 4      | 02/EE(SP/20 16-17<br>M/s Ecosystem resource Management Pvt. Ltd.               |  |                    |                        |   |
| 5      | 36/EE(SM) of 2016-17 signed 07.12.2016<br>M/s Meterro Waste Handling Pvt. Ltd. | Hiring Operating and Maintenance of 2 Nos. Jetting cum Suction Cleaning Machines with Water Re-cycling Technology (For Seven Years)  | 30.00              | 24.25                  | NIT was issued on 03.08.2016 without approval of A/A & E/S Authority as required. AA&ES was accorded by the Council at the time of award of contract vide Item No.27(A-42) dt.3 Nov.2016. |

From the Table above it was clear that A/A&E/S of the work was not available at the time of issue of NIT. Issue of NIT without obtaining A/A & E/S from the competent authority was irregular and in violation of codal provisions.

#### 4.5.1.2 Non-obtaining of Revised Administrative Approval & Expenditure Sanction

Section 20.4.1 (iv) of CPWD Works Manual 2014 stipulates that when the tender involves liability exceeding the expenditure sanction for the work by an amount greater than 10 *per cent*, such excess will require a revised expenditure sanction. This should be applied for as soon as such an excess is foreseen.

Scrutiny of 3 contracts revealed that:

The A/A & E/S (taken at the time of accepting of tender) for the agreement No.03/EE(SP/2016-17 M/s S.S Engineering, 01/EE(SP/20 16-17M/s Ecosystem resource Management Pvt. Ltd. and 02/EE(SP/2016-17 M/s Ecosystem resource Management Pvt. Ltd. for the work "Public Private Partnership (PPP) Project to develop additional water resources by installing STPs 100KLD to 500 KLD (10 Nos.) and run for 12 years" was ₹ 37.33 Crore. Audit noted that in RFP there was a provision of 5 *per cent* annual escalation, however while obtaining A/A & E/S, price escalation @ 5 *per cent* was not considered and taken in to account. After taking in to account price escalation for twelve years, the bid price works out to ₹ 67.04 Crore, which in excess of 10 *per cent* of A/A & E/S. However the Department did not obtained revised AA & ES as required.

#### **4.5.1.3 Expenditure without obtaining A/A & E/S from the client department**

Section 3.1.2.1(2) of CPWD Works Manual 2019 stipulates that before acceptance of any deposit work, the competent officer shall send the Preliminary Estimate to the client department. Further Sr. No.1.6 of Annexure (4) of SOP 2019 also stipulates that assurance of funds for the full estimated cost of the work as worked out including departmental charges shall be given by the client department while issuing the A/A& E/S of the work

SOP No.3/6: Deposit Works (refer para 3.1.2.1(9) and para 10.3) of CPWD Works Manual-2019 stipulates that whenever a deposit work is to be undertaken, the deposit is realized before any liability is incurred on the work.

Deputy Secretary, Police Control Authority, Govt. of NCT of Delhi requested (May-2019) for housekeeping at 10<sup>th</sup> floor, Chanderlok Building w.e.f.20 May 2019 and monthly expenditure towards the said housekeeping would be paid by the Police Control Authority (PCA) as per norms since, the building belongs to the NDMC.

Scrutiny of records related to "Work-Mechanized House Keeping works in various NDMC Buildings (Group-B) was awarded with tendered amount ₹ 6.96 Crore to M/s R.K. Jain & Sons vide Contract Agreement No.01/EE(BM-I)/AB/2019-20 dated 27 May 2019" revealed that approval in principle for work was obtained from the Chairperson on 25 May 2019 and ₹ 46,552.59 per month was fixed for the work, which was to be paid by the Police Control Authority.

Audit noted that preliminary estimate approved by Chairman NDMC plus 12 *per cent* departmental was not sent to Client department for obtaining A/A & E/S of the work. NDMC incurred an expenditure of ₹ 11.00 Lakh approx. upto 23<sup>rd</sup> RA bill without obtaining acceptance and A/A & E/S from the client department as required.

Audit further noted that the department did not get any deposit amount before undertaking the deposit work. Monthly bill was also not raised to the client department for realization of amount. Undertaking the work without any deposit and non-raising of bill was irregular and resulted in blockage of funds of NDMC.

#### **4.5.1.4 Approval of Detailed Estimate beyond the delegated Financial Powers**

Sl. No.5 of Annexure 'C' of delegation of Financial Powers-General Sanction (NDMC) stipulates that for sanction of Detailed Estimate and approval of NIT, HODs have full powers (including Chief Security Officer and Fire Officers) subject to Preliminary Estimate (PE) not exceeding 10 *per cent*.

Scrutiny of "Agreement No.02/EE(C-III)/AB/2018-2019 for Construction of 120 Nos. of Type-II Flat at Sec-VII, Pushp Vihar, Saket Agreement No.02/EE(C-III)/AB/2018-2019 awarded to M/s B.L. Goel & Company with Tendered Amount ₹ 41.45 Crore" revealed that Fire Officer had sanctioned the Detailed Estimate of ₹ 1.95 Crore for execution of firework against the approved PE of ₹ 0.96 Crore which was 102 *per cent* in excess of the PE.

The approval of Detailed Estimate in excess of Powers delegated to Fire Officer was irregular and in violation of delegated financial powers.

## 4.5.2 Notice inviting Tender

### 4.5.2.1 Dilution of financial eligibility criteria

Section 16.5 (7) of CPWD Works Manual 2014 stipulates "The NIT approving authority of the specialized work shall finalize the eligibility criteria in accordance with 16.5 (7) as follows:-

"Experience of having successfully completed works during last seven years ending previous day of last date of submission of application,

Three similar works each of value not less than 40 *per cent* of the estimated cost put to tender

or

Two similar works each of value not less than 60 *per cent* of the estimated cost put to tender

or

One similar work of value not less than 80% of the estimated cost, put to tender".

Scrutiny of "Agreement No.08/EE(RIP)/2016-2017 for Transportation and Dumping of construction and demolition (C&D) waste from NDMC area on PPP Model awarded to M/s Meterro Waste Handling Pvt. Ltd. with Tendered Amount ₹ 30.84 Crore" revealed that in NIT estimated cost of work for one year was mentioned as ₹ 3.60 Crore, rate of annual escalation was 7 *per cent* and said work was to be executed for seven years. After considering the above factors, the total estimated cost for seven years works out to ₹ 33.15 Crore.

Based on the total estimated cost of ₹ 33.15 Crore, the financial eligibility criteria in reference to Section 16.5 (7) of CPWD Works Manual 2014, should be ₹ 26.52 Crore (One similar work of value not less than 80 *per cent*), ₹ 19.89 Crore (Two similar works each of value not less than 60 *per cent*) and ₹ 13.26 Crore (Three similar works each of value not less than 40 *per cent*). However, financial eligibility criteria for similar nature of work was kept based on one year estimated cost of work of ₹ 3.60 Crore as ₹ 2.88 Crore (80 *per cent*), ₹ 2.16 Crore (60 *per cent*) and ₹ 1.44 Crore (40 *per cent*) which was dilution of financial eligibility criteria and violation of Section 16.5 (7) of CPWD Works Manual 2014.

### 4.5.2.2 Irregular deletion of NIT clause regarding work experience of Trenchless Technology

Section of 16.4 of CPWD Works Manual 2014-"Tenders for specialized works", stipulates that specialized items/jobs/works are those that requires special Tools and Plants (T&P) and/or specialized skill. Further, SI.No.3 of Annexure-IV as referred in para 16.10 of CPWD Works Manual 2014 stipulates that trenchless pipe work falls under specialized items/jobs.

Form NDMC 6 of NIT stipulates, "All bidders will upload the documents for work experience of Trenchless Technology".

Scrutiny of "Agreement No.28/EE(SM) of 2018-19 for Work (NBCC) Shifting of 600mm dia and 900mm dia sewer line in Netaji Nagar, New Delhi awarded to M/s Deepak Allied Traders &Engineers with Tendered Amount ₹ 6.97 Crore" revealed that during pre-bid meeting held on 1 June 2018, no agency had attended the meeting. However, the request received from M/s Chahar construction

(registered with NDMC) on 5 June 2018 regarding removal of the condition of work experience of Class-I contractor of NDMC, the same was discussed with Independent External Monitor on 8 June 2018 and a decision was taken to delete such clause in case of NDMC contractors.

Due to deletion of the condition, the scope was also made for NDMC registered class-I contractors to participate in tender for specialized items/jobs, who did not have the experience to execute the work with Trenchless Technology. The L1 contractor (M/s Deepak Allied Traders & Engineers) who was awarded the contract, was also an NDMC registered Class-I contractor. In absence of work experience it could not be ascertained whether the agency had requisite work experience for the specialized job.

Deletion of such clause (for NDMC contractors only) was irregular and in violation of Section of 16.4 of CPWD Works Manual 2014, as work through Trenchless Technology was a specialized job/item

#### **4.5.2.3 Irregular provision of 7 per cent annual increase in the rate of tipping fee in RFP**

Clause 1.4(b) of RFP stipulates that Bidder shall quote tipping fee for first year and also quote the percentage increase in tipping fee annually on the previous years' tipping fee for subsequent years during the concession period. Further, Clause 6.6.1 of RFP stipulates that the bidder making the lowest financial proposal shall be declared as the successful bidder.

Scrutiny of "Agreement No.08/EE(RIP)/2016-2017 for Transportation and Dumping of construction and demolition (C&D) waste from NDMC area on PPP Model awarded to M/s Meterro Waste Handling Pvt. Ltd. with Tendered Amount ₹ 30.84 Crore" revealed that there was no provision of any fixed rate of annual escalation in tipping fee in the NIT. Such rate of annual increase was to be quoted by the bidder in their bids. The suggestion of escalation rate as 5 per cent per annum in pre bid meeting held on 15 February 2016 was also not agreed by the Committee and Chairman on 11 April 2016.

However, a corrigendum to RFP was issued by EE on 11 April 2016 (the same date) by incorporating annual escalation in tipping fee @ 7 per cent per annum on the previous year's tipping fee.

The inclusion of condition in the RFP regarding fixed percentage increase @ of 7 per cent per annum in tipping fee, without approval of the competent authority was irregular.

#### **4.5.2.4 Mismatch between the terms and conditions of NIT and the contract agreement documents**

Section 15.9(4) of CPWD Works Manual 2014 and Sl. No.1 (vii) of SOP No.4/8 of CPWD Works Manual 2019 stipulates "Each page and the correction slips, as well as other corrections and modifications made in the NIT papers, are numbered and signed by the NIT approving authority or by an officer not below the rank of EE as designated by the NIT approving authority".

In 2 contract agreements, it was revealed that the terms and conditions of approved NIT did not match with that as mentioned in the contract agreement documents. Audit further noted that a certificate regarding correction made at the time of approval of NIT was also not found recorded by the NIT approving authority which shows that certain modifications were made after approval of NIT. The details of modifications are given in **Table 4.2 below:**

**Table 4.2 Modification in the terms and conditions of approved NIT at the time of uploading**

| Sl. No. | Contract Agreement No.                                       | Name of work   | Deletion/Modification of condition of NIT in the contract agreement  |
|---------|--|--|--|
| 1       | 97/EE(BM-PK)/2019-2020<br>M/s Nandini Enterprises            | Improvement to secondary school in NDMC.   | The terms and conditions of approved NIT, (Para 5 of Special Conditions) for execution of water proofing requiring a Guarantee Bond as approved and signed by EE (BM-PK), was deleted from the uploaded NIT    |
| 2       | 08/EE(RIP)/2016-2017<br>M/s Meterro Waste Handling Pvt. Ltd. | Collection, Transportation and Dumping of construction and demolition (C&D) waste from NDMC area on PPP Model" awarded to M/s Meterro Waste Handling Pvt. Ltd. | Sl. No. 6.6.6 (C) regarding evaluation of bid under Article-I of RFP, Condition of depositing the bank guarantee of ₹ 50 Lakh had been deleted from the uploaded RFP and Para 5 page 20 of Contract Agreement. |

Modifications made in the NIT/RFP after approval was in violation of Section 15.9(4) of CPWD Works Manual 2014 and Sl. No.1 (vii) of SOP No.4/8 of CPWD Works Manual 2019.

#### 4.5.3 EMD/ Performance Guarantee / Security Deposit

##### 4.5.3.1 Deficient Earnest Money Deposit (EMD): ₹ 39.56 Lakh

Section 19.3 of CPWD Works Manual 2014, stipulates that the amount of the earnest money, which a contractor should deposit with the tender, is regulated by the scales, (i) For works estimated to cost upto Ten crore: 2 *per cent* (Two percent) of the estimated cost (ii) For works estimated to cost more than Rupees Ten crore: Rupees Twenty Lakh plus 1 *per cent* (one percent) of the estimated cost in excess of Rupees Ten crore.

Scrutiny of "Agreement No.08/EE(RIP)/2016-2017 for Transportation and Dumping of construction and demolition (C&D) waste from NDMC area on PPP Model awarded to M/s Meterro Waste Handling Pvt. Ltd. with Tendered Amount ₹ 30.84 Crore" revealed that estimated cost of work for one year was mentioned as ₹ 3.60 Crore, rate of annual escalation was 7 *per cent* and said work was to be executed for seven years. After considering the above factors, the total estimated cost works out to ₹ 33.15 Crore and the EMD should be ₹ 43.15 Lakh (₹ 20 Lakh + 1 *per cent* of the estimated cost in excess of ₹ 10 crore).

However, the department kept provision of EMD ₹ 3.60 Lakh based on the estimated cost of one year (1 *per cent* of ₹ 3.60 Crore) which was less by ₹ 39.56 Lakh (₹ 43.15 Lakh - ₹ 3.60 Lakh).

This shows that the bidder was given undue benefit of ₹ 39.56 Lakh by violating codal provisions.

##### 4.5.3.2 Blockade of Performance Guarantee and Security Deposit: ₹ 1.34 Crore.

Sl. 3 of Section 33.3.2 of CPWD works Manual 2014 stipulates, "Final Action Notice under Clause 3 of the Contract Agreement form may thereafter be drafted and approval of tender accepting authority as defined under Schedule "F" of the Contract be obtained". As defined under Schedule

“F” of the instant contract agreement, the tender accepting authority is Council. Further, Clause 3(a) of General condition of the contract, 2014 stipulates that when the contractor has made himself liable for action under Clause 3, the Engineer-in-Charge on behalf of the President of India shall have powers to determine the contract as aforesaid so far as performance of work by the Contractor is concerned. Upon such determination, the Earnest Money Deposit, Security Deposit already recovered and Performance Guarantee under the contract shall be liable to be forfeited and shall be absolutely at the disposal of the Government.

Scrutiny of “Agreement No.72/EE(BM-I)AB/2017-2018 for Re-development of Bapu Samaj Sewa Kendra-Panchkuia Road, New Delhi awarded to M/s Satish Chand and Rajesh Kumar Pvt. Ltd.with Tendered Amount ₹ 24.66 Crore” revealed that decision regarding determination on account of non-completion of work within extended date of completion/suspension of work was taken by the Engineer-in-Charge EE(BM-I) and Final Action Notice under clause 3 was issued to the contractor vide letter dated 15 November 2019 with the approval of Chief Engineer (C-II).

Based on the final action notice which was not approved by Council, the contractor filed a petition in Delhi High Court seeking injunction against the invocation of Performance Bank Guarantees of ₹ 1.23 Crore and Bank Guarantee for ₹ 11.01 Lakh towards the Security Deposit. The Court directed the bank to withhold the payment of bank guarantees to the NDMC.

Further from the records, it is seen that the approval of the tender accepting authority i.e. Council for issue of Final Action Notice under clause 3 was not obtained as required in reference to Sl.No.3 of Section 33.3.2 of CPWD works Manual 2014 which led to non-forfeiture of PBG and Security deposit of ₹ 1.34 Crore.

#### **4.5.3.3 Irregular reduction in Performance Guarantee: ₹ 1.04 Crore.**

Rule 158 of GFR 2005 and Rule 171 of GFR 2017 stipulates that to ensure due performance of the contract, Performance Security is to be obtained from the successful bidder awarded the contract. Performance Security should be for an amount of five to ten *per cent* of the value of the contract. Section 21.1 of CPWD Manual 2014, also stipulates that successful tenderer, hereafter referred to as the contractor, shall deposit an amount equal to 5 *per cent* of the tendered and accepted value of the work (without limit) as performance guarantee. Further, a clause (at page 5 of 36 Performance Guarantee under Other Information) under RFP also stipulates “the successful bidder shall furnish a Performance Guarantee for a value of 5 *per cent* of the contract value (to be calculated at awarded rate) exclusive of taxes within 15 days from the date of issue of Letter of intent (LOI).

Scrutiny of “Agreement No.36/EE(SM) of 2016-17, Hiring Operating and Maintenance of 2 Nos. Jetting cum Suction Cleaning Machines with Water Re-cycling Technology (For Seven Years) awarded to M/s Metro Waste Handling Pvt. Ltd. with Tendered Amount ₹ 24.25 Crore” revealed that :

- (i) a pre bid meeting held on 12 August 2016 wherein a decision was taken and approved by CE (C-I) to calculate the PBG @ 5 *per cent* of the 1st year contract value instead of total contract value for seven years. The financial impact of the decision is given in the **Table 4.3** below:

**Table 4.3 Irregular reduction in the amount of Performance Bank Guarantee (₹ in Crore)**

| Total contract value (L1 bidder M/s Waste Handling Pvt. Ltd) | Contract value for first year | Rate of PG | PG Amount required to be obtained (based on the Total contract Value) | Amount of PG obtained as per amendment of RFP clause (based on first year contract value) | Undue benefit allowed to the contractor (column 4-5) |
|--|-------------------------------|------------|---|---|--|
| 1  | 2                             | 3          | 4   | 5   | 6  |
| 24.25  | 3.46                          | 5per cent  | 1.21  | 0.17  | 1.04   |

From the above Table audit noted that against the total contract value of ₹ 24.25 Crore the department calculated PBG on one year's contract value of ₹ 3.46 Crore. This resulted in short demand and short deposit of ₹ 1.04 Crore of PBG by the contractor which was irregular and in violation of the codal provisions.

- (ii) Audit further noted that the contractor submitted PBG dated 22 November 2016 with validity of 1 year (i.e. up to 31 December 2017 which was extended upto 31 Decemer 2018). The PBG was not revalidated/renewed after 31 December 2018.
- (iii) Audit further noted that provisions under Section 21.2 of CPWD Works Manual 2014 and Clause 1 A of GCC 2014 of deduction of security deposit @ 2.5 per cent up to tendered amount from RA bills was not provided in RFP. Non-keeping the provision of Security Deposit clause in the Contract agreement resulted in non-deduction of security deposit of ₹ 30.87 Lakh up to 35<sup>th</sup> RA bill and contractor was allowed undue benefit.

#### 4.5.3.4 Non-revalidation/Renewal of Performance Guarantee

Clause 1(ii) of General Condition of Contract stipulates that the Performance Guarantee shall be initially valid up to the stipulated date of completion plus minimum 60 days. In case the time for completion of work gets enlarged, the contractor shall get the validity of Performance Guarantee extended to cover such enlarged time for completion of work.

In 9 contract agreements, it was revealed that the contractor had not revalidated performance bank guarantee (**Annexure-I**), as required. Non-revalidation of PBG is in violation of Clause of Contract agreement.

#### 4.5.4 Opening of tender

##### 4.5.4.1 Irregular rejection of Technical Bid

NIT Para 1.2.5 (P-4) stipulates "the bidder should have a solvency of ₹ 29.69 Crore certified by his banker as per proforma 'B' in the name of EE (C-III).

Scrutiny of "Agreement No.02/EE(C-III)/AB/2020-2021 for Construction of 160 type-III flats at Sector-VI, Pushp Vihar, Saket, New Delhi (Composite Work) awarded to M/s B.L. Goel & Company with tendered amount ₹ 68.49 Crore" revealed that total four bidders<sup>3</sup> participated in the tender. M/s Kanwarji Construction Company had submitted the solvency in the name of Secretary, NDMC instead of EE (C-III). During the second meeting held on 1 July 2019, Assistant Law Officer (ALO) has commented that the case cannot be considered as agency had to submit solvency specifically in the name of EE (C-III) instead of Secretary, NDMC. On the basis of comments the bid of M/s Kanwarji Construction Company was rejected, though the bidder was meeting all other technical eligibility criteria.

Rejection on the grounds that the agency had not submitted solvency certificate in the name of EE (C-III), did not appear to be a sufficient reason to reject the bid as it did not affect the financial capability/credentials of the bidder with regard to solvency and thus restricted competition.

#### **4.5.4.2 Irregular approval of Technical Sanction and rejection of single tender**

- (i) As per Sl. No.5(b) of Annexure 'A'- Delegation of Financial powers (9 May 2013), Chief Engineer has full powers to accord Technical Sanction for Deposit works (including MLA LAD/MP LAD works) and Executive Engineer has financial powers to accord technical sanction for such work up to ₹ 5.00 Lakh only.

Scrutiny of records of "Contract Agreement No.49/EE/BM-I//AB/2019-2020 relating to deposit work viz "Providing and fixing Poly Fibre Gazebo Rajah under BM-I Division" awarded to M/s Verma Global Infratech Pvt. Ltd. with Tendred Amount ₹ 8.85 Lakh" revealed that Technical sanction for ₹ 9.91 Lakh was accorded by EE(BM-I) on 30 October 2019 which was irregular and in violation of Delegation of Financial powers.

- (ii) Audit further noted that vide NDMC notification dated 9 May 2013, as modified vide delegation of Financial Powers notification dated 16 November 2016 Executive Engineer has financial powers to accept single tender received against limited/open tenders up to ₹ 50,000/- and Secretary NDMC has financial powers to accept single tender received against limited/open tenders upto ₹ 10.00 Lakh.

As per Sl. No.11 of Annexure 'A'- Delegation of Financial powers NDMC (9 May 2013), the powers to reject the tenders of officers of engineering department, NDMC are upto delegated powers of acceptance of tender in consultation with associated AO.

Further scrutiny of record revealed that Tenders on 1<sup>st</sup> called and found that Three (3) bidders had participated in the bid, out of which only One (1) bidder M/s Verma Global Infratech. Pvt. Ltd. was technically qualified but being single bid, the tender was rejected by the EE(BM-I) on 21 November 2019 without recommendation of the competent Authority i.e. Secretary NDMC. Since the estimated cost of tender was ₹ 9.81 Lakh the powers to accept or reject the tender vests with the Secretary NDMC only,

The Technical Sanction and rejection of single Tender by EE(BM-I) without obtaining the approval of competent authority, is irregular and in violation of delegated financial powers by the NDMC.

<sup>3</sup> M/s A.K Mehta & Co., M/s Kanwarji Construction Co, M/s Kamaladityya Construction Ltd. and M/s B.L. Goyal & Co.



#### 4.5.4.3 Acceptance of tender below/above Permissible Limit of variation of Justified rates.

Section 20.4.3.2 of CPWD Works Manual 2014 and Sl. No. 25 of section 11 under chapter-4 of standard operating procedure (SOP 2019) of CPWD Works Manual 2019 stipulates that variation upto 5 *per cent* over the justified rates may be ignored variation upto 10 *per cent* may be allowed for peculiar situations and Special Circumstances. Reasons for doing so shall be placed on record. Tenders above this limit should not be accepted.

In 25 contract agreements, it was revealed that the tenders were accepted beyond the permissible variation i.e. 10.22 *per cent* to 72.94 *per cent* below the justified cost. The details of variations (range wise) are shown in **Table 4.4** and **Annexure-II**.

**Table 4.4 Acceptance of tender beyond permissible variation of justified rates**

| Permissible variations | Range of variation          | No of contracts |
|------------------------|-----------------------------|-----------------|
| 5-10 <i>per cent</i>   | Above 10-20 <i>per cent</i> | 5               |
|                        | Above 20-40 <i>per cent</i> | 12              |
|                        | Above 40-60 <i>per cent</i> | 6               |
|                        | Above 60-80 <i>per cent</i> | 2               |
| <b>Total</b>           |                             | <b>25</b>       |

Acceptance of tender beyond the permissible variation limit was irregular and in violation of codal provisions

#### 4.5.4.4 Non approval of technical bid by the NIT approving authority.

Section 20.4 of the CPWD Works Manual 2014 and Section 11 (23) under Chapter-4 modes of bidding system SOP No. 4/1 : E-Tendering (Refer Para 4.4 (3) of Standard Operating Procedure (SOP) 2019 of CPWD Works Manual 2019 stipulates that where technical bids are also invited, acceptance of the same falls within the competence of NIT approving authority.

In 12 contracts, the approval for technically eligible bidders from NIT approving authority was not obtained prior to opening of financial bids. Out of these 12 cases, in eight cases<sup>4</sup> the competent authority to approve the technical bid was Chief Engineer (civil) and in four cases<sup>5</sup> the competent authority was Superintending Engineer. However, the technical bids in all the cases were approved by the Executive Engineer, which was in violation of codal provisions.

### 4.5.5 Irregular Award of work

#### 4.5.5.1 Irregular award of work to non-eligible bidder.

Information and instructions for bidders for e-tendering stipulates that Executive Engineer (C-I), invites online percentage rate bids from approved and eligible B&R Contractor (holding valid registration

4 31/EE/BM-I/2020-2021, 25/EE/BM-I/AB/2020-2021, 49/EE/BM-I/AB/2019-2020, 21/EE/BM-I/AB/2016-2017, 27/EE(BM-PK)/2017-2018, 03/EE/BM-III/2020-21, 46/EE/BM-III/2020-2021, 96/EE(BM-III)/2019-20

5 92/EE(BMPK)/2018-2019, 97/EE(BM-PK)/2019-2020, 15/EE(SM) of 2017-18, 53/EE(BM-III)/2016-2017

certificate of approved eligible category and class) of NDMC and those of appropriate category and class of CPWD, MES, BSNL, Railways, DDA, MCD, DJB & State PWD (B&R) for the work Construction of Skill Development Centre at Moti Bagh, New Delhi at the Estimated Cost of ₹ 21.50 Crore. NIT further stipulates that the enlistment of the contractors should be valid on the last date of submission of tenders.

Scrutiny of "Agreement No.01/EE(C-I)2018-2019 dated 12 June 2018 of EE (Spl. Project) for Construction of Skill Development Centre at Moti Bagh, New Delhi awarded to M/s A. K. Mehta & Co. (agency) with Tendered Amount ₹ 16.01 Crore" revealed that as per documents uploaded along with the bid, the Agency was enlisted with DDA from 10 March 2009 to 9 March 2012 and the enlistment was extended up to 9 March 2014 whereas the last date of submission of bid was 21 February 2018.

Thus, the contractor was not enlisted with DDA or any other agency mentioned above on the last date of submission of bids i.e. 21 February 2018.

Declaring the agency technically qualified without being registered with any of the organisations as mentioned in the Tender Notice on the last date of submission of bids was irregular. The award of contract to such ineligible bidder shows that undue benefit was allowed to the bidder by violating terms and conditions of the NIT/codal provisions.

#### 4.5.5.2 Post-modification in technical bid of M/s N.S. Associates.

Rule 173 (xiii) of GFR 2017 inter-alia stipulates that bidders should not be permitted to alter or modify their bids after expiry of the deadline for receipt of bids. Section 20.3.2.(1) of CPWD Works Manual 2014 stipulates that the tenderers are not expected to make any post tender modification. Para 10 (iv) of approved NIT form "NDMC-6 (same as form CPWD 6) for e-tendering" stipulates that the bid submitted shall become invalid if any discrepancy is noticed between the documents as uploaded at the time of submission of bid and hard copies as submitted physically by the lowest bidder in the office of tender opening authority.

As per Schedule 'F' of NIT in respect of work, the Minimum Requirement of Principal Technical Representatives and marks available as per criteria of evaluation are shown in the **Table 4.5** below:

**Table 4.5 Minimum Requirement of Principal Technical Representatives**

| Principal Technical representative(s) and their qualifications as per Schedule 'F' of NIT | Minimum requirement Principal Technical representative(s) as per Schedule 'F' of NIT | Marks available as per criteria or evaluation | Minimum Marks required |
|---|--|---|------------------------|
| 1   | 2  | 3   | 4                      |
| Graduate Engineer (Civil)   | 4  | @0.60 each                                    | 2.40                   |
| Graduate Engineer (Elect)   | 2  | @0.60 each                                    | 1.20                   |
| Diploma Engineer (Civil)  | 3  | @0.40 each                                    | 1.20                   |
| Diploma Engineer (Elect-I)  | 1  | @0.40 each                                    | 0.40                   |
| <b>Total</b>  | <b>10</b>  |   | <b>5.20</b>            |

Scrutiny of "Agreement No.2/EE(BM-PK)/2017-2018 for Construction of 188 Type-II Flats (10 storied tower) at Aliganj awarded to M/s N.S. Associates with Tendered Amount ₹ 40.33 Crore" revealed that in technical bid in respect of M/s N.S. Associates the details uploaded at the time of bidding in Form 'G' of Tender (details of technical & administrative personnel to be employed for the work) was different from as mentioned in hard copy of Form 'G' submitted physically. As per Form 'G' uploaded at the time of bid, the bidder was getting 2.40 marks. Based on clarifications from the bidder the Technical Sub-committee physically obtained modified Form 'G' and awarded 5.4 marks against the minimum required marks of 5. The agency was declared technically qualified for opening of its financial bid. The details uploaded at the time of bidding in Form 'G' and the details of hard copy of Form 'G' submitted physically are shown in (**Annexure-III and Annexure-IV**).

From the above, audit noted that M/s. N.S. Associates Pvt. Ltd was not technically qualified as per bid documents uploaded at the time of bid submission.

Thus, acceptance of technical bid (based on modifications in the number of Principal Technical Representatives) by the Consultancy Evaluation Committee (CEC) was irregular and in violation of Para 10 (iv) of approved NIT form "NDMC-6 for e-tendering" and Section 20.3.2. (1) of CPWD Works Manual 2014.

#### **4.5.5.3 Irregular opening of financial bids without conducting demonstrations**

RFP clause at page No.4 of 36 (b) Technical Eligibility Criteria, stipulates that the bidder shall arrange for the demonstration of Jetting cum Suction Machine with Sewage/Water Recycling System having container capacity of minimum 6,000 Litres for 16 Ton Gross Vehicle Weight and minimum 9,000 Litres for 25 Ton Gross Vehicle Weight as per tender specifications, to the Engineers of New Delhi Municipal Council anywhere in India or outside India within 7 days from the Date of Intimation by N.D.M.C failing which the bid will be treated as Non-responsive and liable to be rejected without opening of the price bid. The cost of the Visit outside Delhi or outside India shall be borne by the bidder.

Scrutiny of "Agreement No.36/EE(SM) of 2016-17, Hiring Operating and Maintenance of 2 Nos. Jetting cum Suction Cleaning Machines with Water Re- cycling Technology (For Seven Years) awarded to M/s Metrro Waste Handling Pvt. Ltd. with Tendered Amount ₹ 24.25 Crore" revealed that 2 bidders (out of 3) were technically qualified by the Technical Evaluation Committee on 16 September 2016. No records regarding demonstration of Jetting cum Suction Machine with Sewage/Water Recycling System was found available on record.

Technical bids, without conducting requisite demonstration, should have been treated as Non-responsive and liable to be rejected. Opening of financial bids without demonstration was irregular and violation of the terms and conditions of RFP.

#### **4.5.5.4 Irregular acceptance of tender for appointment of consultant**

Section 20.3.2. (1) of CPWD Works Manual 2014 stipulates that the tenderers are not expected to make any post tender modification. Any such case should be viewed seriously under the provision of Form CPWD 6. Section 20.3.2 of CPWD Works Manual 2014 stipulates that tenders with any condition,

including conditional rebate, shall be rejected. GFR Rule 173 (xiii) also stipulates that bidders should not be permitted to alter or modify their bids after expiry of the deadlines for receipt of the bid.

Scrutiny of "Agreement No.02/EE/SP/2018-19" dated 12 March 2019 for Construction Rehabilitation of old Sewer De-silting and rehabilitation of 84 inch dia brick barrel Sewer Line from K.G. Marg to C-Hexagaon and Shahjahan Road to Q-Point awarded to M/s Gypsum Structural India Pvt. Ltd. with Tendered Amount ₹ 22.98 Crore" revealed that a consultant, M/s TTI Consulting Engineers (1) Pvt. Ltd was appointed vide Contract Agreement No.03/EE/SP/2017-18 dated 16 August 2017 for ₹ 27.00 Lakh for consultancy of Rehabilitation of old Sewer De-silting and rehabilitation work. The tender for appointment of consultant was called for on 28 September 2016 and technical bid was opened on 10 October 2016.

On scrutiny of the technical bid Audit noted that the bidder had put a condition under Terms Of Reference (TOR), "In case the completion period is extended beyond the stipulated completion time due to unforeseen reasons beyond the control of consultants then the consultancy fee shall be charged extra during extended period as per actual deployment of consultants at the rate mentioned in bid price". However, the condition was withdrawn by the bidder on 26 October 2016. Post modification in Terms of Reference (TOR) of technical bid, financial bid was opened on 28 October 2016 and work of pre- consultancy for ₹ 27 Lakh was awarded to the bidder.

Acceptance of bid of M/s TTI showed that undue benefit was allowed to the agency. Conditional offer of the bidder was irregular in reference to Section 20.3.2 of CPWD Works Manual 2014 and was required to be rejected.

#### **4.5.6 Goods and Services Tax (GST)/ Income Tax**

##### **4.5.6.1 Less deduction of GST- ₹ 8.98 Lakh**

As per GST Notification No.G.S.R. 605 (E) dated 22 June 2017 amended from time to time, the rate of GST for all of the types of cleaning, sweeping, sanitation and similar services is 18 *per cent* (as per details given below). Clause 19 C of General Condition of Contract Agreement stipulates that contractor has to submit a certificate along with copies of returns submitted to GST authorities that upto date returns have been filed by him/them.

Scrutiny of records of "work relating to Sanitation Work/Maintenance work of Mohan Singh Place was awarded with tendered amount ₹ 1.28 Crore to M/s R.K. Jain & Sons vide Contract Agreement No.21/EE/BM-I/AB/2016-2017 (RA Bills No.6 to 12)" revealed that GST at applicable rate of 18 *per cent* was not deducted for the period 1 July 2017 to 22 July 2019. The details of less deduction are given in Table 4.6 below:

**Table-6 The details of Less deduction of GST (Amount in ₹ )**

| RA Bill No. | Date of payment | Work done/ Amount paid after 1 July 2017 | GST due w.e.f. 1 July 2017 (18 per cent of Col. 4) | Actual GST deducted / withhold | Difference (Col. 5-6) |
|-------------|-----------------|--|--|--------------------------------|-----------------------|
| 1           | 2               | 3  | 4  | 5                              | 6                     |
| 6           | 4 Oct.2017      | 907009                                   | 138357   | 0                              | 138357                |
| 7           | 8 March 2018    | 1416371                                  | 216057   | 0                              | 216057                |
| 8           | 30 March 2018   | 652346                                   | 99510  | 72997                          | 26513                 |
| 9           | 6 July 2018     | 973366                                   | 148480   | 46427                          | 102053                |
| 10          | 9 Jan.2019      | 1854832                                  | 282940   | 78655                          | 204285                |
| 11          | 30 March 2019   | 1192089                                  | 181844   | 52496                          | 129348                |
| 12          | 22 July 2019    | 779226                                   | 118865   | 37595                          | 81270                 |
|             | <b>Total</b>    | <b>77,75,239</b>                         | <b>11,86,053</b>                                   | <b>2,88,170</b>                | <b>8,97,883</b>       |

From analysis of the above table, audit noted that against the total deductible amount of ₹ 11.86 Lakh, the department deducted GST of ₹ 2.88 Lakh from the contractors bills. Thus, ₹ 8.98 Lakh was less deducted.

The deductions on account of GST from the payments of the contractor was required to be reviewed and verified with the documentary proof that amount of ₹ 11.86 Lakh was deposited to the Govt. account by the contractor till the payment of 12<sup>th</sup> RAR (upto 22 July 2019).

#### 4.5.6.2 Excess payment of GST to contractor: ₹ 1.21 Crore.

NDMC circular No.86/AO(e-fin)/D/18 dated 20 March 2018 para 6.5 on the subject "Neutralization of GST-Impact on Existing supply of goods/services and composite contracts", stipulates that the tax liability of the contractor before implementation of GST should be worked out taking into account all stipulated taxes in force prior to the implementation of the GST i.e Excise duty, VAT, including VAT on Excise duty, Entry tax, Octroi duty, prevalent service tax etc. whichever is applicable, irrespective of whether the same were paid by the agency or not for the On account /Final bills. The difference in the tax liability before introduction of GST and after GST introduction shall be reimbursed to the contractor or recovered from the contractor as the case may be.

Scrutiny of "Agreement No.2/EE(BM-PK)/2017-2018 for Construction of 188 Type-II Flats (10 storied tower) at Aliganj awarded to M/s N.S. Associates with Tendered Amount ₹ 40.33 Crore" revealed that at the time of bid by the contractor the rate of VAT was 15 per cent. After implementation of GST w.e.f. 1 July 2017 the rate of GST was 12 per cent. Audit noted that up to 25<sup>th</sup> RA Bill, payments were made to contractor at the contract rates including Vat @ 15 per cent instead of GST @12 per cent, which resulted in overpayment of ₹ 0.72 Crore. The details are as shown in **Table 4.7** below:

**Table 4.7 Tax liability of the contractor pre GST (VAT @ 15 %) and post GST (@ 12 %)**

(₹ in Crore)

| RA Bill No.        | Gross Value of bill including Taxes | Net Value of RA bill excluding VAT @ 15 per cent of Column 2 (Gross Value /115x100) | Pre GST tax Liability (VAT @ 15 per cent on Gross amount of bill mentioned under Column 3) | Post GST Liability (@ 12 per cent on Net amount of bill mentioned under column 3) | Excess payment (Col. 4 – Col. 5) |
|--------------------|-------------------------------------|---|--|---|----------------------------------|
| 1                  | 2                                   | 3   | 4  | 5   | 6                                |
| 1-25 <sup>th</sup> | 27.71                               | 24.10   | 3.61   | 2.89  | 0.72                             |

In addition to above, payment of ₹ 0.49 Crore had been reimbursed to the contractor on account of difference of GST and VAT on 15 September 2020 rather than making the recovery of the excess amount of ₹ 0.72 Crore paid on account of GST. Total excess payment including reimbursed amount was ₹ 1.21 Crore

#### 4.5.6.3 Non-withholding of GST amount from RA Bills: ₹ 9.61 Crore.

Clause 19 A of GCC stipulates that GST applicable under GST Act Govt. of India at the prescribed rates shall be recovered from each bill of the contractor. Clause 19 C of GCC stipulates that contractor have to submit a certificate along with copies of returns submitted to the department of GST that up to date returns have been filed by him/them. As per orders on GST, the rate of GST for work contracts is 12 per cent and on service contracts it is 18 per cent, for example: HSN code 995424-General Construction services of Local sewerage and pipelines, HSN code 2201& 9994-Sewer and waste collection & disposal.

In 9 contract agreements it was revealed that GST of ₹ 9.61 Crore (**Annexure-V**) was released to the contractors without obtaining GST deposit certificate along with copies of returns which was in violation of Clause 19 A & 19 C of General Conditions of Contract.

#### 4.5.6.4 Less deduction of Income Tax - ₹ 23.66 Lakh

Section 194C of the Income Tax Act stipulates that TDS from payments made by the Government or other specified persons to any contractor will be 2 per cent or 1 per cent of the gross payment. The tax deduction has to be done at 1 per cent (incase of individual & HUF) and 2 per cent (others).

In 18 contract agreements it was revealed that Income Tax @ 2 per cent was deducted on net value of work (after deducting the GST) instead of gross value, which resulted less deduction of income tax of ₹ 23.66 Lakh (**Annexure-VI**) which was required to be recovered.

#### 4.5.6.5 Less recovery of Labour Cess: ₹ 15.58 Lakh

Sl. No.19(B) of General Conditions of Contract Agreement stipulates that Cess @ of 1 per cent of the cost of construction/work incurred by an employer for the purpose of building and other construction workers (Regulation of Employment and Conditions of Service) Act, 1996 shall be deducted at source from the bills of contractor/firms.

In 19 contract agreements it was revealed that Labour Cess @ 1 per cent was deducted on the net value of work (i.e. after deduction of GST amount) instead of gross value of work which resulted in less deduction of ₹ 15.58 Lakh (**Annexure-VII**) which was required to be recovered.

## 4.5.7 Irregular payment

### 4.5.7.1 Payment without obtaining labour license/registration with EPFO, ESIC etc. from the contractor - ₹ 11.08 Crore

Clause 19 of General Conditions of Contract (GCC) stipulates that the contractor shall obtain a valid license under the Contract Labour (R&A) Act, 1970, before the commencement of the work, and continue to have a valid license until the completion of the work. Clause 7A of GCC stipulates "No Running Account Bill shall be paid for the work till the applicable labour licenses, registration with EPFO, ESIC and BOCW Welfare Board, whatever applicable are submitted by the contractor to the Engineer-in- Charge."

In 15 contract agreements it was revealed that payment of ₹ 11.08 Crore (**Annexure-VIII**) was made to the contractor without submission of labour license in violation of Clause 7A and 19 of General Condition of Contract agreement. This also gave an undue benefit to the contractors.

### 4.5.7.2 Non-withholding of amount for non-achieving of work milestones : ₹ 6.16 Crore.

Clause 5 of the general condition of the contract stipulates that the time allowed for execution of the work as specified in the Schedule "F" or the extended time in accordance with these conditions shall be the essence of the contract. Clause 5.1 of the general conditions of the contract also stipulates that the contractor shall submit a programme chart (Time and Progress) for each milestone along with performance guarantee and get it approved by the Department. The chart shall be prepared in direct relation to the time stated in the Contract documents for completion of items of work.

Mile stone(s) as per table given below the Schedule "F" under Clause 5 of the NIT, details of which is reproduced below:

#### Milestones as per schedule "F"

| Sr. No. | Description of mile stone (Physical) | Time allowed in days (From date of start) | Amount to be withheld in case of non- achievement of milestone.   |
|---------|--------------------------------------|---|---|
| 1       | 2                                    | 3   | 4   |
| 1       | 1/8 <sup>th</sup> of whole work      | 1/4 <sup>th</sup> of whole work           | In the event of not achieving the necessary progress as assured from running payment. 1 <i>per cent</i> of tendered value of work will be withheld for failure of each milestone. |
| 2       | 3/8 <sup>th</sup> of whole work      | 1/2 <sup>th</sup> of whole work           |   |
| 3       | 3/4 <sup>th</sup> of whole work      | 3/4 <sup>th</sup> of whole work           |   |
| 4       | Full work                            | Full work                                 |   |

In 8 contract agreements it was revealed that the mile-stones as per schedule 'F' of Contract agreement had not been achieved and amount @ 1 *per cent* of the tendered value for delay in achieving each work milestone was not withheld as required. The total amount required to be withheld was ₹ 6.16 Crore (**Annexure-IX**). Non-withholding the requisite amount was a violation of contract and shows that undue benefit had been allowed to the contractors.

**4.5.7.3 Non-recovery on account of non-deployment of Technical and Administrative staff: ₹ 1.97 Crore**

Clause 36 of the Contract Agreement stipulates that the contractor shall submit a list of Technical and Administrative staff within 15 days of issue of letter of acceptance or start of work for the approval of Engineer-in-charge. The contractor shall immediately after receiving letter of acceptance of the tender and before commencement of the work, intimate in writing to the Engineer-in-Charge, the name(s), qualifications, experience, age, address(s) and other particulars along with certificates, of the principal technical representative to be in charge of the work and other technical representative(s) who will be supervising the work. Minimum requirement of such technical representative(s) and their qualifications and experience shall not be lower than specified in Schedule 'F'. Even if the contractor (or partner(s) in case of firm/company) is himself/herself an Engineers, it is necessary on the part of the contractor to Employ principal technical representative/technical representative (s) as per stipulation in Schedule 'F'.

In 12 contract agreements it was revealed that the contractor had not submitted details of deployment of technical and administrative staff as required. Certificate to the above effect had also not been found in the record. Despite non-submission of the required documents the Department made payment without recovery of ₹ 1.97 Crore (**Annexure-X**) from the RA bills of the contractor as required under schedule "F" and clause 36 of contract agreement.

**4.5.7.4 Excess Payment on account of reimbursement of ESI and EPF: ₹ 0.22 Crore.**

Clause 19 L of the General Condition of Contract 2014 & 2019 stipulates "The ESI and EPF contributions on the part of employer shall be paid by the contractor. These contributions on the part of the employer paid by the contractor shall be reimbursed by the Engineer-in-charge to the contractor on actual basis. The verification of deployment of labour will be done through biometric attendance system or any other suitable method by the Engineer- in-Charge.

In 2 contract agreements, Audit noted that payment on account of ESI and EPF was not withheld from the R A bills of the contractor for want of verification of deployment of labour and made additional payment of ₹ 21.47 Lakh on account of reimbursement of ESI and EPF to the contractor. The details of payments are shown in **Table 4.8 below:**

**Table 4.8 Excess payment to the contractor on account of reimbursement of ESI and EPF (₹ in Crore)**

| SI. No. | Agreement No., date and agency   | Name of work  | Tendered Amount (₹) | Amount paid on account of EPF & ESI |
|---------|--|---|---------------------|-------------------------------------|
| 1       | 2  | 3   | 4                   | 5                                   |
| 1.      | No.21/EE/BM- I/AB/2016-2017 dated 3 June 2016<br>Agency:M/s R.K. Jain & Sons | Name of Work Other Charges (Sanitation Work/Maintenance work of Mohan Singh Place.  | 1.28                | 0.21                                |
| 2.      | Agreement No.22EE (BM-III)/2019-20<br>Agency M/s Vijay Tyagi                 | Special Repair (S/R)of Roads in NDMC area during 2018-19<br>Sub Head Fabrication and fixing MS Railing at various locations in NDMC area. | 2.35                | 0.01                                |
|         | <b>Total</b>   |   |                     | <b>0.22</b>                         |



The payment made to the contractor on account of reimbursement of EPF and ESI without withholding the same at the time of RA Bill payments was irregular and required to be recovered.

#### **4.5.7.5 Reimbursement of lab test charges to contractor: ₹ 2.03 Lakh.**

Clause 10A of General Conditions of Contract (GCC) stipulates, "The contractor shall, at his risk and cost, make all arrangements and shall provide all facilities as the Engineer-in-Charge may require for collecting, and preparing the required number of samples for such tests at such time and to such place or places as may be directed by the Engineer-in-Charge and bear all charges and cost of testing unless specifically provided for otherwise elsewhere in the contract or specifications. The contractor shall at his own expense, provide a material testing lab at the site for conducting routine field tests. The lab shall be equipped at least with the testing equipment as specified in schedule "F".

Scrutiny of "Agreement No.2/EE(BM-PK)/2017-2018 for Construction of 188 Type-II Flats (10 storied tower) at Aliganj awarded to M/s N.S. Associates with Tendered Amount ₹ 40.33 Crore" revealed that an amount of ₹ 4.05 Lakh as lab test charges was claimed by the contractor (October-2018) and against which, the department reimbursed ₹ 2.03 Lakh to the contractor (December-2018) which was not permissible as per Clause 10A of the Contract. Payment made to the contractor was required to be recovered.

#### **4.5.7.6 Irregular reimbursement of processing fee of C&D waste to M/s Meterro Waste Handling Pvt. Ltd.: ₹ 5.75 Crore.**

Section 1.4 (f) of RFP stipulates that NDMC will pay directly the processing fees for C&D Waste to East Delhi Municipal Corporation (EDMC) as per the C&D Waste dumped by the concessionaire, against the receipt/gate pass issued of EDMC etc. As per EDMC letter dated 19 June 2018 the rates of Processing Fee were ₹ 375/- per MT w.e.f. 18 January 2017 to 23 May 2018 and ₹ 444/- per MT w.e.f. 24 May 2018.

Scrutiny of "Agreement No.08/EE(RIP)/2016-2017 for Transportation and Dumping of construction and demolition (C&D) waste from NDMC area on PPP Model awarded to M/s Meterro Waste Handling Pvt. Ltd. with Tendered Amount ₹ 30.84 Crore (up to 19<sup>th</sup> RA bills July-2021)" revealed that, payment of ₹ 5.75 Crore was made directly to the concessionaire instead of EDMC with reference to the quantities of C&D waste collected from the NDMC area and deposited at the designated site. Audit further noted that the reimbursement of processing fee was made without obtaining fee bills raised by EDMC.

The payment of processing fee directly to the concessionaire instead of EDMC without obtaining of bills, was irregular and in violation Clause 1.4 (f) of RFP/concession agreement.

#### **4.5.7.7 Overpayment due to non-adhering to the timelines for Commercial Operation Date (COD): ₹ 24.04 Lakh**

Article 6.3 of Concession Agreement stipulates that price escalation in bid price @ 5 per cent per annum shall be admissible after one year of Commercial Operation Date (COD).

Article 5.4 (a) (VII) stipulates that "Provisional COD for at least commissioning of two plants shall be given for the purpose of starting the project, but COD of the project shall only be given after successful

commissioning of the last project of the group in a six months period. As per Concession Agreement, the stipulated date of start of construction work was 14 September 2016 and stipulated date of completion of construction work was 13 March 2017 (6 months).

Scrutiny of records revealed that the construction of all the Sewer Treatment Plants (STPs) of each group (Gp-I,II &III) were completed after the stipulated date of completion. The construction works of last STP in group-I,II & III were completed on 12 March 2018, 1 April 2018 and 1 August 2017 respectively. Hence, the final Commercial Operation Dates would be treated as 12 March 2018, 1 April 2018 and 1 August 2017 respectively and annual escalations @ 5 per cent in reference to Article 5.4 (a) (VII)) were due on 12 March 2019, 1 April 2019 and 1 August 2018 respectively.

Audit noted that the department had allowed the annual escalation with reference to the provisional dates of CODs instead of actual date of CODs. The comparative details of provisional CODs and actual CODs and excess payment made to the contractor are given in **Table 4.9 & 4.10** below:

**Table 4.9 Dates of COD and Date of Annual Escalation (Group-I, II and III) as a whole in terms of article 5.4 (a) (vii)**

| Group No. | Agreement No., date and agency   | Details of STP  | Provisional Commercial Operation Date (COD) being considered of each STP | Actual Commercial Operational Date (COD) in terms of Article 5.4(a)(VII) | Date from which the annual escalation @ 5 per cent on bid rate was applicable |
|-----------|--|---|--|--|---|
| 1         | 2  | 3   | 4  | 5  | 6   |
| I         | 03/EE(SP)/2016-2017 M/s S.S Engineering Corporation (Proprietary firm) and M/s CXLTitan Electronics Pvt. Ltd. and M/s Euro Marketing India (a Proprietorship firm) | Sanjay Park lake 300 KLD  | <b>12 March 2018</b>   | 12 March 2018  | <b>12 March 2019</b>  |
|           |  | Park in Between Satya Sad-anand Railway line around Kushak Nallah 500 KLD | 28 July 2017   |  |   |
|           |  | Near Junction of Ring Road and Shanti path at Moti Bagh 100 KLD           | 28 July 2017   |  |   |
|           |  | Subhash Parkat Netaji Nagar 100 KLD                                       | 12 March 2018  |  |   |
| II        | 01/EE(SP)/2016-17 M/s Ecosystem resource Management Pvt. Ltd.  | Nehru Park 500 KLD,   | 8 May 2017   | <b>1 April 2018</b>  | <b>1 April 2019</b>   |
|           |  | Developed Rose Garden at Shanti Path towards NayaM-arg 300 KLD            | <b>1 April 2018</b>  |  |   |
|           |  | Rose Garden at Shanti Path towards Niti Marg 100 KLD                      | 27 July 2017   |  |   |
|           |  | Gole Market in between junction of Peshwa Road and R.K. Ashram 200 KLD    | 12 April 2017  |  |   |
| III       | 02/EE(SP)/2016-17 M/s Ecosystem resource Management Pvt. Ltd.  | Lodhi Road Garden 500 KLD   | <b>1 August 2017</b>   | <b>1 August 2017</b>   | <b>1 August 2018</b>  |
|           |  | Bharti Nagar 500 KLD  | Due to non-handing over of site by NDMC the work of STP was withdrawn    |  |   |

**Table 4.10 Excess payment made till 30 November 2021 (Group-I, II and III as a whole) (In ₹)**

| Group                                | Period From      | Period upto | No. of months | Rate due per KL | Net Quantity KL obtained for the period (in KLS) as per RA Bills | Net annual payment made as per RA Bills. | Rate per KL at which payment made (Col. 7÷6) | Excess payment per KL. (Col. 8-5) | Total excess payment (Col. 9x6) |
|--------------------------------------|------------------|-------------|---------------|-----------------|--|--|--|-----------------------------------|---------------------------------|
| 1                                    | 2                | 3           | 4             | 5               | 6  | 7  | 8  | 9                                 | 10                              |
| I                                    | 28 Jul.17        | 12 Mar.18   | 7.5           | 32.00           | 25741.02   | 823713.00                                | 32.00  | 00.00                             | 00.00                           |
|                                      | <b>13 Mar.18</b> | 12 Mar.19   | <b>12</b>     | <b>32.00</b>    | <b>241519.77</b>   | <b>7909818.88</b>                        | <b>32.75</b>                                 | <b>0.75</b>                       | <b>181185.47</b>                |
|                                      | 13 Mar.19        | 12 Mar.20   | 12            | 33.60           | 325108.72  | 11153386.78                              | 34.32  | 0.72                              | 234078.28                       |
|                                      | 13 Mar.20        | 12 Mar.21   | 12            | 35.28           | 325458.55  | 11731460.81                              | 36.05  | 0.77                              | 250603.08                       |
|                                      | 13. Mar.21       | 30 Nov.21   | 12            | 37.04           | 206374.74  | 7744290.30                               | 37.53  | 0.49                              | 101123.62                       |
| <b>Total</b>                         |                  |             |               |                 | <b>11,24,212.8</b>   | <b>3,93,62,681.77</b>                    |  |                                   | <b>767005.45</b>                |
| II                                   | 27 Jul.17        | 31 Mar.18   | 8             | 37              | 179617.40  | 6645843.80                               | 37.00  | 0                                 |                                 |
|                                      | <b>1 Apr.18</b>  | 31 Mar.19   | <b>12</b>     | <b>37</b>       | <b>306492.60</b>   | <b>12076336.20</b>                       | <b>39.40</b>                                 | <b>2.40</b>                       | <b>735582.24</b>                |
|                                      | 1 Apr.19         | 31 Mar.20   | 12            | 38.85           | 347707.30  | 13644814.01                              | 39.24  | 0.39                              | 136385.40                       |
|                                      | 1 Apr.20         | 31 Mar.21   | 12            | 40.79           | 352535.00  | 14895136.27                              | 42.25  | 1.46                              | 515233.62                       |
|                                      | 1 Apr.21         | 30 Nov.21   | 8             | 42.83           | 221468.60  | 9736393.72                               | 43.96  | 1.13                              | 250259.51                       |
| <b>Total</b>                         |                  |             |               |                 | <b>14,07,830.9</b>   | <b>5,69,98,536.00</b>                    | <b>214.85</b>                                | <b>19.38</b>                      | <b>1637460.77</b>               |
| III                                  | <b>1 Aug017</b>  | 31 July 18  | 12            | 31              | 91614.20   | 2840040.20                               | 31.00  | 00.00                             | 00.00                           |
|                                      | 1 Aug.18         | 31 July 19  | 12            | 32.55           | 140066.60  | 4559167.83                               | 32.55  | 00.00                             | 00.00                           |
|                                      | 1 Aug.19         | 31 July 20  | 12            | 34.18           | 150919.90  | 5158442.18                               | 34.18  | 00.00                             | 00.00                           |
|                                      | 1 Aug.20         | 31 July 21  | 12            | 35.89           | 147047.90  | 5276686.98                               | 35.89  | 00.00                             | 00.00                           |
|                                      | 1 Aug.21         | 30 Nov.21   | 4             | 37.68           | 24299.70   | 915613.00                                | 37.68  | 00.00                             | 00.00                           |
| <b>Grand Total (I, II &amp; III)</b> |                  |             |               |                 |  |  |  |                                   | <b>24,04,466.22</b>             |

From analysis of Tables 4.9 & 4.10 above, it was clear that the CODs were due on later dates than the provisional dates of CODs. The annual escalation was allowed to the concessionaire from the dates of provisional CODs instead of actual CODs. Allowing the annual escalation to the contractor from the provisional dates of CODs resulted in excess payment to the concessionaire of ₹ 24.04 Lakh up to 30 November 2021 (the date of Audit)

#### **4.5.7.8 Non-levy of compensation as required under clause 2 of contract agreement: ₹ 2.47 Crore**

Clause 2 of the General condition of the contract, 2014 stipulates that if the contractor fails to maintain the required progress in terms of clause 5 or to complete the work, compensation for delay of work @ 1.5 per cent per month subject to maximum 10 per cent of the Tendered Value of work or of the Tendered Value of the item or group of items of work for which a separate period of completion as originally given, would be recovered. Further Clause 3 of General condition of the contract, 2014 stipulates that a contract can be determined by giving notice in writing by the Engineer-in-charge. Section 33.3.1 of CPWD Manual 2014 stipulates that action under clauses 2 and 3 are independent and provision of clause 3 can be applied even after recovery of compensation under clause 2.

Scrutiny of "Agreement No.72/EE(BM-I)AB/2017-2018 for Re-development of Bapu Samaj Sewa Kendra–Panchkuia Road, New Delhi awarded to M/s Satish Chand and Rajesh Kumar Pvt. Ltd. with Tendered Amount of ₹ 24.66 Crore" revealed that a show cause notice under Clause 2 for wrongful delay or slow progress of work was issued on 1 July 2019 and action for determination under Clause 3 was initiated on 15 November 2019, however no action for levy of compensation of ₹ 2.47 Crore for delay of work (10 per cent of the tender Value) was initiated.

#### 4.5.7.9 Irregular execution of extra items not covered within the original scope: ₹ 1.17 Crore

As per Sl. No.12 of Annexure 'A'- Delegation of Financial powers (9 May 2013), Executive Engineer has financial powers to accord sanction for additional quantities of items stipulated in the contract/extra/substituted items upto 10 per cent of contract value or ₹ 1 Lakh whichever is lower.

Section 5.11.1 (3) of CPWD Works Manual 2019 stipulates that the authorities preparing, examining and sanctioning extra/substituted items should ensure proper preparation of nomenclature of items and recorded specific reasons to execute them.

Scrutiny of "Agreement No.22/EE(BM-III)/2019-20 for Work Special Repair (S/R) of Roads in NDMC area during 2018-19 Fabrication and fixing MS Railing at various locations in NDMC area awarded to M/s Vijay Tyagi with Tendered Amount ₹ 2.35 Crore" revealed that the name of locations where work was to executed has not been mentioned in the scope of work. Further, scrutiny revealed,

- (a) Extra items (statement No.1, 2, 3 and 4) were executed which were not covered under the original scope of work of contract and also not relevant to the nature of work. The details are given in the **Table 4.11** below:-

**Table 4.11 Payment made of extra items without obtaining approval of the Competent Authority**

| Sl. No.      | Extra item statement No. | Total value of statement (₹) | Extra Items executed   | Remarks                                 |
|--------------|--------------------------|------------------------------|--|---|
| 1            | 2                        | 393115                       | Vitrified tiles, granite stone etc.  | Approval not taken from SE              |
| 2            | 3                        | 1194290                      | Kota stone slabs flooring, vitrified tiles   | Approval not taken from CE              |
| 3            | 4                        | 1438582                      | Designer coloured glass in UPVC door, window, ventilator shutters and partitions, stain glass, toughened glass, decorative cup board, window sun controlled glass, doctor aquaguard etc. | Approval not taken from Secretary, NDMC |
| <b>Total</b> |                          | <b>3025987</b>               |  |   |

Audit noted that the Executive Engineer (BM-III) had made the payment of ₹ 22.69 Lakh (75 per cent of ₹ 30.26 Lakh) to the contractor without obtaining approval of the Competent Authority.

- (b) As per the Schedule of Quantity (SoQ) of Contract Agreement the following items of work were to be executed under the scope of work (details are given in **Table 4.12** below) :-

Table 4.12 Schedule of Quantity (SoQ)

| Items No     | Description  | Qty.                       | Rate (₹) | Units               | Amount (₹)         |
|--------------|--|----------------------------|----------|---------------------|--------------------|
| 1            | Earth work in Excavation by mechanical mens  | 1068.00 m <sup>3</sup>     | 146.40   | Cubic Meter         | 177715             |
| 2            | Providing and laying in position cement concrete   | 161.00 m <sup>3</sup>      | 3293.31  | Cubic Meter         | 530223             |
| 3            | Brick work with non modular fly ash bricks   | 813.00 m <sup>3</sup>      | 5532.35  | Cubic Meter         | 4497801            |
| 4            | Providing and laying in position cement concrete   | 33.00 m <sup>3</sup>       | 5356.42  | Cubic Meter         | 176762             |
| 5            | Steel work in built up tubular including cutting, hosting, fixing and painting   | 25265.00 Kg                | 90.25    | Kg                  | 2280166            |
| 6            | Steel work welded in built up section/framed work including cutting, hosting fixing in position in applying steel primer using structural steel etc. | 123787.00 Kg               | 85.95    | Kg                  | 10639493           |
| 7            | Providing and fixing MS designer Bhalla Cap with base complete welled over square Bar of MS railing  | 22594.00 nos               | 116.15   | each                | 2624293            |
| 8            | Stone works for wall lining etc. (Red Sand Stone)  | 1050.00 m <sup>2</sup>     | 2044.60  | Sqm                 | 2146830            |
| 9            | Providing and laying 150X150X70 to 80 mm thick DQ stone block  | 1050.00 m <sup>2</sup>     | 1067.47  | Sqm                 | 1120844            |
| 10           | Stone work plain in copings, cornices string courses and plinth courses (Red Sand Stone)   | 119.00 m <sup>3</sup>      | 41029.55 | Cubic Meter         | 4882516            |
| 11           | Extra for pre-finished nosing to treads of steps of marble stone   | 7000.00 m                  | 306.25   | Meter               | 2143750            |
| 12           | Extra for fabricating fancy/designer MS railing  | 22450.00 Kg                | 13.98    | Kg                  | 313851             |
| 13           | Painting with syntactic enamel of approved brand   | 4318.00 m <sup>2</sup>     | 78.40    | Sqm                 | 338531             |
| 14           | Carriage of material upto 1 Km earth   | 1068.00 m <sup>3</sup>     | 79.96    | Cubic Meter         | 85397              |
| 15           | Carriage for load beyond initial lead of 01 Km to 20 Km earth  | 20292.00m <sup>3</sup> /Km | 10.22    | Cubic Meter/ Per Km | 207384             |
| 16           | Filling available excavated earth into trench/foundation   | 304.00 m <sup>3</sup>      | 125.75   | Cubic Meter         | 38228              |
| <b>Total</b> |  |                            |          |                     | <b>3,22,03,784</b> |

From the 8<sup>th</sup> RA/Pre-Final Bill it is revealed that extra items as shown in **Annexure-XI** were executed which are not covered under the nature and scope of work and payment of ₹ 86.75 Lakh was made to contractor.

The execution of items of work which were not-relevant to the nature of work was irregular and violation of Section 5.11.1 (3) of CPWD Works Manual 2019.

#### 4.5.8 Procedural Lapses

In 29 contracts Audit observed number of different types of Procedural Lapses as detailed in Table-14 below. These lapses are important with regard to follow and implementation of all procedures and Instructions in true spirit as given in the codes and manuals (adopted in the working of Civil Engineering

Department of NDMC). However, non-following of these instructions and work procedures may lead to lack of transparency and have serious financial implications in future. The details of lapses are given in **Table 4.13** and **Annexure-XII** :

**Table 4.13 Procedural Lapses**

| Sl. No. | Nature of procedural irregularity  | Refer Annexure-XII Sl. No. |
|---------|--|----------------------------|
| 1       | Non-mentioning of Economic Life of the building in design & scope  | 1-2                        |
| 2       | Payment of RA bills without test-check of measurement  | 3-8                        |
| 3       | Non-enclosing of Performa of mandatory test along with RA bills  | 9-13                       |
| 4       | Preparation of detailed estimate of Firework by Assistant Engineer (Civil) instead of Assistant Engineer (Electrical)              | 14-15                      |
| 5       | Non enclosing of the Theoretical consumption statement for cement, steel, G.I. Pipe etc. up to the 25 <sup>th</sup> RA bills       | 16                         |
| 6       | Non-sanctioning of Extension of Time   | 17-22                      |
| 7       | Non-revalidation of bank guarantee received against security deposit   | 23                         |
| 8       | Non recording of final completion certificate by the T/S authority   | 24-25                      |
| 9       | Non-obtaining of performance Guarantee   | 26                         |
| 10      | Non extension of bid validity period   | 27-30                      |
| 11      | Excess validity period of bid.   | 31-34                      |
| 12      | Irregular provision of mobilization advance in detailed estimate for appointment of consultant                                     | 35                         |
| 13      | Less provision of performance guarantee (i.e.2 <i>per cent</i> instead of 5 <i>per cent</i> of tender accepted value of ₹ 26Lakh.) | 36                         |
| 14      | Issue of NIT without availability of architect drawing & working structural drawing  | 37                         |
| 15      | Delay in approval of NIT & detailed estimate   | 38-39                      |
| 16      | Non- forfeiture of EMD ₹ 1.38 Lakh   | 40-41                      |

## CHAPTER-5

## ELECTRIC ENGINEERING DEPARTMENT

## Audit of Contract Management (Electrical), NDMC

## Executive Summary/Highlights

- Electricity Department is responsible for distribution of electricity to all consumers coming under its jurisdiction including all government buildings. Besides above, the Department is also responsible for street lightings, electric maintenance of NDMC offices (Commercial building, Schools, Hospitals) and NDMC residential flats. **(Para 5.1)**
- Additional procurement of ₹ 1.57 Crore (39.44 per cent in excess) was made without obtaining revised AA&ES. **(Para 5.5.1.2)**
- In 4 contracts, the Department did not obtain revised Technical Sanction (TS) despite tendered amount/work done being beyond 10 per cent of the original TS. **(Para 5.5.1.3)**
- In 5 NITs, the Department relaxed the eligibility criteria and allowed the bidders with low financial capability of similar work experience and average annual turnover. Further, in 2 NITs, the Department provisioned less EMD of ₹ 32 Lakh based on estimated cost of 1 year instead of 3 years in violation of codal provision. **(Para 5.5.2.1 & 5.5.2.2)**
- In 7 contracts, the Department called for New/additional documents after opening of Technical bids to qualify the bidders in Technical Bids in violation of Section 7.3.5 of Manual for Procurement of Goods 2017. **(Para 5.5.3.1)**
- In Contract Agreement No.05/EE(S-I)/2020-21 the Department accepted conditional bids of two bidders with incomplete documents/information in Technical bids, by relaxing the technical eligibility criteria. **(Para 5.5.3.4)**
- The contract valuing ₹ 3.46 Crore was awarded to the agency without placing the case to Technical Evaluation Sub-Committee (TEC). **(Para 5.5.3.5)**
- In 3 contracts, Justification statements were prepared on the basis of old rates, estimated cost and the rates obtained after opening of technical bids instead of prevailing market rates. **(Para 5.5.4.1)**
- In first call L1 bid of ₹ 87.60 Lakh, was rejected on the grounds that the quotation for preparation of justified rates was obtained after the last date of receipt of bids. On re-tendering the work was awarded for ₹ 1.18 Crore resulting in avoidable expenditure of ₹ 30 Lakh. **(Para 5.5.4.2)**
- Department conducted negotiations with L1 bidder with the intention to bring the rates within the

permissible limit of variation of 5 *per cent* without any exceptional situation, in violation of Section 20.4.3.2 of CPWD Works Manual 2014 and CVC Guidelines. **(Para 5.5.5.1)**

- In 10 contracts of ₹ 35.83 Crore, tenders were accepted ranging from 13.79 *per cent* to 36.52 *per cent* below the justified cost against the permissible limit of 10 *per cent*. **(Para 5.5.5.2)**
- In 17 contracts, a condition was incorporated in the NIT in contravention of codal provisional that Performance Guarantee would be deducted from RA Bills lot wise instead of depositing within 14 days from letter of award. As a result of such relaxation, in 2 contracts, no Performance Guarantee could be deposited, in 8 contracts, it was deposited with delay ranging from 51 days to 343 days and in 7 contracts, the PG was deducted from RA Bills with delay ranging upto 725 days. **(Para 5.5.6.1)**
- For testing of LED street light fittings at the time of supply, the Department selected a firm on nomination basis, and paid an excess amount of ₹ 2.31 Lakh .The rates charged by the firm were on higher side in comparison to other firm which was selected by obtaining quotations at the time of sample testing at the time of technical qualification. **(Para 5.5.7.3)**
- In two contracts, the Department made advance payments of ₹ 2.21 Crore (100 *per cent*) and ₹ 0.29 Crore (100 *per cent*) and in one contract, advances payment of ₹ 0.30 Crore (50 *per cent*) of value of contract against the maximum limit of 30 *per cent* and without obtaining Bank Guarantee from the firm as required. **(Para 5.5.8.1)**
- An amount of ₹ 62.07 Lakh had been paid to the agency for the period 10 November 2017 to 9 May 2021 without execution of contract agreement. **(Para 5.5.8.2)**
- In 9 contracts, the Income Tax was deducted on net value of work instead of gross value. The total amount less deducted was ₹ 15.56 Lakh. **(Para 5.5.8.5)**
- In 10 contracts, Labour Cess was deducted on net value of work instead of gross value. Less deduction of Labour Cess was ₹ 6.75 Lakh. **(Para 5.5.8.6)**
- In 5 contracts, ₹ 40.28 Crore was paid to the contractor without obtaining Labour License in violation of Clause 19 and 7A of General Condition of Contract. **(Para 5.5.8.7)**
- In 16 contracts, the Department made payment of ₹ 55.7 Lakh against Contingency Charges without provision in the Detailed Estimate. **(Para 5.5.8.8)**
- In 8 contracts, the Department did not impose Penalty of ₹ 91.58 Lakh on the contractor for non-deployment of Technical Representative(s) and non-recording the Certificate under the provisions of clause 36 verified by the AE in running bills that qualified engineer(s) had looked after the work during its execution. **(Para 5.5.8.11)**
- In 16 contracts, total time taken in processing of tender from the date of issue of NIT to the date of award of contract was ranging from 6 to 22 months from the date of approval of NIT against the norm of 4 months **(Para 5.5.10.1)**
- In 13 contracts, the time taken from opening of Technical Bid to award of contract was ranging from 6 to 20 months against the permissible period of 3 to 4 months. **(Para 5.5.10.2)**
- In 13 contracts, the time taken in processing from AA&ES to award of contract was ranging from 10 months to 11 years. **(Para 5.5.10.3)**



## 5. Audit of Contract Management (Electrical), NDMC

### 5.1 Introduction

The Electricity Department of NDMC has two zones, **Electricity-I & Electricity-II** which are headed by Chief Engineers (CEs). Chief Engineers are assisted by the Superintending Engineers (SEs) at Circle levels. The work is got executed at sub-division level (AEs) which is monitored at division level (EEs). The payment of work is made at division level headed by Executive Engineers (EEs).

**Electricity Department** is responsible for distribution of electricity to all consumers coming under its jurisdiction including all government buildings. Besides above, the Department is also responsible for street lightings, electric maintenance of NDMC offices (Commercial building, Schools, Hospitals) and NDMC residential flats.

**Electricity-II zone** is responsible to ensure availability of adequate power from the grid & maintain continuity of electricity supply through "System Control" in close coordination with Delhi Transco Limited (D.T.L.) System control of NDMC operates from the Supervisory Control and Data Acquisition (SCADA) Centre in Nirman Bhawan. Power is received through 66KV, 33KV & 11KV feeders from the Grid Stations of Delhi Transco Limited and B.S.E.S. Power supply system is maintained as per the guidelines and standards of the Indian Electricity Grid Code for efficient, reliable, economic and secured operation.

### 5.2 Scope of Audit

Audit of Contract Management of Electrical Department, NDMC (18 divisions) covering the period from 2017-18 to 2021-22, was conducted during the period July-2022 to January-2023. Total 1082 contracts involving value of ₹ **341.68 Crore** were executed by 18 Divisions during the period 2017-18 to 2021-22. Audit of **54 contracts (Annexure-I)** of 14 Divisions with value of ₹ **231.11Crore** (67.63 per cent) was conducted on sample basis. Details of contracts and selection for audit are shown in **Table 5.1** below:-

**Table 5.1**

| Sl. No. | Particular                               | Up to ₹ 10 lakh. | Above ₹ 10 lakh and up to ₹ 40 lakh. | Above ₹ 40 lakh and up to ₹ 1 Crore. | Above ₹ 1 Crore and up to ₹ 5 Crore. | Above ₹ 5 Crore. | Total                      |
|---------|--|------------------|--------------------------------------|--------------------------------------|--------------------------------------|------------------|----------------------------|
| 1       | A  | B                | C                                    | D                                    | E                                    | F                | G                          |
| 2       | Number of contracts                      | 790              | 227                                  | 24                                   | 27                                   | 14               | 1082                       |
| 3       | Value of contracts (₹ in Crore)          | 27.03            | 44.22                                | 16.51                                | 60.32                                | 193.60           | 341.68<br>(100 per cent)   |
| 4       | Selection criteria                       | 0.50 per cent    | 5 per cent                           | 50 per cent                          | 50 per cent                          | 100 per cent     | -                          |
| 5       | Selected                                 | 4                | 11                                   | 12                                   | 14                                   | 13               | 54                         |
| 6       | Value of Selected contracts (₹ in Crore) | 0.39             | 3.73                                 | 9.32                                 | 41.49                                | 176.17           | 231.11<br>(67.63 per cent) |

### 5.3 Audit Objective

The audit was conducted with a view to ascertain the followings: -

- (i) Whether AA&ES was obtained before incurring the liability.
- (ii) Whether Technical Sanction (TS) and Detailed Estimate (DE) was approved by the Competent Technical Authority.
- (iii) Whether the tender document was prepared as per standard document provided in codes and manuals.
- (iv) Whether selection of bidders (technical evaluation) was made as per NIT criteria.
- (v) Whether the rates accepted at the time of award of contract were reasonable.
- (vi) Whether the performance security and security deposit were obtained from the successful bidder as per rule.
- (vii) Whether the work was awarded as per NIT.
- (viii) Whether the payments was made as per conditions of the contract.
- (ix) Whether the work was completed within stipulated time period. If not, Extension of Time (EoT) was granted.
- (x) Whether the mandatory taxes such as Income Tax, Labour Welfare Cess, GST etc. were deducted as per orders and remitted to concerned authorities.

### 5.4 Audit Criteria

The audit was conducted with reference to the following Rules, Guidelines, Codes and Manuals.

- (i) CPWD Works Manuals 2014 and 2019.
- (ii) Standard Operating Procedures (SOPs) for CPWD Works Manual 2019.
- (iii) General Conditions of Contract (Construction, 2014 and 2019).
- (iv) General Financial Rules 2005 and 2017.
- (v) CVC guidelines on contracts.
- (vi) Delegation of Financial Powers, NDMC dated 9 May 2013 (as amended from time to time).
- (vii) Delhi Schedule of Rates (DSRs).
- (viii) CPWD Maintenance Manuals.
- (ix) Manual for Procurement of Goods 2017.

## 5.5 Audit Findings:-

### 5.5.1 Administrative Approval & Expenditure Sanction and Technical Sanction

#### 5.5.1.1 Work awarded after lapse of Administrative Approval & Expenditure Sanction (AA&ES)

Rule 139 (iii) of GFR-2017 read with Section 2.3.5 of CPWD Works Manual 2014 and Section 3.1.1.5 of CPWD Works Manual 2019 stipulates that no work shall be undertaken before issue of Administrative Approval and Expenditure Sanction by the Competent Authority on the basis of estimates framed.

Further, Rule 30 of GFR 2017 stipulates that a sanction for any fresh charge shall, unless it is specifically renewed, lapse if no payment in whole or in part has been made during a period of twelve months from the date of issue of such sanction. Provided that inter-alia in the case of purchase of stores, a sanction shall not lapse, if tenders have been accepted or the indent has been placed on the Central Purchase Organization within the period of one year of the date of issue of that sanction, even if the actual payment in whole or in part has not been made during the said period.

In 5 contracts, audit noted that the work was awarded after lapse of Administrative Approval. No fresh Administrative Approval and Expenditure Sanction (AA & ES) was obtained as required. The details are given in **Table 5.2** below.

**Table 5.2 Work awarded after lapse of Administrative Approval & Expenditure Sanction**

| Sl. No       | Contract Details (Sl.No. of Annexure-I) | Tendered Amounts (₹ in Crore) | Date of AA&ES   | Validity of AA&ES norm       | Date of acceptance of Tender | Period of lapse                       |
|--------------|---|-------------------------------|---|------------------------------|------------------------------|---------------------------------------|
| 1            | 21                                      | 20.38                         | 23 July 2013 (₹ 7.11 Cr.)<br>24 Apr. 2014 (₹ 16.58 Cr.) | 22 July 2014<br>23 Apr. 2015 | 19 Jan. 2021                 | 6 years 6 Months<br>5 years 9 Months  |
| 2            | 27                                      | 10.33                         | 20 June 2017  | 19 June 2018                 | 27 Aug. 2020                 | 2 years 2 months                      |
| 3            | 17                                      | 9.54                          | 27 June 2013 (₹ 7.03 Cr.)<br>24 Apr. 2014 (₹ 16.58 Cr.) | 26 June 2014<br>23 Apr. 2015 | 31 May 2021                  | 6 years 11 Months<br>6 years 1 Months |
| 4            | 7                                       | 2.64                          | 26 Apr. 2012  | 25 Apr. 2013                 | 29 Dec. 2017                 | 4 years 8 Months                      |
| 5            | 31                                      | 1.26                          | 6 Nov. 2018   | 5 Nov. 2019                  | 6 Dec. 2019                  | 1 month                               |
| <b>Total</b> |   | <b>44.15</b>                  |   |                              |                              |                                       |

It is clear that the 5 contracts were awarded after lapse of AA&ES ranging from 1 month to 6 years 11 Months in violation codal provision.

#### 5.5.1.2 Non-Obtaining of Revised Administrative Approval & Expenditure Sanction.

Delegation of Financial Powers, NDMC mentioned at Sl. No.12 of Annexure "A" to NDMC Circular No. D-72/Fin/2013 dated 9 May 2013 stipulates that if the additions exceed beyond 10 per cent of AA&ES, a revised AA&ES of Competent Authority will be obtained.

Scrutiny of Contracts Agreement No.01/EE(S-I)/2020-21 (Annexure-I, Sl.No.22) revealed that the tender was processed on the basis of Approval In Principle (AIP) of Chairman, NDMC (7 January 2016) to make Rate Contract for one year for procurement of electrical material which were not available on DGS&D (Rate Contracts) such as Distribution Transformers, HT Panels, LT Panels and Package Substations etc. On the basis of AIP, the tender was approved by the Chairman NDMC vide Agendum No.05 (B-I) dated 6 May 2020.

Audit noted that the total expenditure of ₹ 5.55 Crore (₹ 3.98 Crore tendered amount plus additional purchase of ₹ 1.57 Crore) had been incurred which is 39.44 *per cent* in excess of AA & ES amount of ₹ 3.98 Crore.

Expenditure without obtaining of revised AA&ES due to additional procurement of ₹ 1.57 Crore (39.44 *per cent* in excess) was violation of provision under Delegation of Financial Powers, NDMC.

### 5.5.1.3 Non revision of Technical Sanction (TS)

Section 2.5.2 of CPWD Works Manual 2014 stipulates that the Technical Sanction can be exceeded up to 10 *per cent* beyond which revised 'Technical Sanction' shall be necessary.

In 4 contracts, Audit noted that the tendered amount/work done exceeded 10 *per cent* of the TS amount. The details are given in **Table 5.3** below:

**Table 5.3 Non revision of Technical Sanction (₹ in Crore)**

| Sl. No | Contract Details (Sl.No. of Annexure-I) | Technical Sanction/ NIT | Tendered Amounts/Gross work done                             | Variation above T.S   |
|--------|---|-------------------------|--|-----------------------|
| 1      | 53                                      | 9.43 (13 Apr. 2015)     | 11.78 (as on 10 Feb. 2020)                                   | 24.92 <i>per cent</i> |
| 2      | 6                                       | 3.05 (6 Oct. 2017)      | 3.69 (as on 1 Mar. 2019)                                     | 21 <i>per cent</i>    |
| 3      | 31                                      | 1.13 (16 May 2019)      | 1.42 (Including additional/extra items) (as on 16 Nov. 2022) | 25.66 <i>per cent</i> |
| 4      | 47                                      | 0.92                    | 1.08 (as on 17 Feb. 2020)                                    | 17.39 <i>per cent</i> |

The tendered amount/work done in the above cases was beyond 10 *per cent* of the TS. Hence, revised TS was to be obtained as per codal provision. However, the department did not obtain the same. Non-obtaining of revised Technical Sanction was in violation of the codal provision.

### 5.5.1.4 Procurement without obtaining AA&ES.

Rule 132 of CPWD Works Manual 2014 stipulates that no work shall be undertaken before issue of Administrative Approval and Expenditure Sanction by the Competent Authority on the basis of estimates framed.

Scrutiny of Contract Agreement No.03/EE(M/S)/2020-21/E (Annexure-I, Sl. No.45) revealed that a supply order for the procurement of "Schneider make 11 KV RM-VI Ring main unit at USS Delhi Public Library, Sarojini Nagar" was issued (August-2020) for ₹ 9.75 Lakh to M/s. Ceekay Engineers (Authorized dealer of Schneider Electric Infrastructure, OEM) without obtaining AA&ES. Reason for non-obtaining of AA&ES was not found on records.

Non-obtaining of AA&ES before incurring expenditure or any liability by the division was in violation of codal provision.

## 5.5.2 Notice Inviting Tender

### 5.5.2.1 Relaxation of eligibility criteria in NIT

Section 15.7.1.4 of CPWD Works Manual 2014 stipulates that the Chief Engineer/Chief Project Manager/Project Manager in-charge of the work shall finalize the eligibility as well as bid evaluation criteria in accordance with the guidelines given in Appendix-20. In case any deviation from guidelines (except for recalling tenders under para 17.7) are considered necessary, same should be got approved from the ADG.

As per Delegation of Financial Powers, NDMC dated 9 May 2013, the Engineer-in-Chief (E-in-C) is the next higher authority to Chief Engineer and, the powers delegated to E-in-C will be exercised by Secretary NDMC as there is no E-in-C in position.

In 2 contracts<sup>6</sup>, the work of Operation & Maintenance was to be executed for 3 years. Audit noted that Estimated Cost (EC) put to tender in the NIT was called on the basis of detailed estimate of one year instead of 3 years. The approval of tender (NIT) with one year Estimated Cost had resulted in working out of EMD and financial eligibility criteria in the tender on lower side as shown in the **Table 5.4** below:

**Table 5.4 Relaxation of eligibility criteria in NIT (₹ in Crore)**

| Contract Details (Sl.No. of Annexure-I) | EMD   |           |       | Value of similar works |                      |  | Average annual turnover |                   |
|---|-------|-----------|-------|------------------------|----------------------|--|-------------------------|-------------------|
|   | Norms | Ob-tained | Diff. | Norms <sup>7</sup>     | Called for           |  | Norms                   | Called for        |
| 52                                      | 0.30  | 0.10      | 0.20  | 6.05 or 9.08 or 12.1   | 2.02 or 3.02 or 4.03 |  | 7.56 (50% of EC)        | 2.52 (50 % of EC) |
| 53                                      | 0.18  | 0.06      | 0.12  | 3.77 or 5.66 or 7.54   | 1.26 or 1.88 or 2.51 |  | 9.43 (100% of EC)       | 3.14 (100% of EC) |

From the above analysis, it is clear that due to relaxation of eligibility criteria in NIT, the Department obtained less EMD of ₹ 32 Lakh in two contracts and allowed the bidders with low financial capability of similar work experience and average annual turnover in violation of codal provision.

### 5.5.2.2 Irregular deviation in eligibility criteria of similar work experience.

Section 15.7.1.4 of CPWD works Manual 2014 (Appendix-20) stipulates that the Chief Engineer/Chief Project Manager/Project Manager in-charge of the work shall finalize the eligibility as well as bid evaluation criteria as under:

- 6 (1) Contract Agreement No.02/EE(E)C-V/2019-20 (Annexure-I, Sl.No. 52) - Estimated cost of ₹ 15.13 Crore for 3 Year and ₹ 5.04 Crore for 1 year, (2) Contract Agreement No.07/EE(E)C-V/2015-16 (Annexure-I, Sl.No.53)-Estimated cost of ₹ 9.43 Crore for 3 Year and ₹ 3.14 Crore for 1 year.
- 7 Three similar works, each of value not less than 40 per cent of the estimated cost, or (ii) Two similar works, each of value not less than 60 per cent of the estimated cost, or (iii) One similar work of value not less than 80 percent of the estimated cost.

- (i) three similar completed works costing not less than the amount equal to 40 *per cent* of Estimated Cost put to tender, **or**
- (ii) two similar completed works, costing not less than the amount equal to 60 *per cent* of the Estimated Cost put to tender **or**
- (iii) one similar completed work of aggregate cost not less than the amount equal to 80 *per cent* of the Estimated Cost.

In case any deviation from guidelines (except for recalling tenders under para 17.7 of CPWD Works Manual 2014) are considered necessary, same should be got approved from the ADG (**equivalent to next higher authority to CE in NDMC**). As per Delegation of Financial Powers, NDMC dated 9 May 2013, the Engineer-in-Chief (E-in-C) is the next higher authority to Chief Engineer and the powers delegated to E-in-C will be exercised by Secretary, NDMC as there is no E-in-C in position.

In 3 contracts<sup>8</sup>, valuing ₹ 8.79 Crore, Audit noted that eligibility criteria of three similar completed works equal to 40 *per cent*, 60 *per cent* and 80 *per cent* of the Estimated Cost put to tender was amended in the NIT as 30 *per cent* 50 *per cent* and 60 *per cent* respectively of the Estimated Cost put to tender with the approval CE(E-I) instead of approval of the Competent Authority as required.

Non-obtaining approval of the Competent Authority to modify the eligibility criteria was violation of codal provision.

### 5.5.2.3 Non-laying the condition of Solvency Certificate in the financial eligibility criteria of bidder in NIT

Solvency certificate is a document which provides information about the financial stability of an individual/entity. This certificate is required by the government and commercial offices to ensure about the financial position of individuals/entities.

Section 15.7.1.4 of CPWD works Manual 2014 read with appendix 20 stipulates that Solvency of the amount should be equal to 40 *per cent* of the Estimated Cost of the work. In case any deviation from guidelines (except for recalling tenders under **para 17.7 of CPWD works Manual 2014**) are considered necessary, same should be got approved from the ADG (**equivalent to next higher authority to CE in NDMC**).

As per Delegation of Financial Powers, NDMC dated 9 May 2013, the Engineer-in-Chief (E-in-C) is the next higher authority to Chief Engineer and, the powers delegated to E-in-C will be exercised by Secretary NDMC as there is no E-in-C in position.

In 12 contracts valuing ₹ **63.5 Crore**<sup>9</sup>, Audit noted that condition of Solvency Certificate of the amount equal to 40 *per cent* of the Estimated Cost of work was not laid down in the financial eligibility criteria of NIT. Further, the approval of Competent Authority for relaxation in eligibility criteria of Solvency Certificate in NIT was also not obtained.

8 03/EE(S-I)/2019-20 (₹ 4.41 Crore), 02/EE(S-II)/2019-20 (₹ 3.46 Crore), 05/EE(S-II)/2020-21 (₹ 0.92 Crore)

9 05/EE(S-I)/2020-21 (₹ 20.38 Cr.), 02/EE(S-II)/2020-21 (₹ 10.33 Cr.) 01/EE(S-I)/2021-22 (₹ 9.54 Cr.), 03/EE(S-I)/2019-20 (₹ 4.41 Cr.) 12/EE(S-I)/2018-19 (₹ 4.12 Cr.) 01/EE(S-I)/2020-21 (₹ 3.98 Cr.), 02/EE(S-II)/2019-20 (₹ 3.46 Cr.), 02/EE (S - I) / 2021-22 (₹ 3.38 Cr.), 02/EE(S-I)/2019-20 (₹ 1.41 Cr.) 01/EE(S-II)2021-22 (₹ 1.18 Cr.), 05/EE(S-II)/2020-21 (₹ 92 Cr.), 03/EE(S-II)/2019-20 (₹ 0.39 Cr.)

Non-laying the condition for submission of Solvency Certificate in eligibility criteria of bidder in NIT shows that the eligibility criteria in NIT was relaxed without approval of Competent Authority which is in violation of codal provision.

#### 5.5.2.4 Non-issuance of Proprietary Article Certificate (PAC) before asking of offer from OEM.

Para 4.6.1 "Proprietary Article Certificate" of Manual for Procurement of Goods 2017 (read with Rule 166 of GFR-2017), stipulates," In procurement of goods, certain items are procured only from Original Equipment Manufacturers (OEMs) or manufacturers having proprietary rights (or their authorized dealers/stockists) **against a PAC (Annexure-6) signed by the appropriate authority.**

Para 4.6.2 "of Manual for procurement of goods 2017, stipulates,"

- (i) **Users should enclose, with their Indent, a PAC** indicating the justification and approval at the appropriate level as per DPFR/SoPP, for sourcing an item from OEM or PAC firms or their authorized agents;
- (ii) Proprietary items shall be purchased only from a nominated manufacturer or its authorized dealer as recorded in the PAC;
- (iii) **In case of PAC/Single Tender procurements details of such contracts should be published on the website of the Procuring Entity.**

In 3 contracts<sup>10</sup>, valuing ₹ 2.60 Crore, Audit noted that no PAC was issued and placed on record and no details of such contracts were published on the website of the Procuring Entity as required.

Non-issuance of PAC before issue of indent to the OEM/Single source of supply and non-publishing the awarded rates of Procurement on the websites is violation of codal provision.

#### 5.5.2.5 Less provision of EMD in NIT

Para 6.1.1 of Manual for Procurement of Goods 2017 read with Rule 170 of GFR 2017 stipulates that Bid Security to safeguard against a bidder's withdrawing altering its bid during the bid validity period in the case of Advertised or Limited Tender Enquiry is to be obtained. Amount of bid security should ordinarily range **between two per cent to five per cent** of the estimated value of the goods to be procured.

Scrutiny of Contract Agreement No.05/EE(**S-I**)/2020-21 (Annexure-I, Sr. No.21) revealed that the Estimated Cost of work was ₹ 19.85 Crore. In NIT, the Department made a provision of EMD of ₹ 29.85 Lakh instead of ₹ 39.71 Lakh. As per codal provision, the Department should have made a minimum provision of ₹ 39.71 Lakh as EMD i.e. @ 2 per cent of Estimated Cost of Work, which resulted less deposit of EMD of ₹ 9.85 Lakh by all the bidders which was in violation of codal provisions

<sup>10</sup> 05/EE(E)M-33KV/2018-19(₹ 2.21 Cr.), 04/EE(M-33KV)/2019-20/E(₹ 29.43 Lakh), 02/EE(M-33KV)/2020-21/E (₹ 9.75 lakh)

## 5.5.3 Evaluation of Technical Bids

### 5.5.3.1 Irregular qualifying of Technical Bids by seeking additional documents.

Section 7.3.5 of Manual for Procurement of Goods 2017 stipulates that during evaluation and comparison of bids, the purchaser may, at his discretion, ask the bidder for clarifications on the bid. So far as the submission of documents is concerned with regard to qualification criteria, after submission of the tender, only related shortfall documents should be asked for and considered. For example, if the bidder has submitted a supply order without its completion/performance certificate, the certificate can be asked for and considered.

Further Tender Notice stipulates that Tenderer should submit all documents, duly scanned and uploaded. No new/additional documents other than the documents received through e-tendering system shall be accepted after opening the tenders.

In 7 contracts<sup>11</sup> valuing ₹ 45.51 Crore, it was noticed that Technical Bids were declared qualified after seeking new/additional documents. The details are given in **Table 5.5**.

**Table 5.5 Irregular qualifying of Technical Bids after obtaining new/additional documents**

| Sl. No. | Contract Details (Sl.No. of Annexure-I) | New/Additional documents called for and accepted  |
|---------|---|---|
| 1       | 1                                       | Similar work experience, Average financial Turn over, CA certificate regarding no loss incurred in more than two years during last five years, Declaration regarding alteration/ modification/ suggestion in Price Bid, Copy of Performance Certificate, CPRI Test reports, Latest ITR, |
| 2       | 2                                       | Test Reports, Test Reports for Numerical Relays, Guaranteed Technical Particulars of Capacitor Bank, All C&R panels of same make, Performance of GIS & Deviation Sheet,   |
| 3.      | 4                                       | Affidavit (Undertaking) regarding work executed through another contractor, CA certificate regarding no loss incurred in more than two years during last five years, Test Reports.  |
| 4       | 5                                       | Declaration regarding alteration/ modification/ suggestion in Price Bid, Losses of Power Transformer as per NIT, Core & Coils as per NIT,   |
| 5       | 6                                       | Nitrogen Injection Fire Protection system, Copy of Performance Certificate for a period of last 2 years,  |
| 6       | 33                                      | Scanned copy of Technical specification and equipment specification as per Appendix-I.  |
| 7       | 34                                      | Affidavit (Undertaking) regarding similar work executed through another contractor, Schedule of Deviation Sheet, Latest ITR,  |

Calling of New/additional documents related to qualifying criteria after opening of Technical bids and declared qualified after obtaining new/additional documents is in violation of Para 7.3.5 of Manual for Procurement of Goods 2017 and NIT.

11 02/2018-19/EE(C-VI)E (₹ 14.5 Cr.), 05/2018-19/EE(C-VI)E (₹ 13.60 Cr.), 02/EE(C-VI)E/2017-18 (₹ 7.83 Cr.), 01/EE(C-VI)E/2017-18 (₹ 5.11 Cr.), 06/2018-19/EE(C-VI)E (₹ 3.69 Cr.), 13/EE(E) BM-II/2021-22 (₹ 0.40 Cr.), 11/EE(E) BM-II/2018-19 (₹ 0.38 Cr.).



### 5.5.3.2 Irregular rejection of bids

Rule 170 of GFR 2017 stipulates that to safeguard against a bidder's withdrawing or altering its bid during the bid validity period in the case of Advertised Or Limited Tender Enquiry, Bid Security (also known as Earnest Money Deposit) is to be obtained from the bidders **except Micro and Small Enterprises (MSEs)** as defined in MSE Procurement Policy issued by Department of Micro, Small and Medium Enterprises (MSME)

Scrutiny of the Contract Agreement No.38/EE(E)BM-1/2020-21 (Annexure-I, Sr. No.36) with the tendered amount of **₹ 88.04 Lakh** revealed that the provision of exemption of Earnest Money Deposit (EMD) was not made in the NIT for those bidders who were registered with MSME. Two firms M/s Solenergi Research Pvt. Ltd. and M/s Oakridge Energy Pvt. Ltd. (out of three) registered with MSME did not submit EMD, due to which both the firms were declared ineligible.

Audit further noted that the issue regarding exemption of EMD for MSME was raised by M/s Solenergi Research Pvt. Ltd. in the pre-bid meeting held on 19 March 2020 but same was not considered by the Department.

Non-allowing of exemption for submission of EMD to bidders registered with MSME is in violation of Rule 170 of GFR 2017.

### 5.5.3.3 Irregular rejection of bidder due to non-allowing sufficient time for submission of clarification in Technical Bid.

Section 15.7.1.5 of CPWD Works Manual 2014 stipulates that after opening of the Technical Bids, Executive Engineer shall prepare a list of deficiencies found in the bids of each bidder vis-a-vis requirements as per NIT within one week and send these lists to individual bidders by Speed Post with a request to furnish required documents **within one week of receipt**, failing which it will be presumed that they do not have any further documents to furnish and decision on bids will be taken accordingly.

Scrutiny of Contract Agreement No.07/EE(E)C-V/2015-16 (Annexure-I Sl. No.53 ) revealed that M/s Swastik Electrotech Pvt. Ltd. was not fulfilling the qualifying criteria as the firm had not submitted the details of capacity of DG set and Chiller in similar work experience . Further, the firm had uploaded only ISO -9001 certification against the requirement of valid certification of ISO -9001, ISO- 14001 and OHSAS-18001. The agency with the approval of EE was requested to submit the shortfall documents/clarification via e-mail on **26 August 2015**. However, the agency was declared ineligible on **27 August 2015** by Division and R&D/Planning without waiting the response of the agency till **one week as required. This was also approved by** Competent Authority (CE) on 15 September 2015.

Declaring the firm M/s Swastik Electrotech Pvt. Ltd ineligible, without allowing permissible time of one week was in violation of the codal provision.

### 5.5.3.4 Irregular qualifying of bidders in Technical Evaluation (Cover-II)

Appendix-3 (iv) of Manual for Procurement of Goods 2017 stipulates that the bidders will submit their Techno-Commercial Bids and Price Bids online. **No conditional bid shall be allowed/accepted.**

Bidders will have to upload scanned copies of various documents required for eligibility and all other documents as specified in NIT.

Scrutiny of **Contract Agreement No.05/EE(S-I)/2020-21** (Annexure-I Sl. No.21) revealed that in Technical Bid<sup>12</sup> (Cover-II), the following documents were also required to be provided:-

- (i) MICS document (Model Implementation Conformance Statement)
- (ii) PICS (Protocol Implementation Conformance Statement)
- (iii) **Conformance Test certificate from KEMA/CPRI. (Submitted)**
- (iv) PIXIT document (All the above mentioned certificates shall be submitted)
- (v) ICD file
- (vi) SCD file

Technically qualified bidders informed that documents for point Nos. 1, 2 & 4 will be submitted during detailed engineering after receipt of PO (Purchase Order); documents for point Nos.5 & 6 will be submitted after preparation of configuration file against receipt of approved electrical schematics & logical drawings from NDMC. (Document in respect of Point 3 was already submitted). Both the firms had not submitted cover-II documents as per NIT and thus not eligible for Financial Bid (cover-III).

Despite conditional offers and incomplete documents/information furnished by both the bidders, approval for opening of Financial Bid along with acceptance of Technical Bid of both the bidders i.e. M/s. Gopower Electech Pvt. Ltd. and M/s Maple Electric Solutions was accorded by CE(E-I) on 4 September 2020. The contract was awarded to **M/s Gopower Electech Pvt. Ltd. being L-1.**

Audit noted that:

- a. No such relaxation as mentioned above was sought or discussed, as required, by any of the bidders at the time of pre-bid meeting held on 13 March 2020.
- b. No amendment in the NIT was issued for such relaxation in technical eligibility criteria.
- c. The technical eligibility criteria was relaxed after the opening of bids (Cover-I)

Accepting conditional offers and with incomplete documents/information furnished by the bidders in Cover-II, by relaxing the technical eligibility criteria, granting approval for opening of financial bids and awarding of contract to M/s Gopower Electech Private Limited shows lack of transparency, fair competition and denial of level playing field to all the bidders, which is irregular and in violation of codal provision.

#### **5.5.3.5 Non-placing the Bids before Technical Evaluation Sub-Committee (TEC) for evaluation.**

Section 5.5.1 (i) of Manual for Procurement of works 2019 stipulates that in terms of Technical Evaluation Suitability, the description, specifications, drawings and other technical terms and conditions are examined by Tender Committee(TC) in general and technical member(s) of the TC in particular. Nobody outside the TC should be allowed to determine this evaluation. Even if an external expert's

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<sup>12</sup> NIT conditions point No.20 (i.e.Standard documentation for relay, according to IEC 61850) of Annexure-I & Annexure-II.

advice and report is obtained, it is still the responsibility of the technical member(s) in particular and the TC in general to accept/ reject or modify the evaluation contained in such a report/evaluation.

As per standing orders circulated by Finance Department, NDMC, vide No.FD(U-1)/SO/ 2005-06/D dated 11 April 2005, regarding evaluation of bids by Technical Evaluation Sub Committee(TEC), the case was to be placed before the TEC for evaluation of bids of the bidders.

Scrutiny of **Contract Agreement No.02/EE(S-II)/2019-20** (Annexure-I, Sl. No.26) revealed that Department opened the Technical Bids (cover-II) on 22 November 2018 but the same was not placed before the TEC for Technical Evaluation. This shortcoming was also not pointed out by the CE at the time of approval of Technical Bids and declared two firms **M/s Pi Square Pvt. Ltd. & M/s Prestige cable industries** as qualified for opening of Price Bids (Cover-III). The Financial Bids were opened on **21 December 2018. M/s Prestige cable industries with Price Bid of ₹ 3.46 Crore emerged as L-1.**

The issue regarding non-placing of bids before TEC was raised (4 February 2019) by Finance Department (FD). Despite such observation of Finance Department, the case was not placed before TEC for review. The Department re-submitted (1 March 2019) the case to FD with an assurance for compliance in all future tenders and the same was concurred by the FD.

Audit noted that as the work was of technical nature, the Department should have placed the case before TEC for Technical Evaluation. Concurrence by FD and award of contract without placing the case to Technical Evaluation Sub-Committee (TEC) is violation of codal provisions and Standing Order of Finance Department, NDMC.

#### 5.5.4 Justification of Rates

##### 5.5.4.1 Preparation of justified rates on unrealistic basis

Section 20.4.3.1 (Justification of tenders) of CPWD Works Manual-2014 stipulates that Justification statement shall be prepared for checking the reasonability of rates. The justification of tenders should be prepared **based on prevailing marked rates only** and the items used are of specified quantity and conform to standards/specification laid down in the Tender document.

SOP No.4/1 of CPWD Works Manual 2019 stipulates that in case of Two/Three Bid system, the Justification is prepared before opening of Technical Bid by considering market rates of material and labour etc. **as prevailing on the last date of submission of tenders**

In 3 contracts, Audit noted that justification statements were prepared either on the basis of old rates pertaining to the period before the date of issue of NIT or the rates obtained after the last date of receipt of bids (instead of prevailing market rates). The details are given in **Table 5.6** below:

**Table 5.6 Justified rates based on unrealistic basis (₹ in Crore)**

| Sl. No | Contract Details (Sl.No. of Annexure-I) | Tendered Amounts | Audit Remarks   |
|--------|---|------------------|---|
| 1.     | 2                                       | 13.60            | Justification statements were prepared (25 Oct.2018) on the basis of old rates pertaining to the quotations dated 30 Aug.2016 and <b>2 May 2017</b> (18-26 months old).                             |
| 2.     | 40                                      | 0.36             | Justification statements were prepared (4 Aug.17) on the basis of estimated cost ( <b>14 Feb.17</b> , 6 months old).  |
| 3.     | 25                                      | 1.41             | Justification statements were prepared after opening of technical bid on 13 Mar.19 on the basis of rates obtained ( <b>30 Sept.19</b> ) after the last date of receipt of bids ( <b>23 Jan.19</b> ) |

From the above, it is clear that Justification statements were not prepared on the basis of prevailing market rates (realistic basis) which is irregular and in violation of codal provision.

#### **5.5.4.2 Irregular preparation of Justified rates resulting in avoidable expenditure of ₹ 30 Lakh.**

Clause 5.1.6 of CPWD Works Manual, 2019 stipulates that Justification of tenders shall be prepared based on market rates of material and labour prevailing at site of work on the last day of receipt of tenders. The justification should invariably be prepared before the date of opening of Financial Bids in case of Single Bid System and before opening of Technical Bid in case of Two/Three Bid System.

Scrutiny of Contract Agreement No.01/EE(S-II)2021-22 (Annexure-I, Sl. No.28) revealed that the last date of receipt of tender was 16 March 2021, however while preparing the justified rate the Department considered rate of quotation dated 31 March 2021 (after the last date of receipt of tender i.e.16 March 2021).

Financial Bid was opened on 22 June 2021. M/s. Suraj Cables emerged as L-1 firm with quoted price of ₹ 87.60 Lakh. After opening of Financial Bid, the tender was rejected (8 September 2021) on the grounds that the quotation for preparation of justified rates was obtained after the last date of receipt of bids.

On re-tendering (3 November 2021), the work was awarded to M/s LKB Engineering Pvt. Ltd on 5 February 2022 with tendered amount of ₹ 1.18 Crore.

From the above, it is clear that due to preparation of justified cost based on quotation dated 31 March 2021 i.e. after the last date of receipt of tender 16 March 2021, the award of work was delayed by aprox. 10 months (i.e.16 March 2021 to 5 February 2022) involving avoidable cost of ₹ 30.00 Lakh (₹ 1.18 Crore - ₹ 0.88 Crore) to NDMC.

## 5.5.5 Price Bid

### 5.5.5.1 Irregular negotiations with L1 bidder

Section 20.4.3.2 of CPWD Works Manual 2014 stipulates that **variation upto 5 per cent over the justified rates may be ignored, variation upto 10 per cent may be allowed** for peculiar situations and special circumstances. Reasons for doing so shall be placed on record. Tenders above this limit should not be accepted.

Central Vigilance Commission Circular No.4/3/07 dated the 3 March 2007 stipulates that as post tender negotiations could often be source of corruption, it is directed that there should be no post-tender negotiations with L-1, except in certain exceptional situations. Such exceptional situations would include **procurement of proprietary items, items with limited sources of supply and items where there is suspicion of a cartel formation.**

Scrutiny of Contract Agreement No.02/EE(C-VI)E/2017-18 (Annexure-I, Sl. No.4) revealed that the L-1 rate before negotiation was ₹ 8.19 Crore (7.16 per cent above the justified rates ₹ 7.64 Crore) and the rate after negotiations was ₹ 7.64 Crore (2.49 per cent above justified rates). The Department conducted negotiations with L-1 to reduce the rates recording the reason that "as the offered rates of L-1 firm are more than 5 per cent of the justified rates and efforts would be made to get the rates reduced to the level or below the justified cost".

Audit noted that the Department conducted negotiations with the intention to bring the rates within the permissible limit of variation (5 per cent) only, which was not an exceptional situation justifying the necessity for conducting negotiations in terms of Section 20.4.3.2 of CPWD Works Manual 2014 and CVC Guidelines.

### 5.5.5.2 Acceptance of tender below/above Permissible Limit of variation of justified rates.

Section 20.4.3.2 of CPWD Works Manual 2014 and Sl. No.25 of Section 11 under Chapter-4 of Standard Operating Procedure (SOP 2019) of CPWD Works Manual 2019 stipulates that **variation upto 5 per cent over the justified rates may be ignored, variation upto 10 per cent may be allowed** for peculiar situations and special circumstances. Reasons for doing so shall be placed on record. Tenders above this limit should not be accepted.

In 10 contracts valuing ₹ 35.83 Crore, tenders were accepted with variation of justified rates ranging from 13.79 per cent to 36.52 per cent (beyond 10 per cent). The details are given in **Table 5.7** below:-

**Table 5.7 Acceptance of tender below/above Permissible Limit of variation of justified rates (₹ in Cr.)**

| Sl. No.      | Contract Details (Sl.No. of Annexure-I) | Tendered Amount | Tenders accepted beyond prescribed limit             |
|--------------|---|-----------------|--|
| 1            | 1                                       | 14.50           | 13.79 per cent below justified cost ₹ 16.81 Crore    |
| 2            | 53                                      | 8.66            | 15.13 per cent below justified cost ₹ 10.20 Crore    |
| 3            | 5                                       | 5.11            | 21.28 per cent below justified cost ₹ 6.49 Crore     |
| 4            | 7                                       | 2.64            | 36.52 per cent below justified cost ₹ 4.16 Crore     |
| 5            | 54                                      | 1.73            | 16.90 per cent below justified cost ₹ 2.09 Crore     |
| 6            | 28                                      | 1.18            | 22.63 per cent below justified cost ₹ 1.52 Crore     |
| 7            | 47                                      | 0.87            | 18.99 per cent below Justified cost of ₹ 1.08 Crore  |
| 8            | 33                                      | 0.40            | 26.78 per cent below justified cost ₹ 0.54 Crore     |
| 9            | 34                                      | 0.38            | 28.08 per cent below justified cost ₹ 0.53 Crore     |
| 10           | 40                                      | 0.36            | 16 per cent below the Justified cost of ₹ 0.42 Crore |
| <b>Total</b> |   | <b>35.83</b>    |  |

From analysis of the above table, it is noted that in 10 contracts valuing ₹ 35.83 Crore, the tenders were accepted below the justified cost (permissible variation) ranging from 13.79 per cent to 36.52 per cent. Acceptance of Tenders beyond the permissible variation limit is irregular and in violation of codal provision.

**In response to audit observation at Table 5.7 point No.5, Department replied (October-2023) that Tenderer quoted the rates below the justified rates amounting to ₹ 2.09 Cr. There was no financial loss of council, however the work was awarded to the firm M/S Mec Engineers at their quoted rates ₹ 1.73 Cr after getting the due approval of competent authority.**

**The reply of the department that the work was awarded after getting the approval of Competent Authority, is not acceptable being non-relevant as the audit objection was relating to violation of permissible variation, not relating to competent authority.**

**Further, the replies to point nos. 1 to 4 and 6 to 10 of table 5.7 above are still awaited.**

### **5.5.6 Performance Guarantee (PG)**

Section 6.1.2 and 7.6.4 of Manual for Procurement of Goods 2017 read with Section 21.1 and 19.8 of CPWD Works Manual 2014, Sl. No.11 of Annexure-21 of SOP 2019 to CPWD Works Manual 2019 and Section 5.1.7 of CPWD Manual 2019 stipulates that to ensure due performance of the contract, Performance Security (or Performance Bank Guarantee (PBG) is to be obtained from the successful

bidder awarded the contract. Performance Security is to be furnished by a specified date (generally 14 days after notification of the award) and it should remain valid for a period of 60 days beyond the date of completion of all contractual obligations of the supplier, including warranty obligations. If contractor fails to furnish the prescribed Performance Guarantee within the prescribed period, the earnest money is absolutely forfeited to the President automatically without any notice. Performance Security should be for an amount of five (5) to ten (10) *per cent* of the value of the contract as specified in the bid documents [The value has been reduced to three (3) *per cent* till 31 March 2023 (as notified vide MoF OM No. F.9/4/2020-PPD dated 12 November 2020).

### 5.5.6.1 Irregular clause in the NIT regarding Performance Guarantee

Audit noted that in 17 contracts, a condition was incorporated in the NIT in contravention of codal provision that Performance Guarantee would be deducted from RA Bills lot wise (instead of deposition within 14 days from letter of award). As a result of such relaxation, in 2 contracts, no Performance Guarantee could be deposited, in 8 contracts, it was deposited with delay ranging from 51 days to 343 days and in 7 contracts, the PG was deducted from RA Bills with delay ranging upto 725 days. The details are given in **Table 5.8, 5.8(1) & (2)** below:-

**Table 5.8 Non-deposit of Performance Guarantee (₹ in Crore)**

| Sl. No.      | Contract Details (Sl.No. of Annexure-I) | Tendered Amount | Amount of PG | Stipulated date for submission | Actual date of deposit of PG | Delay in days | EMD to be forfeited |
|--------------|---|-----------------|--------------|--------------------------------|------------------------------|---------------|---------------------|
| 1            | 16                                      | 32.44           | 3.24         | 21 Mar. 2019                   | Not deposited                | NA            | 0.41                |
| 2            | 28                                      | 1.18            | 0.04         | 19 Feb. 2022                   | Not deposited                | NA            | 0.02                |
| <b>Total</b> |   |                 |              |                                |                              |               | <b>0.43</b>         |

**Table 5.8(1) Delayed deposit of Performance Guarantee (₹ in Crore)**

| Sl. No.      | Contract Details (Sl.No. of Annexure-I) | Tendered Amount | Amount of PG | Stipulated date for submission | Actual date of deposit of PG | Delay in days | EMD to be forfeited |
|--------------|---|-----------------|--------------|--------------------------------|------------------------------|---------------|---------------------|
| 1            | 27                                      | 10.33           | 0.52         | 10 Aug. 2020                   | 12 Oct. 2020                 | 63            | 0.21                |
| 2            | 17                                      | 9.54            | 0.48         | 27 May 2021                    | 11 May 2022                  | 343           | 0.18                |
| 3            | 24                                      | 4.12            | 0.21         | 21 Jan. 2019                   | 16 July 2019                 | 177           | 0.06                |
| 4            | 19                                      | 3.38            | 0.10         | 29 Nov. 2021                   | 2 Mar. 2022                  | 93            | 0.06                |
| 5            | 25                                      | 1.41            | 0.07         | 15 July 2019                   | 4 Sept. 2019                 | 51            | 0.04                |
| 6            | 29                                      | 0.92            | 0.05         | 7 Dec. 2020                    | 6 Mar. 2021                  | 91            | 0.02                |
| 7            | 37                                      | 0.84            | 0.04         | 28 Nov. 2018                   | 7 May 2019                   | <b>160</b>    | <b>0*</b>           |
| 8            | 39                                      | 0.40            | 0.02         | 30 May 2017                    | 8 Sept. 2017                 | <b>100</b>    | <b>0*</b>           |
| <b>Total</b> |   |                 |              |                                |                              |               | <b>0.57</b>         |

\*EMD not required due to OEM case.

**Table 5.8(2) Performance Guarantee deducted from RA bills (₹ in Crore)**

| Sl. No.      | Contract Details (Sl.No. of Annexure-I) | Tendered Amount | Amount of PG | Stipulated date for submission | Date of deduction            | Delay in days (upto) | EMD to be forfeited |
|--------------|---|-----------------|--------------|--------------------------------|------------------------------|----------------------|---------------------|
| 1            | 20                                      | 25.61           | 2.56         | 14 June 2018                   | 3 Jan.19 to 10 Feb.21        | 966                  | 0.35                |
| 2            | 21                                      | 20.38           | 1.02         | 2 Feb. 2021                    | 31 May 2021 to 23 Aug.22     | 204                  | 0.40                |
| 3            | 22                                      | 3.98            | 0.27         | 2 May 2020                     | 14 Sept.20 to 29 Mar.22      | 661                  | 0.06                |
| 4            | 26                                      | 3.46            | 0.17         | 25 June 2019                   | 23 Oct. 2019 to 19 Jan. 2021 | 569                  | 0.05                |
| 5            | 14                                      | 0.86            | 0.04         | 10 Nov. 2017                   | 31 Mar. 2018                 | 140                  | 0.02                |
| 6            | 30                                      | 0.39            | 0.02         | 28 June 2019                   | 18 Mar.20 to 23 June 2021    | 725                  | 0.01                |
| 7            | 18                                      | 0.38            | 0.04         | 8 Aug. 2018                    | 24 Sept.18                   | 46                   | 0.07                |
| <b>Total</b> |   |                 |              |                                |                              |                      | <b>0.96</b>         |

From above analysis, it is clear that due to incorporation of irregular clause in NIT, the Performance Guarantee could not be obtained within prescribed time period of 14 days from notification of the award and EMD of ₹ 1.96 Crore (₹ 0.43 Crore + ₹ 0.57 Crore + ₹ 0.96 Crore) could not be forfeited for such delay.

#### 5.5.6.2 Acceptance of Performance Guarantee (PG) with lesser amount and shorter period

In 4 contracts, Audit noted that Contractor had deposited (PG) with lesser amount and shorter period. Details are shown in **Table 5.9** below:-

**Table 5.9 PG for lesser amount and shorter period**

| Sl. No | Contract Details (Sl.No. of Annexure-I) | Tendered Amount (₹ in Crore) | Stipulated time of Completion | Amount of PG as per NIT | Actual Amount of PG deposited | Amount Less deposited | PG obtained for  |
|--------|---|------------------------------|-------------------------------|-------------------------|-------------------------------|-----------------------|--|
| 1      | 52                                      | 13.60                        | Feb.-2020 to Feb.- 2023       | 0.78                    | 0.66                          | 0.12                  | <b>One year</b> instead of 3 years and 60 days.  |
| 2      | 53                                      | 12.03                        | Jan.-2016 to Jan.-2019        | 0.43                    | 0.43                          | 0                     | <b>One year</b> instead of 3 years and 60 days   |
| 3      | 8                                       | 0.72                         | Oct.-2020 to Oct.-2028        | 0.02                    | 0.02                          | 0                     | <b>4 years</b> instead of 8 years and 60 days  |
| 4      | 54                                      | 1.73                         | Dec.-2019 to Aug.-2021        | 0.09                    | 0.09                          | 0                     | The Validity of PG expired on 12 Dec. 2021 which was not further extended. <b>Work was still in progress (Jan.-2023)</b> |

Further, in 2 contracts<sup>13</sup>, Audit noted that Performance guarantee of ₹ 0.04 Crore each was not deposited as required.

<sup>13</sup> 06/EE(E)C-V/2015-16 (Tendered amount ₹ 0.90 Crore) and 72/ EE(E)BM-I /2017-18 (Tendered amount ₹ 0.79 Crore)



In response to audit observation at Table No.5.9 point No. 4 Department replied (October-2023) that PG was taken in the form of FDRA/c No.4127000P00003644 dated 12 December 2019 amounting to ₹ 8,66,605/- which is on auto renewal. Since the work completed on dated 30 December 2022. PG remains with the division. And the same not being released.

The reply of the department "PG was taken in the form of FDRA/c no 4127000P00003644 dated 12 December 2019 amounting to ₹ 8,66,605/- which is on auto renewal. Since the work completed on Dated 30 December 2022. PG remains with the division. And the same not being released", is not acceptable being non-relevant as the documentary evidence of renewal/ auto renewal of PG was neither found on record nor attached with the above reply. Further, the replies to point nos. 1 to 3 of table 5.9 above are still awaited.

### 5.5.6.3 Non deduction/deposit of Performance Guarantee for additional quantity of supply order

Conditions of contract (Sl. No.20) of NIT stipulate that in case order for additional quantity is placed on the tender, for which Performance Guarantee @ 10 per cent of the total additional quantity amount (inclusive of taxes & duties) shall be deducted from the bills of the contract OR the contractor shall submit Bank Guarantee of amount equal to 10 per cent of total additional quantity (inclusive of taxes & duties) valid till the guarantee period upto & 60 days beyond guarantee period.

Scrutiny of Contract Agreement No.06/EE(S-I)/2018-19 (Annexure-I, Sl. No.20) revealed that Performance Guarantee of ₹ 4.10 Lakh (10 per cent) against additional quantity of ₹ 40.99 Lakh had not been obtained/deducted from RA/final bill. Non-obtaining of Performance Guarantee against additional quantity shows that undue benefit was allowed to the contractor in violation of NIT terms and conditions.

## 5.5.7 Award of Contract

### 5.5.7.1 Difference in conditions of NIT and the contract agreement.

Section 20.3.2 of CPWD works Manual 2014 stipulates that the tenderers are not expected to make any post-tender modifications. The matter should be reported to the Enlisting Authority for disciplinary action to be taken under the Rules for Enlistment of Contractors. In any case, such modifications shall not be considered.

Scrutiny of Contract Agreement No.14/EE(S-I)/2018-19 (Annexure-I, Sl. No.16) with tendered amount of ₹ 32.44 Crore revealed that the Condition No.13 of NIT stipulates, "The material shall be supplied within 5 months from the date of issue of supply order. Whereas, the contract agreement stipulates, "The stipulated period of completion of supply within 06 months from the date issue of supply order.

From the above, it is clear that the prime elements of transparency and fair competition (as stipulated in CVC Guidelines) was compromised at the time of awarding the contract to L-1 bidder by amending the condition of NIT regarding stipulated period of contract from 5 months to 6 months and allowing undue benefit of one month to the L1 bidder.

Amending the terms and conditions of NIT at the stage of awarding the contract is in violation which stress on the transparency and fair competition among the bidders as per CVC guidelines.

### 5.5.7.2 Non-Renewal of Annual Maintenance Contract.

Annual Maintenance Contract for 33kv ABB make GIS panels<sup>14</sup> was awarded to M/s Kay Dee Engineers (the authorized dealer of M/s. ABB, the OEM,) for five years with effect from 1 December 2014 as approved by the Chairman NDMC on 25 November 2014. Accordingly, the work orders were required to be issued on yearly basis.

Scrutiny of Contract Agreement No.01/EE(M-33KV)/2021-22/E (Annexure-I, Sl. No.48) revealed that the work orders were not issued to the firm on yearly basis. The details of work orders are shown in **Table 5.10** below:-

**Table 5.10 Irregular gap between the work orders issued for the Annual Maintenance Contract**

| Year            | Work Order No. & date                     | Quantity of GIS panels | Amount (₹ in lakh) | Period                 | GAP   |
|-----------------|---|------------------------|--------------------|------------------------|---|
| 1 <sup>st</sup> | 38/EE(E)M-33KV/2014-15 Dated 28 Nov. 2014 | 34                     | 27.20              | 1 Dec.14 to 30 Nov.15  | -   |
| 2 <sup>nd</sup> | 01/EE(E)M-33KV/2016-17 Dated 1 Apr. 2016  | 33                     | 26.40              | 1 Apr.16 to 31 Mar.17  | 1 Dec.15 to 31 Mar.16<br><b>(4 Months)</b>                |
| 3 <sup>rd</sup> | 23/EE(E)M-33KV/2017-18 Dated 31 Aug. 2017 | 33                     | 28.05              | 31 Aug.17 to 30 Aug.18 | 1 Apr.17 to 30 Aug.17<br><b>(5 months)</b>                |
| 4 <sup>th</sup> | 31/EE(E)M-33KV/2018-19 Dated 26 Oct. 2018 | 34                     | 28.90              | 26 Oct.18 to 25 Oct.19 | 31 Aug.18 to 25 Oct.18<br><b>(1 month 26 days)</b>        |
| 5 <sup>th</sup> | 01/EE(E)M-33KV/2021-22 Dated 5 Apr. 2021  | 33                     | 29.70              | 5 Apr.21 to 4 Apr.22   | 26 Oct.19 to 4 Apr.21<br><b>(1 year 5 months 10 days)</b> |

From the above, it is clear that the Annual Maintenance Work was not covered under any maintenance during gap period between AMC of previous and subsequent years. During such gap period, the maintenance of GIS panels was not done.

Non-maintenance of GIS panels for such a long period as mentioned above is **irregular, insecure and hazardous to the safety of high value capital assets and also in violation of contractual obligations between the parties.**

### 5.5.7.3 Irregular Selection of M/s. UL India Pvt. Ltd. (on nomination basis) and award at higher rates for sampling tests.

Rule 194 of GFR 2017 stipulates that the selection by direct negotiation/nomination, on the lines of Single Tender mode of procurement of goods, is considered appropriate only under exceptional

<sup>14</sup> Gas Insulated Substation(GIS)

circumstances where it may become necessary to select a particular consultant where adequate justification is available for such Single-Source Selection in the context of the overall interest of the Ministry or Department. Full justification for single source selection should be recorded in the file and approval of the competent authority obtained before resorting to such single-source selection. It shall ensure fairness and equity, and shall have a procedure in place to ensure that the prices are reasonable and consistent with market rates for tasks of a similar nature”.

Scrutiny of Contract Agreement No.14/EE(S-I)/2018-19 for (Annexure-I, Sl. No.16) revealed that M/s UL India Pvt. Ltd., was selected on nomination basis for conducting sample tests without obtaining quotations and approved by CEE-III, vide work order dated 6 August 2019 for ₹ 9.72 lakh (17 types of tests for 4 samples) and Work order dated 26 August 2019 for ₹ 18.90 lakh (15 types of tests for 7 samples) without any justification.

Audit noted that the rates charged by M/s UL India Pvt. Ltd were on higher side in comparison to M/s Planet Electro Lab rates which were undertaken at the time of sample testing before opening of the Financial Bids. The details are shown in **Table 5.11** below:

**Table 5.11 Payment on Higher Rates for Tests undertaken on nomination basis**

(Amount in ₹)

| Sl. No.      | Test name   | Rate of M/s Planet Electro Lab at the time of technical qualification | Rate of M/s U.L. India Pvt. Ltd. at the time of delivery of material | Difference | Quantity | Excess payment (Col. No. 5X6) |
|--------------|-------------|---|--|------------|----------|-------------------------------|
| 1            | 2           | 3   | 4  | 5          | 6        | 7                             |
| 1            | LM-79 Test  | 14000   | 25000  | 11000      | 11       | 121000                        |
| 2            | IK-07 Test  | 6000  | 10000  | 4000       | 11       | 44000                         |
| 3            | IP- 66 Test | 4000  | 10000  | 6000       | 11       | 66000                         |
| <b>Total</b> |             |   |  |            |          | <b>231000</b>                 |

Thus, Audit noted that due to non calling of quotation, the Department had to pay excess amount of ₹ 2.31 Lakh for testing of LED street light fittings.

#### **5.5.7.4 Non forfeiture of Earnest Money deposit and Non-rejection the tender due to delay in execution of the Contract Agreement**

As per terms and condition of NIT/supply order, contractor was required to execute an agreement within **10 days** on receipt of supply order, **failing** which the supply order was liable to be **rejected and amount of deposit of Earnest Money shall be forfeited.**

In 3 contracts, Audit noted that contract was not executed/signed within the specified time limit as required. The details are given in **Table 5.12** below:

**Table 5.12 Non execution of the Contract Agreement within specified time (₹ in Crore)**

| Sl. No. | Contract Details (Sl.No. of Annexure-I) | Tendered Amount | Date of supply order | Due date of signing of contract as per NIT/ Supply order | Date of signing of Contract Agreement | EMD to be forfeited |
|---------|---|-----------------|----------------------|--|---------------------------------------|---------------------|
| 1       | 19                                      | 3.38            | 15 Nov. 2021         | 25 Nov. 2021   | 24 Dec. 2021                          | 0.06                |
| 2       | 26                                      | 3.46            | 11 June 2019         | 21 June 2019   | 16 Sept. 2019                         | 0.05                |
| 3       | 23                                      | 3.58            | 24 Apr. 2018         | 4 May 2018   | 29 May 2018                           | 0.07                |
|         |   | <b>Total</b>    |                      |  |                                       | <b>0.18</b>         |

From the above analysis, it is clear that the contract agreement were executed/signed after the specified time limit mentioned in the NIT/Supply Order. Neither the EMD amounting to ₹ 0.18 Crore was forfeited nor the tender was rejected.

Non-forfeiture of EMD and non rejection of tender despite delay in execution/signing of contract agreement is in violation of the terms and condition of NIT/supply order.

### 5.5.8 Payment to Contractor

#### 5.5.8.1 Making of Advance payment beyond authorized limit.

Rule 172 (1) of GFR 2017 read with Section 14.4 CPWD Works Manual 2019, stipulates that ordinarily, payments for services rendered or supplies made should be released only after the services have been rendered or supplies made. However advance payments may be made in case of advance payment demanded by firms holding maintenance contracts for servicing of Air-conditioners, computers, other costly equipment, etc.

Such advance payments should not exceed 30 *per cent* of the contract value to private firms. While making advance payment as above, adequate safeguards in form of Bank Guarantee etc. should be obtained from the firm.

In 3 contracts<sup>15</sup>, Audit noted that in **two** contracts, the division made advance payment of ₹ 2.21 Crore (100 *per cent*) and ₹ 0.29 Crore (100 *per cent*) and in **one** contract, advances payment of ₹ 0.30 Crore (50 *per cent*) against value of contract without obtaining Bank Guarantee from the firm as required.

Making of advance payment beyond 30 *per cent* of the contract value and without obtaining adequate safeguards in form of Bank Guarantee shows that undue benefit was allowed to the firm in violation of codal provision.

#### 5.5.8.2 Irregular payment due to non execution of Agreement- ₹ 62.07 Lakh.

Section 23.2(2) of CPWD Works Manual 2014 stipulates that there should be no delay in executing the agreement as soon as a tender has been accepted by the Competent Authority.

<sup>15</sup> 05/EE(E)M-33KV/2018-19(Contract value-₹ 2.21 Cr., Advance payment 100 per cent), 01/EE(M-33KV)/2021-22/E (Contract value- ₹ 29.70 Lakh Advance payment 50 percent), 04/EE(M-33KV)/2019-20/ (Contract value-₹ 29.43 Lakh Advance payment 100 per cent),

Section 23.4(5) of CPWD Works Manual 2014 stipulates that “In the absence of execution of agreement, the first payment should not be made to the contractor without specific sanction from the Superintending Engineer. No subsequent payment(s) should be made unless the agreement has been signed.”

Scrutiny of Contract Agreement No.06/EE(E)**C-V**/2015-16 (Annexure-I, Sl. No.50) with tendered amount of ₹ 90 Lakh revealed that the approval for the maintenance/operation of Audio Visual Equipments for a period of 5 years (10 November 2015 to 9 November 2020) was given by the Chairman, which was extended upto 9 May 2021. The Department executed the agreement with the contractor for a period of 2 years only i.e. from 10 November 2015 to 9 November 2017. No further agreement was executed for the period of 10 November 2017 to 9 May 2021. However, an amount of ₹ 52.48 Lakh had been paid to the agency for the period 10 November 2017 to 9 November 2020 and ₹ 9.59 Lakh for extended period 10 November 2020 to 9 May 2021.

Thus, making payment of ₹ 62.07 Lakh (₹ 52.48 Lakh + ₹ 9.59 Lakh) to the agency without entering into agreement is irregular, unauthorized and in violation of codal provision.

#### 5.5.8.3 Less recovery of penalty on account of non working of DG Set. ₹ 3.45 Lakh

As per Sl. No.3(a) of penalty clause of the agreement, recovery for not working any unit of HAVC System, DG Set , any panel, any cable/bus duct due to any fault on any day will be made @ ₹ 2000/- per day per unit.

Scrutiny of Contract Agreement No.07/EE(E)**C-V**/2015-16 (Annexure-I, Sl. No.53) revealed that the DG set was not functional during the period as mentioned below. The Department made recovery on account of penalty less than as required under the penalty clause. Details given in the **Table 5.13** below:-

**Table 5.13 Less Recovery of Penalty (Amount in ₹ )**

| Period                   | No. of Days | Penalty to be imposed @ ₹ 2000/- per day | Penalty imposed | Less recovered (Col. 3 – Col. 4) |
|--------------------------|-------------|--|-----------------|----------------------------------|
| 1                        | 2           | 3  | 4               | 5                                |
| 07.10.2016 to 31.12.2016 | 86          | 172000                                   | 81783           | 90217                            |
| 01.01.2017 to 31.01.2017 | 31          | 62000                                    | 29208           | 32792                            |
| 01.02.2017 to 28.02.2017 | 28          | 56000                                    | 29208           | 26792                            |
| 01.06.2017 to 30.06.2017 | 30          | 60000                                    | 29208           | 30792                            |
| 01.07.2017 to 31.08.2017 | 62          | 124000                                   | 58417           | 65583                            |
| 01.09.2017 to 30.09.2017 | 30          | 60000                                    | 29208           | 30792                            |
| 01.10.2017 to 30.11.2017 | 61          | 122000                                   | 58417           | 63583                            |
| <b>Total</b>             | <b>328</b>  | <b>656000</b>                            | <b>315449</b>   | <b>340551</b>                    |

The amount of total penalty to be deducted was ₹ 6.56 Lakh for the non-functional period, however, the Department deducted only ₹ 3.15 Lakh, resulting in less deduction of ₹ 3.41 Lakh. The Department should recover the less amount from contractor.

#### 5.5.8.4 Less- withholding of GST

Clause 37 Of General Conditions of Contract for Works 2019 stipulates that it is the responsibility of the contractor to pay GST to the Government concerned and file the statutory return within the date prescribed under the respective Acts. GST amount so deposited shall be reimbursed by the Engineer-in-Charge only after the contractor furnishes the documentary evidence of actual deposit of GST to the credit of Government and is reflected against the GSTIN of the Employer.

In 3 contracts, Audit noted that payment of these RA bills (including GST) was released to the contractor without obtaining the proof of deposit of GST. The details are given in **Table 5.14** below:-

**Table 5.14 Amount of GST released without obtaining the proof of deposit of GST**

(₹ in Crore)

| Sl. No.      | Contract Details (Sl.No. of Annexure-I) | Tendered Amount | Gross work Done | GST to be withheld (18 per cent) | Amount withheld | Less withheld (Amount released) (Col. 5 –Col. 6) |
|--------------|---|-----------------|-----------------|----------------------------------|-----------------|--|
| 1            | 2                                       | 3               | 4               | 5                                | 6               | 7  |
| 1            | 38                                      | 0.79            | 0.94            | 0.14                             | 0               | 0.14   |
| 2.           | 40                                      | 0.36            | 0.21            | 0.03                             | 0               | 0.03   |
| 3            | 5                                       | 5.11            | 4.33            | 0.78                             | 0.17            | 0.61   |
| <b>Total</b> |   | <b>6.26</b>     | <b>5.48</b>     | <b>0.95</b>                      | <b>0.17</b>     | <b>0.78</b>                                      |

From the analysis of table above, Audit noted that in 3 contracts, ₹ 0.95 Crore was to be withheld on account of GST, however the Department withheld only ₹ 0.17 Crore and remaining amount of ₹ **0.78 Crore** was released without obtaining proof of deposit of GST by the contractors.

Release of GST without obtaining proof of deposit of GST is violation of codal provision.

#### 5.5.8.5 Less deduction of Income Tax @ 2 per cent due to wrong basis for calculation.

Section 194C of the Income Tax Act read with Section 5.18.4 of CPWD 2019 stipulates that TDS from payments made by the Government or other specified persons to any contractor will be 2 per cent of the **gross payment**.

Further, General Condition of the Contract Agreement also stipulates that Income tax as applicable under Income Tax Rule framed time to time by Govt. of India will be deducted/ recovered from each bill of the contractor.

In 9 contracts, Audit noted that Income Tax @ of 2 per cent was deducted on net value of work (after deducting the GST) instead of Gross Value which resulted in less deduction of Income Tax of ₹ **15.56 Lakh** which is required to be recovered and deposited to the Government. The details are given **Table 5.15** below:

**Table 5.15 Less deduction of Income Tax @ 2 per cent due to wrong basis for calculation****(₹ in Lakh)**

| Sl. No.      | Contract Details (Sl.No. of Annexure-I) | Tendered Amounts | Gross Value of Work done | IT Deductible @2 per cent of Gross Value of Work | Deducted     | Less Deducted (Col.5-Col.6) |
|--------------|---|------------------|--------------------------|--|--------------|-----------------------------|
| 1            | 2                                       | 3                | 4                        | 5  | 6            | 7                           |
| 1            | 1                                       | 1449.65          | 1433.06                  | 28.66  | 24.29        | 4.37                        |
| 2            | 2                                       | 1359.86          | 1356.24                  | 27.12  | 23.09        | 4.03                        |
| 3            | 3                                       | 978.86           | 843.98                   | 16.88  | 14.30        | 2.58                        |
| 4            | 4                                       | 783.10           | 767.85                   | 15.36  | 13.01        | 2.35                        |
| 5            | 12                                      | 511.38           | 77.36                    | 1.55   | 1.31         | 0.24                        |
| 6            | 6                                       | 368.95           | 362.91                   | 7.25   | 6.15         | 1.10                        |
| 7            | 7                                       | 263.87           | 189.78                   | 3.80   | 3.39         | 0.41                        |
| 8            | 9                                       | 53.44            | <b>54.03</b>             | <b>1.08</b>                                      | 0.83         | <b>0.25</b>                 |
| 9.           | <b>47</b>                               | 87.49            | <b>107.68</b>            | <b>2.15</b>                                      | 1.92         | <b>0.23</b>                 |
| <b>Total</b> |   |                  |                          | <b>103.85</b>                                    | <b>88.29</b> | <b>15.56</b>                |

From the analysis of table above, Audit noted that in 9 contracts, total amount of tax to be deducted was ₹ 103.85 Lakh against which only ₹ 88.29 Lakh was deducted from the payment of contractors' bills. The remaining amount of ₹ **15.56 Lakh** is required to be recovered from the contractors and deposited to the Government Accounts.

#### 5.5.8.6 Less recovery of Labour Cess

The Building and Other construction Workers Welfare Act, 1996 provides for levy and collection of cess on the cost of construction incurred by employers with a view to augmenting the resources of the Building and Other Constructions Workers Welfare Board. The Act empowers the Central Government to notify such rate not exceeding 2 per cent but not less than 1 per cent of the **cost of construction** incurred by the employer and accordingly the Govt. of India has notified cess at the rate of 1 per cent of the **total cost of construction** incurred by the employer.

General Conditions of Contract Agreement stipulate that Cess @ of 1 per cent of the **cost of construction/work** incurred by an employer for the purpose of Building and Other Construction Workers (BOCW) Regulation of Employment and Conditions of Service, Act, 1996, shall be **deducted at source** (TDS) from the bills of contractor/firms.

In 10 contracts, Audit noted that Labour Cess @ of 1 per cent was deducted on net value of work (after deducting the GST) instead of Gross Value which resulted in less deduction of Labour Cess of ₹ **6.75 Lakh** which is required to be recovered and deposited to the Government. The details are given **Table 5.16** below:

**Table 5.16 Less deduction of Labour Cess (₹ in Lakh)**

| Sl. No.      | Contract Details (Sl.No. of Annexure-I) | Tendered Amount | Gross Value of Work done | Labour cess Deductible @1 per cent of Gross Value of Work | Deducted     | Less Deducted (Col.5-Col.6) |
|--------------|---|-----------------|--------------------------|---|--------------|-----------------------------|
| 1            | 2                                       | 3               | 4                        | 5   | 6            | 7                           |
| 1            | 1                                       | 1449.66         | 1433.06                  | 14.33   | 12.14        | 2.19                        |
| 2            | 2                                       | 1359.86         | 1356.23                  | 13.56   | 11.54        | 2.02                        |
| 3            | 3                                       | 978.86          | 843.98                   | 8.44  | 7.15         | 1.29                        |
| 4            | 12                                      | 511.38          | 77.36                    | 0.77  | 0.65         | 0.12                        |
| 5            | 5                                       | 511.00          | 511.00                   | 5.11  | 5.09         | 0.02                        |
| 6            | 6                                       | 368.95          | 362.91                   | 3.63  | 3.08         | 0.55                        |
| 7            | 7                                       | 263.87          | 189.78                   | 1.90  | 1.70         | 0.20                        |
| 8            | 44                                      | 87.49           | 107.68                   | 1.08  | 0.87         | 0.21                        |
| 9            | 9                                       | 53.44           | 54.03                    | 0.54  | 0.42         | 0.12                        |
| 10           | 10                                      | 41.48           | 31.73                    | 0.32  | 0.29         | 0.03                        |
| <b>Total</b> |   |                 |                          | <b>49.68</b>  | <b>42.93</b> | <b>6.75</b>                 |

From the analysis of table above, Audit noted that in 10 contracts, total amount of Labour Cess to be deducted was ₹ 49.68 Lakh against which only ₹ 42.93 Lakh was deducted from the payment of contractors' bills. The remaining amount of ₹ **6.75 Lakh** is required to be recovered from the contractors and deposited to the Govt. accounts.

#### 5.5.8.7 Irregular payment to contractor due to non submission of Labour License

Clause 19 of General Conditions of Contract (GCC), stipulates that the contractor shall obtain a valid license under the Contract Labour (R&A) Act, 1970, and the Contract Labour (Regulation and Abolition) Central Rules-1971, before the commencement of the work, and continue to have a valid license until the completion of the work.

Further, Clause 7A of Clauses of Contract stipulates "No Running Account Bill shall be paid for the work till the applicable Labour Licenses, registration with EPFO, ESIC and BOCW Welfare Board, whatever applicable is submitted by the contractor to the Engineer-in-Charge."

In 5 contracts, Audit noted that the contractor was paid ₹ **40.28** Crore without submission of Labour License. The details are given in **Table 5.17** below:



**Table 5.17 Payment to contractor without submission of Labour License (₹ in Crore)**

| Sl. No.      | Contract Details<br>(Sl.No. of Annexure-I) | Tendered Amount | Payment made to the contractor | Payment up to            |
|--------------|--|-----------------|--------------------------------|--------------------------|
| 1            | 1  | 14.50           | 14.33                          | 2 <sup>nd</sup> RA Bills |
| 2            | 2  | 13.59           | 13.56                          | 4 <sup>th</sup> RA Bills |
| 3            | 3  | 9.79            | 8.44                           | 2 <sup>nd</sup> RA Bills |
| 4            | 6  | 3.69            | 3.63                           | 1 <sup>st</sup> RA Bills |
| 5            | 10   | 0.41            | 0.32                           | 2 <sup>nd</sup> RA Bills |
| <b>Total</b> |  |                 | <b>40.28</b>                   |                          |

From the above, it is clear that the Department made payment of ₹ 40.28 Crore to the contractor without obtaining valid Labour License in violation of Clause 19 and 7A of General Condition of Contract.

#### 5.5.8.8 Expenditure incurred without provision of contingency charges

Section 4.1.5 of CPWD Works Manual 2014 stipulates that in addition to the provision for all expenditure which can be foreseen for a work, a provision of contingency shall be kept as: (a) Estimated cost up to ₹ 1 Crore @ 5 per cent (b) Estimated cost more than ₹ 1 Crore @ 3 per cent, subject to minimum of ₹ 5 Lakh. The contingencies can be utilized for construction of site office, engagement of watch & ward staff and job works like surveying, material testing, estimating; structural design, drawings, models and other field requirements etc.

In 16 contracts, the Department did not make provision of contingency charges in detailed estimate. However, the payment against Contingency charges was made. The details are given in **Table 5.18** below:

**Table 5.18 Expenditure incurred without provision of contingency**

| Sl. No. | Contract Details<br>(Sl.No. of Annexure-I) | Tendered Amounts<br>(₹ in Crore) | Estimated Cost<br>(₹ in Crore) | Provision of Contingency Charge to be made as per norm (₹ in Lakh) | Expenditure from Contingency<br>(₹ in Lakh) |
|---------|--|----------------------------------|--------------------------------|--|---|
| 1       | 21   | 20.38                            | 19.85                          | 60.00  | 5.44  |
| 2       | 52   | 13.27                            | 12.82                          | 38.46  | 1.60  |
| 3       | 27   | 10.33                            | 11.31                          | 33.93  | 10.97                                       |
| 4       | 17   | 9.54                             | 9.20                           | 27.59  | 10.13                                       |
| 5       | 15   | 4.40                             | 3.97                           | 11.91  | 4.65  |
| 6       | 24   | 4.12                             | 3.20                           | 9.60   | 1.53  |
| 7       | 22   | 3.98                             | 2.06                           | 6.18   | 3.43  |
| 8       | 23   | 3.58                             | 3.44                           | 10.32  | 3.88  |
| 9       | 26   | 3.46                             | 2.73                           | 8.20   | 3.67  |
| 10      | 19   | 3.38                             | 3.11                           | 9.34   | 4.44  |

| Sl. No.      | Contract Details (Sl.No. of Annexure-I) | Tendered Amounts (₹ in Crore) | Estimated Cost (₹ in Crore) | Provision of Contingency Charge to be made as per norm (₹ in Lakh) | Expenditure from Contingency (₹ in Lakh) |
|--------------|---|-------------------------------|-----------------------------|--|--|
| 11           | 25                                      | 1.41                          | 2.18                        | 6.54   | 1.27                                     |
| 12           | 31                                      | 1.26                          | 1.13                        | 5.00   | 1.60                                     |
| 13           | 28                                      | 1.18                          | 1.11                        | 5.00   | 1.25                                     |
| 14           | 29                                      | 0.93                          | 0.96                        | 4.80   | 0.95                                     |
| 15           | 30                                      | 0.39                          | 0.49                        | 2.45   | 0.57                                     |
| 16           | 18                                      | 0.38                          | 0.36                        | 1.80   | 0.32                                     |
| <b>Total</b> |   |                               |                             |  | <b>55.7</b>                              |

Thus, the Department made payment of ₹ 55.7 Lakh under contingency head without making provision in the detailed estimate which is in contravention of codal provision.

#### 5.5.8.9 Irregular payment of 1<sup>st</sup> RA bill - ₹ 21.33 Lakh

As per Sl. No.2 of the Eligibility condition of the tender Notice, the contractor registered in other organization shall have to get themselves registered in NDMC before they are paid first running bill.

Scrutiny of Contract Agreement No.6/EE(E)C-II/2019-20 (Annexure-I, Sl. No.54) with the tendered amount of ₹ 1.73 Crore revealed that the agency was not registered with NDMC at the time of Payment (6 November 2020) of 1<sup>st</sup> RA Bill of ₹ 21.33 Lakh. The contractor applied for registration to the Chairman, NDMC on 1 May 2021.

Thus, making of payment of ₹ 21.33 Lakh before registration with NDMC is irregular and violation of terms & conditions of NIT.

#### 5.5.8.10 Excess payment made to the Supplier (on account of 3<sup>rd</sup> party inspection fee)- ₹ 3.50 Lakh

Clause 15.1 of Terms and Conditions of NIT stipulates that in case of failure of inspection, cost of the failed and subsequent failed/ successful inspection for the same lot shall be borne by the supplier.

Scrutiny of Contract Agreement No.02/EE(S-I)/2021-22 (Annexure-I, Sl. No.19) revealed that the firm (M/s Dynamic cable Ltd.) after receipt of supply order<sup>16</sup>, offered inspection call on 20 December 2021. Most of the tests were carried out and sample for FLRS was also lined up for required tests. However, after the test started, one of the machines got dysfunctional. M/s. Dynamic cable informed that they will get the entire set up arranged again within a week. Firm offered re-inspection for entire 18 Km. Qty. on 23 February 2022 and inspection was carried out on 24 February 2022 to 26 February 2022 successfully.

RITES had submitted (**11 March 2022**) the inspection fee bill for ₹ 3.50 Lakh (on account of re-inspection of material-17.968 KM). Evidence regarding payment to RITES was not found on records.

<sup>16</sup> Bearing No. 02/DP/EE/(S-I)/ 2021-2022 Dated 15 November 2021.

Audit noted that the supplier submitted 1<sup>st</sup> RA bill and the Department made payment of ₹ 3.36 Crore on 25 April 2022 without deducting the amount of Inspection fee claimed by RITES of ₹ 3.50 Lakh as required. Thus, excess payment of ₹ 3.50 Lakh was made to the supplier which is recoverable.

#### 5.5.8.11 Non-deployment of Technical Representative and recovery thereof

Section 33.14 of CPWD Works Manual 2014 stipulates that it is obligatory to the contractor to deploy well-trained, qualified and skilled professionals at site of work to execute only quality work, and the consequences that would arise on his failure to do so.

Further, Clause 36 of the Contract Agreement stipulates that the contractor shall immediately after receiving letter of acceptance of the tender and before commencement of the work, intimate in writing to the Engineer-in-Charge, the name (s), qualifications, experience, age, address(s) and other particulars along with certificates, of the Principal Technical Representative to be in charge of the work and other technical representative(s) who will be supervising the work. Minimum requirement of such Technical Representative(s) and their qualifications and experience shall not be lower than specified in Schedule 'F'. If contractor fails to deploy the technical staff the recovery at rate per month mentioned in Schedule 'F' in NIT is required to be deducted.

The Engineer-in-Charge shall within 3 days of receipt of such communication intimate in writing his approval or otherwise of such a representative(s) to the contractor.

In 8 contracts, Audit noted that Contractor had not intimated in writing to the Engineer-in-Charge, the name (s), qualifications, experience, age, address(s) and other particulars along with certificates, of the Principal Technical Representative to be in charge of the work and other Technical Representative(s) who will be supervising the work which shows that Technical Representatives were not deployed. In the absence of above information Audit could not ascertain the number of qualified Technical Representatives deployed. Also, the Certificate under the provisions of clause 36 that qualified engineer(s) had looked after the work during its execution, was not recorded and verified by the AE in running bills. The details are given in **Table 5.19** below:-

**Table 5.19 Non-deployment of Technical Representative and recovery thereof**

| Sl. No. | Contract Details (Sl.No. of Annexure-I) | Tendered Amounts (₹ in Crore) | Date of start of work | Date of completion of work | No. of Months | Amount to be recovered (₹) |
|---------|---|-------------------------------|-----------------------|----------------------------|---------------|----------------------------|
| 1       | 2                                       | 13.60                         | 1 Mar. 19             | 24 Nov.20                  | 21            | 6.30 Lakh <sup>17</sup>    |
| 2       | 52                                      | 13.27                         | 11 Feb.20             | 12 Oct.22                  | 32            | 14.50 Lakh <sup>18</sup>   |
| 3       | 53                                      | 8.66                          | 11 Jan.16             | 10 Feb.20                  | 49            | 22.21 Lakh <sup>19</sup>   |
| 4       | 7                                       | 2.64                          | 1 Feb.18              | 21 Oct.19                  | 21            | 6.30 Lakh <sup>20</sup>    |
| 5       | 54                                      | 1.73                          | 19 Dec. 19            | 27 Dec.22                  | 36            | 7.20 Lakh <sup>21</sup>    |

17 30000(Project Manager)X1X21= ₹ 6,30,000

18 27000(Facility Manager)X1X32 + 18330 (Maintenance Head) X 1X32 = ₹ 14,50,560

19 27000(Facility Manager)X1X49 + 18330 (Maintenance Head) X 1X49 = ₹ 22,21,370

20 30000(Project Manager)X1X21= ₹ 6,30,000

21 10000(Principal Technical Representative) X2X36 = ₹ 7,20,000

| Sl. No.      | Contract Details (Sl.No. of Annexure-I) | Tendered Amounts (₹ in Crore) | Date of start of work | Date of completion of work | No. of Months | Amount to be recovered (₹) |
|--------------|---|-------------------------------|-----------------------|----------------------------|---------------|----------------------------|
| 6            | 36                                      | 0.88                          | 2 Mar.21              | 30 Dec.22                  | 21            | 3.54 Lakh <sup>22</sup>    |
| 7            | 47                                      | 0.87*                         | 19 Oct.18             | 15 Mar.19                  | 5.5           | 2.85 Lakh <sup>23</sup>    |
|              |   |                               | 29 Mar.19             | 3 Sept.19                  | 4             |                            |
| 8            | 9                                       | 0.53                          | 18 June 17            | 16 May 18                  | 11            | 28.68 Lakh <sup>24</sup>   |
| <b>Total</b> |   |                               |                       |                            |               | <b>91.58 Lakh</b>          |

Thus, it shows that no recovery on account of non-deployment of Technical Staff was made by the Department and the contractors were given undue benefit of ₹ 91.58 Lakh.

**In response to audit observation at Table No.5.19 point No.5, Department replied (October-2023) that the copy of the degree of Engineering in charge Mr. Ashok kumar Gosain from M/S Mec Engineer is enclosed herewith for ready reference at TOC No.1195455 at page No.39**

**The reply of the department is not acceptable as the Engineer-in-Charge had not issued his approval of Principal Technical Representative and technical representative(s) who will be supervising the work to the contractor. Also, the Certificate under the provisions of Clause 36 that qualified engineer(s) had looked after the work during its execution, was not recorded and verified by the AE in running bills. Only Placing the degree/ documents in file is not sufficient to substantiate that qualified Technical Representatives were deployed during the execution of work.**

\*For Part A and Part B

## 5.5.9 Work Completion

### 5.5.9.1 Execution of work without grant of Extension of Time (EoT)

**Clause 5.5** of General Condition of Contract stipulates that in case, the work is delayed by any reasons, in the opinion of the Engineer-in-Charge, by the contractor for reasons beyond the events mentioned in clause 5.2 or clause 5.3 or clause 5.4 and beyond the justified extended date; without prejudice to right to take action under Clause 3, the Engineer-in-Charge may grant extension of time required for completion of work without rescheduling of milestones. The contractor shall be liable for levy of compensation for delay for such extension of time.

In 4 contracts, Audit noted that the work was executed beyond the stipulated date of completion. The work was completed with delay ranging from 10.5 to 13.00 month. However, no approval for extension of time was obtained from the Competent Authority. The details are given in **Table 5.20** below:-

22 16848(Principal Technical Representative) X1X21 = ₹ 3,53,808

23 15000(Principal Technical Representative)X2X9.5= ₹ 2,85,000

24 27000 (Facility Manager) X1X11+18330 (Maintenance Head) X1X11+15386 (Electrician) X14X11 = ₹ 28,68,081

**Table 5.20 Delay in completion of work and non grant of EoT (₹ in Crore)**

| Sl. No | Contract Details (Sl.No. of Annexure-I) | Tendered Amount | Stipulated date of completion | Actual date of completion | Delay (In Month) |
|--------|---|-----------------|-------------------------------|---------------------------|------------------|
| 1      | 6                                       | 3.69            | 9 Nov. 2019                   | 24 Nov. 2020              | 12.5             |
| 2      | 54                                      | 1.73            | 17 Aug. 2021                  | 30 sept. 2022             | 13               |
| 3      | 31                                      | 1.26            | 13 March 2020                 | 30 Jan. 2021              | 10.5             |

From the above, it is clear that there was delay in completion of work ranging from **10.5 to 12.5 months**. The Extension of Time for the work was not granted by the Competent Authority. In the absence of such regularization of Extension of Time, the Department could not levy the compensation for delay (if any) in execution of work.

**In response to audit observation at Table No.5.20 Point No.2, Department replied (October-2023) that the SDOC is 17 August 2021 while ADOC is 30 December 2022, provisional EOT was accorded by Engineer-in-charge. The 10 per cent amount i.e ₹ 9,41,581/- on the complete executed work amounting to ₹ 94,17,756/- is still with the division and the same will be paid only after approval of EOT by competent Authority.**

**Thus, the Department admitted that the approval of EOT by competent Authority is still awaited.**

#### **5.5.9.2 Delay in payment of final bill – Creation of Liability**

Section 33.6 of CPWD Manual 2014 read with clause 7 & 9 of Contract stipulates that final measurements should be recorded within one month of the completion of work. Final payments for works shall be made within 3 months if the Tendered Value of work is more than ₹ 45 Lakh and up to ₹ 2.5 Crore and 6 months, if the Tendered Value of work exceeds ₹ 2.5 Crore. In case of delay in payment of final bills after prescribed time limit, a simple interest @ 10 per cent per annum shall be paid to the contractor from the date of expiry of prescribed time limit which will be compounded on yearly basis, provided the final bill submitted by the contractor found to be in order. The payment to the contractor shall be made only on submission of the bill by him. If the contractor fails to submit the bill as aforesaid, he forfeits all claims whatsoever due to delays on payment including that of interest. Further, section 30.3 of CPWD Manual 2014 stipulates that the contractor should submit the final bill within one month of the date of the Final Certificate of Completion furnished by the Engineer-in-Charge or 3 months of the physical completion of the work, whichever is earlier (Clause 9).

In 2 contracts, Audit noted that the works were completed but payment of final bills was not made till date of audit (July-2022). The details are given in **Table 5.21** below:-

**Table 5.21 Delay in payment of final bill**

| Sl. No. | Contract Details (Sl.No. of Annexure-I) | Tendered Amounts (₹ in Crore) | Audit remarks   |
|---------|---|-------------------------------|---|
| 1       | 2                                       | 13.60                         | Contractor was paid ₹ 13.56 Crore upto 4 <sup>th</sup> RA Bills. Department recorded Completion certificate of work on 7 Dec. 2020. Contractor had submitted the final bill but the payment of final bill was not made even after elapse of <b>18 months</b> (till July-2022) of recording of completion certificate. Resultantly, the department created avoidable liability of interest @ 10 <i>per cent</i> per annum. |
| 2       | 31                                      | 1.26                          | The work has completed on dated 30 Jan. 2021. Payment of ₹ 0.60 Crore upto 2 <sup>nd</sup> RA bill was made on 18 Sep. 2020. Final bill was not submitted by the contractor till Nov.-2022 (till date of audit) after elapse of <b>23 months</b> . However, the department did not initiate any action to forfeit all claims whatsoever due to delays on payment including that of interest as required.                  |

### 5.5.10 Delay in processing and award of contract agreement

#### 5.5.10.1 Delay in award of Contract from issue of NIT

Section 20A (Annexure 12, Sl. No.18) of CPWD Works Manual 2014 stipulates that the bid for the works shall remain open for acceptance for a period of 90 days from the date of opening of Technical Bid, in case, bids are invited in 2 bid system and 120 days from the date of opening of Technical Bid, in case, bids are invited in 3 bid system for Specialized Work.

Section 17.5 of CPWD Works Manual 2014 stipulates that the time limit between date of publication of tender on website and date of receipt of tenders should be 10 days in case of works with Estimated Cost put to tender between ₹ 2 Crore and **14 days in** case of works with Estimated Cost put to tender more than ₹ 2 Crore.

Out of 54 contracts, in 16 contracts valuing ₹ 106.17 Crore, Audit noted that the total time taken in processing of tender from the date of issue of NIT to the date of award of contract was ranging from **6 months 12 days to 1 years 9 months 20 days** from the date of approval of NIT against the norm of **120 days plus 14 days**. Details are given in **Annexure-II**.

**In response to audit observation at (Annexure-II) Point No.12 (October-2023), the Department admitted that Date of issue of NIT is 12 October 2018, Date of award of work is 27 December 2019 and Delay is 1 Year 2 months and 15 days.**

#### 5.5.10.2 Delay in award of contract from opening of Technical Bid

Section 20A (Annexure 12, Sl. No.18) of CPWD Works Manual 2014 stipulates that the bid for the works shall remain open for acceptance for a period of 90 days from the date of opening of Technical Bid, in case, bids are invited in 2 bid system and 120 days from the date of opening of Technical Bid, in case, bids are invited in 3 bid system for Specialized Work.

Out of 54 contracts, in 13 contracts, Audit noted that the total time taken from opening of Technical Bid to award of contract was ranging from 6 months (Approx.) to 1 year 8 months against the

permissible period of 90/120 days. Details are given in **Annexure-III**.

**In response to audit observation at (Annexure-III) Point No.8 (October-2023), the Department admitted that the Date of opening of Technical Bid was 30 October 2018, Date of award of work was 27 December 2019 and delay was 1 Year 1 months and 27 days.**

#### **5.5.10.3 Total time taken in processing from AA&ES to award of contract**

Out of 54 contracts, in 13 contracts, audit noted that the total time taken in processing from AA&ES to award of contract was ranging from 10 months to 11 years. Details are given in **Annexure-IV**.

**In response to audit observation at (Annexure-IV) Point No.10 (October-2023), the Department admitted "Since Major Part of the work executed vide W.O.No.D-928/EE(C-II) dated 23 November 2010. Chairman accorded approval for foreclosure of the contract to enable fresh tender for remaining work. E-Tender for remaining work was invited after taking provision in IPDS. The work was finally awarded on 27 December 2019 and Time Taken in award of contract was 11 Years 10 days.**

#### **5.5.10.4 Delay in completion of work**

Out of 54 contracts, in 11 contracts, the delay in completion of work was ranging from 1 to 17 months **beyond the stipulated date of completion**. Details are given in **Annexure-V**.

From **paras 5.10.1 to 5.10.4**, it is clear that there is abnormal delay in processing of tenders and execution of work as compared to the stipulated time period allowed/recommended as per relevant codes and manuals. Such delay had resulted in depriving the public of the intended benefits and lost revenues and cost over runs. The Department should observe above timelines strictly to achieve the intended targets as approved at the time of planning. **The Department should adhere to time schedule for award of contract strictly.**

#### **5.5.11 Procedural Lapses Paras**

During scrutiny of records of Contract Agreements, Audit noticed nos. of Procedural Lapses such as **floating of Tender without availability of Site, approval of incomplete NIT, delay in signing of Contract, non extension of validity period of tender before acceptance of tender, etc.** These procedural lapses are important with regard to follow and implementation of all procedures and Instructions in true spirit as given in the codes and manuals (approved to be adopted in the working of Electrical Engineering Department of NDMC). Due to non following of these instructions and work procedures may lead to lack of transparency and have serious financial implications in future. The details of lapses are given in **Annexure-VI**.

**In response to audit observation at (Annexure-VI) Point No.8. (October-2023) the Department replied , "An undertaking was submitted by the contractor the execution of wok specified for the NDMC within the time specified in Schedule 'F', schedule of quantities and in accordance in all respect with specifications, designs, drawing and instructions in writing referred to in Rule-I of general rules and directions." Thus, the Department admitted that the contractor had submitted only the above undertaking instead of Deviation sheet as required.**

**Audit of Assessment and Collection of Property Tax in NDMC****Executive Summary / Highlights**

- NDMC needs to amend NDMC Act in the light of Hon'ble Supreme Court of India's (SCI) judgments (22 January 2019) to continue with the Unit Area Method (UAM). Despite lapse of a period of 4 years, assessment and collection of tax was made under UAM without amendment in the Act. The application of Bye-Laws 2009 by NDMC is open to challenge in the court of law in the absence of amendment in NDMC Act. **(Para 6.8.1)**
- Despite accumulation of huge tax arrears (₹ 6479.72 Crore) as on March-2022 against assesses, the department did not invoke penal provisions as required u/s 100, 101 and 102 to expedite recovery process. **(Para 6.8.2.2)**
- As on 31 March 2022 tax arrear of ₹ 4125.63 Crore (64 per cent) was outstanding against 48 properties above RV of ₹ 10 Crore (out of 15053 properties). **(Para 6.8.2.1)**
- Tax collection during the years 2019-20, 2020-21 and 2021-22 was ₹ 523.58 (9.08 per cent), ₹ 646.02 (9.34 per cent) and ₹ 896.65 (11.77 per cent), respectively against the demand raised (current as well as arrears) **(Para 6.8.3)**
- Against total 15053 properties, only 207 (1.37 per cent), 331 (2.2 per cent) and 280 (1.86 per cent) numbers of PTRs were filed online during the years 2019-20, 2020-21 and 2021-22 respectively. **(Para 6.8.5)**
- No record of receipt of PTRs was maintained and therefore the department could not ensure processing of all the PTRs received in a year. **(Para 6.8.6)**
- The department did not finalise 3588 number of notices pertaining to the period from 2010-11 to 2021-22 which involved tax revenue of ₹ 3528.11 Crore **(Para 6.8.7.1)**
- ₹ 591.58 Crore of revenue could not be realized due to non-finalization of current rateable values of properties with zero value. **(Para 6.8.7.2)**
- In 10 test-check cases notices u/s 72 were finalized with delay ranging from 61 months to 131 months involving ₹ 7.98 Crore of Property Tax. **(Para 6.8.7.3)**
- Revenue loss of ₹ 17.37 Crore was noticed due to (i) delay in issue of Notices u/s 72 and (ii) issue of notice at the fag end of the financial year. **(Para 6.8.8.1 & 6.8.8.2)**
- Loss of ₹ 95.45 Lakh due to allowing vacancy remission in respect of Hotel Oberoi (P-11229) from



the date of issue of completion certificate issued by Chief Architect, NDMC (13 December 2017) instead of actual date of completion of renovation of building (11 October 2017). **{Para 6.8.11 (i)}**

- Loss of ₹ 3.24 Crore suffered by allowing 100 *per cent* remission of property tax instead of two third in respect of properties 5, Sikandra Road (P-3921, 3922, 3923, 3924, 3925, 3926 & 3927) as the building was not demolished and deprived of value but sealed on account of commercial activity in residential area. **{Para 6.8.11 (ii)}**
- Non-realisation of Transfer Duty of ₹ 5.68 Crore due to failure of the department to provide required documents to the Registrar, Distt & Sessions Judge (Central), Tis Hazari Court, Delhi. **(Para 6.8.12)**
- Excess rebate of ₹ 40.22 Lakh was allowed on account of prompt payment in respect of Hotel Maurya Sheraton due to application of incorrect rebate of 10 *per cent* instead of 5 *per cent*. **(Para 6.8.14)**
- Non-realization of Property Tax of ₹ 44.87 Lakh against the dishonoured cheques pertaining to the period from the year 2017 to 2022. **(Para 6.8.15)**

## 6. Audit of Assessment and Collection of Property Text in NDMC

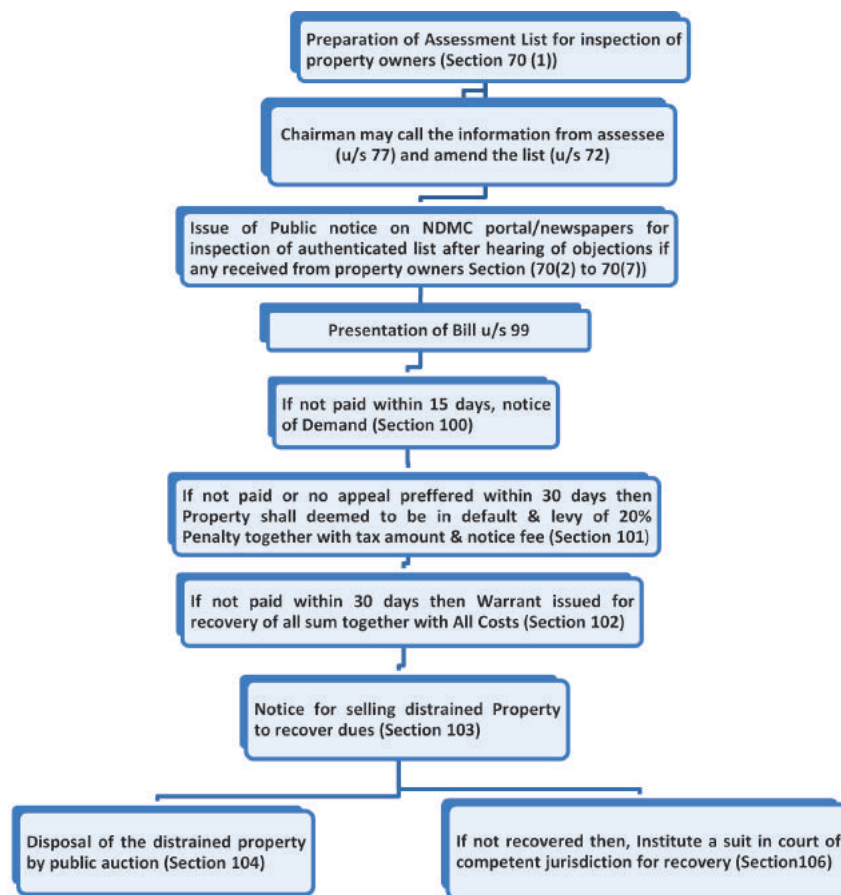
### 6.1 Introduction

The Property Tax Department of NDMC is responsible for levying and collecting of Property Tax on private properties as well as Service-Charges on Government properties. Property Tax is levied on all buildings and vacant lands in New Delhi area. The rates of taxes<sup>25</sup> are determined by the Council. There are 15,053 private properties and 1,591 Government properties in NDMC area which are liable to pay Property Tax and Service Charges. Total tax collection (including Service Charges on Government properties) of the Property Tax Department was ₹ 948.45 Crore during 2021-22.

Property Tax is levied, assessed and collected in accordance with the various provisions of NDMC Act, 1994 and Bye-Laws made there under as depicted in **flow chart** below:

### FLOW CHART

Process of levying, assessment and collection of Property Tax



<sup>25</sup> Currently, Property Tax is levied @ 20 per cent on first ₹ 10 Lakh of Rateable Value (RV) of property, then 25 per cent on the next ₹ 10 Lakh and 30 per cent on the remaining amount of Rateable Value.

## 6.2 Audit Objectives

The objectives of Audit are to examine whether:-

- Provisions relating to levy and collection of tax under NDMC Act, 1994, resolution of Council, recommendations of Valuation Committee and other Rules applicable were followed.
- Assessment of Property Tax and Service Charges was correctly made.
- Revision of RVs in respect of land and buildings for the purpose of Property Tax, assessment orders, orders carrying out mutation and remission cases etc. were carried out correctly.
- Demand and Collection registers including other registers and reports as per departmental instructions were maintained.
- Monitoring mechanism and internal control exists to check whether the demands of taxes were raised in time, arrears recovered promptly and court orders complied.

## 6.3 Audit Criteria

Audit examined the functioning of Property Tax Department (NDMC) with reference to following criteria:-

(i) NDMC Act, 1994, (ii) Assessment lists/orders, (iii) Judgments of the Hon'ble High Court of Delhi and Supreme Court of India, (iv) Recommendations of the Valuation Committee, (v) Decision of the Chairperson, NDMC, (vi) Legal opinion by Addl. Solicitor General of India and (vii) Demand & Collection Registers.

## 6.4 Scope and Methodology of Audit:

Audit on 'Assessment and Collection of Property Tax' was conducted during the period June-2022 to February-2023 covering the period 2019-20 to 2021-22.

Audit considered Rateable Value (RV) as criteria for selection of properties for Audit scrutiny in respect of Private and Government properties. The RV 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 let from year to year less a sum equal to 10 *per cent* of the said annual rent. The RV of any land which is not built upon but is capable of being built upon and of any land on which a building is in process of erection shall be fixed at 5 *per cent* of estimated capital value of such land.

The details of Private and Government properties and number of cases selected for Audit are shown in **Table 6.1** below:

**Table 6.1 Details of cases selected for Audit (Amount in Crore)**

| Sl. No.       | Range of RVs (₹)       | No. of Properties |             | Rateable Value (RV) No. of Cases |               | Properties selected for Audit |           |                             |                            | No. of Pvt. properties Audited | No. of Govt. properties Audited |
|---------------|------------------------|-------------------|-------------|----------------------------------|---------------|-------------------------------|-----------|-----------------------------|----------------------------|--------------------------------|---------------------------------|
|               |                        | Pvt.              | Govt.       | Pvt.                             | Govt.         | No. of Cases                  |           | RV of properties            |                            |                                |                                 |
|               |                        |                   |             |                                  |               | Pvt.                          | Govt.     | Pvt.                        | Govt.                      |                                |                                 |
| 1             | Above 10 cr.           | 48                | 11          | 1694.85                          | 311.63        | 48                            | 11        | 1694.85                     | 311.63                     | 45                             | 11                              |
| 2             | Above 1 cr. to 10 cr.  | 292               | 111         | 806.61                           | 384.69        | 58                            | 11        | 161.02                      | 41.57                      | 42                             | 11                              |
| 3             | Above 50 Lakh to 1 cr. | 327               | 119         | 233.21                           | 80.89         | 32                            | 6         | 22.85                       | 4.32                       | 20                             | 6                               |
| 4             | Above 10 to 50 Lakh    | 2071              | 235         | 391.96                           | 67.15         | 104                           | 2         | 19.81                       | 0.66                       | 33                             | 2                               |
| 5             | Above 1 to 10 Lakh     | 6506              | 193         | 262.07                           | 9.26          | 65                            | 2         | 2.66                        | 0.14                       | 44                             | 2                               |
| 6             | Below 1 Lakh           | 5809              | 922         | 16.18                            | 0.88          | 0                             | 0         | 0.00                        | 0.00                       | 0                              | 0                               |
| <b>TOTAL:</b> |                        | <b>15053</b>      | <b>1591</b> | <b>3404.88</b>                   | <b>854.50</b> | <b>307</b>                    | <b>32</b> | <b>1917.37</b><br>(56.31 %) | <b>358.32</b><br>(41.93 %) | <b>184</b>                     | <b>32</b>                       |

Audit examined 216 properties' cases (64 per cent of the total selected cases) which included 48 Private and 11 Government properties with RV of ₹ 2006.48 Crore (47 per cent of total RV). Remaining 123 cases of selected files could not be Audited as department failed to produce the files/records despite various reminders.

## 6.5 Property Tax collection

### 6.5.1 Estimated and actual receipts

**Table 6.2 Estimated and actual receipts of tax (₹ in Crore)**

| Year    | Estimated receipt | Revised Estimated receipt | Receipts | Transfer Duty receipts | Total Receipts |
|---------|-------------------|---------------------------|----------|------------------------|----------------|
| 1       | 2                 | 3                         | 4        | 5                      | 6(4+5)         |
| 2019-20 | 650.00            | 700.00                    | 523.87   | 163.33                 | 687.20         |
| 2020-21 | 720.00            | 690.00                    | 648.00   | 42.79                  | 690.79         |
| 2021-22 | 750.00            | 750.00                    | 895.92   | 52.53                  | 948.45         |

The Revised Estimate and actual total receipt were almost same during the period 2019-20 and 2020-21. But the receipt exceeded by 26.46 per cent against the revise estimate in the year 2021-22, which indicated unrealistic estimates for the year.

### 6.5.2 Categories of Properties with Share of Revenue

The total Property Tax receipts (online/offline) during the period 2019-20 to 2021-22 are given in **Table 6.3** below:

Table 6.3 Property Tax Receipts (online/offline) (₹ in Crore)

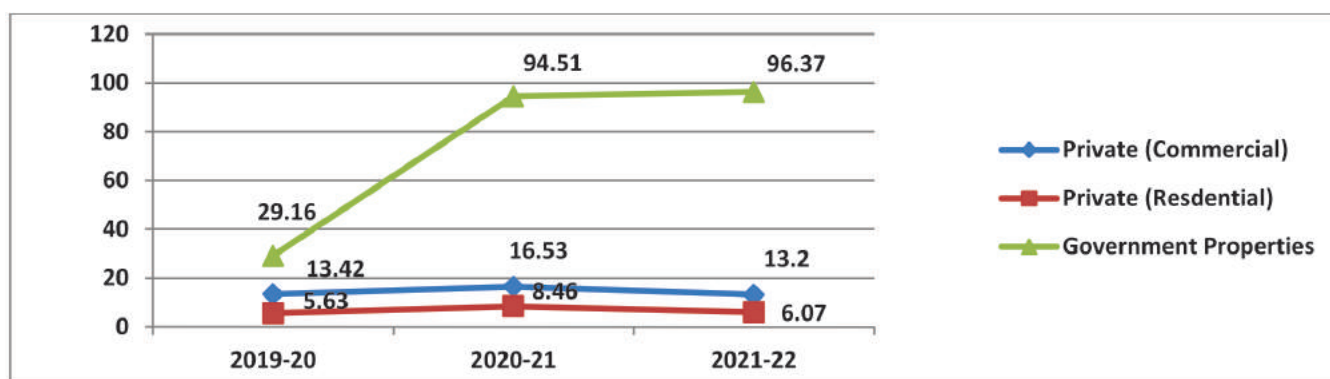
| Categories of Properties         | 2019-20                       | 2020-21                        | 2021-22                        |
|----------------------------------|-------------------------------|--------------------------------|--------------------------------|
| <b>A. Private (Commercial):</b>  |                               |                                |                                |
| Online                           | 52.96 (13.42 per cent)        | 76.63 (16.53 per cent)         | 55.41 (13.20 per cent)         |
| Offline                          | 341.63                        | 386.97                         | 364.28                         |
| <b>Sub Total (A)</b>             | <b>394.59</b>                 | <b>463.60</b>                  | <b>419.69</b>                  |
| <b>B. Private (Residential):</b> |                               |                                |                                |
| Online                           | 1.45 (5.63 per cent)          | 2.58 (8.46 per cent)           | 1.67 (6.07 per cent)           |
| Offline                          | 24.29                         | 27.92                          | 25.82                          |
| <b>Sub Total (B)</b>             | <b>25.74</b>                  | <b>30.50</b>                   | <b>27.49</b>                   |
| <b>C. Government:</b>            |                               |                                |                                |
| Online                           | 30.26 (29.16 per cent)        | 144.36 (94.51 per cent)        | 434.1 (96.37 per cent)         |
| Offline                          | 73.52                         | 8.39                           | 16.34                          |
| <b>Sub Total (C)</b>             | <b>103.78</b>                 | <b>152.75</b>                  | <b>450.44</b>                  |
| <b>Total online receipts</b>     | <b>84.67 (16.16 per cent)</b> | <b>223.57 (34.56 per cent)</b> | <b>491.18 (54.72 per cent)</b> |
| <b>Total Receipt(A+B+C)</b>      | <b>524.11</b>                 | <b>646.85</b>                  | <b>897.62</b>                  |

**Note: Above figures do not include receipts on account of Transfer Duty.**

From the above table, the following observations are made:

- The share of Private (Commercial) properties to total tax receipts **decreased** from 75.29 per cent (₹ 394.59 Crore of ₹ 524.11 Crore) in 2019-20 to 46.76 per cent (₹ 419.69 Crore of ₹ 897.62 Crore) during 2021-22.
- The share of Private (Residential) properties was 3.06 per cent (₹ 25.74 Crore of ₹ 524.11 Crore) to 4.91 per cent (₹ 27.49 Crore of ₹ 897.62 Crore) during 2019-20 to 2021-22.
- The share of Government Departments to total tax receipts **increased** from 19.80 per cent (₹ 103.78 Crore of ₹ 524.11 Crore) in 2019-20 to 50.18 per cent (₹ 450.44 Crore of ₹ 897.62 Crore) in 2021-22 because of recovery of previous dues.

Graphic representation of online receipt of Property Tax (in per cent)



From graphical representation, the following observations are made:

- i) Online tax receipts from Private (Residential) was abnormally low during the period 2019-22. It was in the range of 5.63 per cent, 8.46 per cent and 6.07 per cent during the years 2019-20, 2020-21 and 2021-22 respectively. Similarly share of commercial properties in the online tax receipt was 13.42 per cent, 16.53 per cent and 13.20 per cent during the same period respectively.
- ii) Per-centage of online collection of Property Tax to total collection was 16.15 per cent to 54.72 per cent during the period 2019-20 to 2021-22. Further, analysis revealed that increase in online tax receipts was largely due to receipts from Government departments.
- iii) Decline in trend of online payment of Property Tax from private parties was observed in 2021-22 from online payment receipts in 2020-21.

It may be mentioned here that Municipal Corporation of Delhi (MCD), which is also a local body like NDMC had introduced Unit Area Method on 01.04.2004 for assessment of Property Tax on properties in its jurisdiction. During the period 2019-20 to 2021-22, the online share of Property Tax collection was 85.48 per cent, 61.94 per cent and 83.96 per cent respectively in MCD, whereas in NDMC the online share of Property Tax collection was 16.16 per cent, 34.56 per cent and 54.72 per cent respectively. The situation was even worse in case of online collection in respect of private properties which is the major contributor to the tax receipts in NDMC. The online collection from private (commercial) properties was 13.42 per cent, 16.53 per cent and 13.20 per cent during the period 2019-20, 2020-21 and 2021-22 respectively. It can be seen that NDMC is far behind in implementation of online collection of tax in comparison to MCD.

**Recommendation: NDMC should make extra efforts for increase in online collection of Property Tax.**

## 6.6 Manpower in Property Tax Department

The sanctioned strength vis-à-vis PIP of the Property Tax Department for the year 2021-22 is given in **Table 6.4** below:

**Table 6.4 Sanctioned strength and PIP**

| Name of Post   | Sanctioned Strength | PIP | Shortage |
|--|---------------------|-----|----------|
| Director (Tax)                                       | 01                  | 01  | 0        |
| Dy. Director/Jt. Director (Tax)                      | 02                  | 01  | 01       |
| Section Officer/Assistant Collector                  | 02                  | 0   | 02       |
| Head Assistant/Sr. Assistant/Inspector/Tax Assistant | 34                  | 08* | 26       |

\*In addition 21 RMR workers working as Tax Assistant.

There is no significant shortage in staff/officers cadre after taking into consideration 21 RMR who are working against the post of Tax Assistant. However, no significant progress achieved by the department in issuing/finalization of notice u/s 72 and recovery of tax arrears.

## 6.7 Audit Constraints

Section 59 (3, 8, 9 & 11) of NDMC Act, 1994 envisaged that for the purpose of examination and Audit of the accounts of the Council, the Chief Auditor shall have access to all accounts of the Council and to all records and correspondence relating thereto and also the Chief Auditor may make such queries and observations in relation to any accounts of the Council which he is required in Audit and every such query or observations shall be promptly taken into consideration by the officer or authority.

Further, circular dated 21 July 2022 issued by Secretary, NDMC reiterated the above directions and prescribed the time schedule of 7 working days and 10 working days for furnishing of records and response to Audit observations respectively during the Audit.

Audit of Property Tax Department was taken up by the Audit Team in June-2022 which was concluded in May-2023. Audit requisitioned 339 files of which only 216 files were provided to Audit. Besides this the information called for during Audit was also not furnished to Audit. The details are as under:

- (i) List of vacant land/plots under jurisdiction of NDMC for the period 2019-20 to 2021-22.
- (ii) Details of tax and arrears due against properties viz School, Hospitals, Petrol Pumps/CNG Stations, Clubs.
- (iii) Details of cases received for mutation and their disposal.
- (iv) Property wise and year wise notices issued to owners of the properties u/s 72 of NDMC act 1994.
- (v) List of PTRs received in Property Tax Department during the period 2019-20 to 2021-22.
- (vi) Noting portion of Assessment/ Unit file of PID No. P-5860 & P-5862.

Department had failed to adhere to directives contained in NDMC Act and instructions issued by Secretary, NDMC.

Non-production of records severely limits the exercise of Audit mandate and results in lack of accountability of Property Tax Department's functionaries under NDMC. It also restricts Audit effectiveness.

## 6.8 Audit Findings:

### 6.8.1 Non- amendment in NDMC Act

The New Delhi Municipal Council (Determination of Annual Rent under sub-Section 1 of Section 63 of the NDMC Act 1994) introduced Bye-laws 2009 { **Unit Area Method (UAM)** } for levy, assessment and collection of Property Tax. The bye-laws were made effective from 1 April 2009 (Gazette Notification dated 24 February 2009). According to the Bye-laws 2009, the annual rent for which lands and buildings are expected to let from year to year, shall be determined as under:-

- (i) Special categories of lands and buildings which are not normally let being the property of Union *Government* or State *Government*, or used as School, College, Hostel, Guest House, Clubs, Cinema Halls, Hotels and lands and buildings as may be specified by the Valuation Committee as per provisions of bye-law 3.<sup>26</sup>

<sup>26</sup> (i)  $Value\ of\ land = Area\ in\ sq.\ mt.\ \times\ Applicable\ rate\ of\ land\ per\ sq.\ mt.\ or\ cost\ of\ land,\ whichever\ is\ higher$

(ii) Other lands and buildings as per provisions of bye-law 4.<sup>27</sup>

Aggrieved by the new Bye-laws 2009, some of the owners/assessees/associations filed batch of writ petition in the High Court of Delhi challenging the constitutional validity of bye-laws 2009, on the grounds that the Unit Area Method cannot be introduced by way of the new Bye-laws without amending the New Delhi Municipal Act, 1994 (NDMC Act) which contemplates determination of the rateable value on the basis of the annual rent at which the land or building might reasonably be accepted to be let.

The High Court of Delhi in its judgment dated 10 August 2017 struck down the impugned bye-laws as being ultra-vires of the provisions of the NDMC Act.

NDMC filed an SLP before the Hon'ble Supreme Court against the judgment dated 10 August 2017. The Hon'ble Supreme Court vide its judgment dated 22 January 2019 held the bye-laws 2009 *ultra vires* of the provisions of the NDMC Act. However, it was observed that the impugned order prevailed during the period from 2009 to 2017 and 95 *per cent* of the assessees had paid the taxes on the basis of bye-laws 2009. Hon'ble Supreme Court further noted that in the present circumstances to upset the appercart completely may not be appropriate and exercising powers under article 142 of the Constitution, directed that in the case of those assessees who had paid the tax as per Bye-laws 2009, their assessment **shall not be reopened**. However, the impugned bye-laws would not apply to those assessees who were the writ petitioners in the High Court.

NDMC sought legal opinion of the Addl. Solicitor General of India on the issue of the steps to be taken to realize Property Tax. The ASG advised the NDMC vide his legal opinion dated 26 August 2019 that:-

- i) To adopt the rateable value in respect of the 95 *per cent* category of assessees who had accepted the Bye-laws, **for the present year** as well and publish the assessment list accordingly.
- ii) To expeditiously decide those cases where a notice has already been issued.
- iii) To revive the notices issued to the writ petitioners, so that the Department is able to recover taxes from them.
- iv) The details of the properties which are being used for the purpose of comparison be disclosed to assessees before decision is taken.

Audit noted that from the opinion of ASG, NDMC was to follow the UAM for the year upto 2018-19 only in respect of 95 *per cent* of assessees who had accepted the Bye-Laws 2009. As regards subsequent years, NDMC needed to amend NDMC Act in the light of Hon'ble High Court of Delhi and Hon'ble Supreme Court of India's (SCI) judgments to continue with the UAM. Despite lapse of period of 4 years, assessment and collection of tax was made under UAM without amendment in the Act. The application of Bye-laws 2009 by NDMC is open to challenge in the court of law in the absence of amendment in NDMC Act.

Further, as the details of list and concerned assessment files of owners/assesses/associations filed batch of writ petition in the Hon'ble High Court of Delhi, challenging the constitutional validity of

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(ii) Value of covered space = Covered area in sq. mt. X Age factor X Applicable circle rate, Annual value of Land and Building = 6.5 per cent X (i+ii)

27 (i) ARV= Covered area in sq. mt. X Age Factor X Use Factor X Occupancy Factor X Location Factor X Base Rate or  
(ii) In the case of commercial property under rent ARV = Annual Rent or ARV calculated at (i), whichever is higher



Bye-Laws, 2009 were not provided to Audit, the action taken by the department for re-assessment of Property Tax of concerned writ petitioners in the light of Hon'ble Supreme Court judgment could not be examined and commented upon. Department should take immediate action to revive the notices issued to the writ petitioners for recovery of taxes from them.

## 6.8.2 Ineffective Recovery Process

### 6.8.2.1 Huge arrears of Property Tax on Private Properties:

As per the data provided, there are 15053 private properties in NDMC area having total rateable value (RV) of ₹ 3404.88 Crore. The arrear of Property Tax against them as on 31 March 2022 is given in **Table 6.5** below:

**Table 6.5 Details of RV, Tax, Rebates, Penalties & additional demands in r/o Private Properties (₹ in Crore)**

| Sl. No        | Range of RVs (in ₹) | No. of Pvt. Prop. | Total Value of RVs | Tax Arrear as on 31 Mar. 21 | Rebate Arrear as on 31 Mar.21 | Rebate during 2021-22 | Penalty Arrears as on 31 Mar.21 | Addl. Demand of previous years raised during 2021-22 | Current Tax for 2021-22 | Grand Bal. of Tax Arrears as on 31 Mar.22 |
|---------------|---------------------|-------------------|--------------------|-----------------------------|-------------------------------|-----------------------|---------------------------------|--|-------------------------|---|
| A             | B                   | C                 | D                  | E                           | F                             | G                     | H                               | I  | J                       | K   |
| 1             | Above 10 cr         | 48                | 1694.85            | 3433.60                     | -0.46                         | 0.00                  | 0.65                            | 341.00   | 350.84                  | 4125.63                                   |
| 2             | 1 to 10 cr.         | 292               | 806.61             | 1209.68                     | -7.41                         | -0.04                 | 2.86                            | 15.63  | 123.46                  | 1344.18                                   |
| 3             | 50 lakh to 1 cr.    | 327               | 233.21             | 351.55                      | -1.52                         | -2.36                 | 1.11                            | -26.24   | 34.64                   | 357.18                                    |
| 4             | 10 to 50 lakh       | 2071              | 391.96             | 414.68                      | -3.85                         | -3.99                 | 1.83                            | -29.33   | 42.54                   | 421.88                                    |
| 5             | 1 to 10 lakh        | 6506              | 262.07             | 217.12                      | -6.16                         | -1.76                 | 1.40                            | -16.88   | 18.03                   | 211.77                                    |
| 6             | Below 1 lakh        | 5809              | 16.18              | 21.82                       | -0.20                         | 0.00                  | 0.29                            | -2.94  | 0.13                    | 19.10                                     |
| <b>TOTAL:</b> |                     | <b>15053</b>      | <b>3404.88</b>     | <b>5648.45</b>              | <b>-19.60</b>                 | <b>-8.15</b>          | <b>8.14</b>                     | <b>281.24</b>  | <b>569.64</b>           | <b>6479.72</b>                            |

From the above table, Audit observed that:

- 48 properties of RV above ₹ 10 Crore (out of 15053 properties) contribute 64 per cent of amount of Tax arrears.
- Arrears of Property Tax was increased by 14.72 per cent during the year 2021-22 (₹ 6479.72 Crore) when compared to arrears during 2020-21 (₹ 5648.45 Crore).
- 20.74 per cent (₹ 1344.18 Crore) of tax arrears was outstanding against 292 properties with RV between ₹ 1 Crore to ₹ 10 Crore respectively.
- Major contributors (assesses) of tax arrears are:

#### a) Delhi Golf Club, PID No.9903

An amount of ₹ 1517.27 Crore was outstanding as on 31 March 2022 against Delhi Golf Club. This includes an amount of ₹ 1261 Crore of tax liability calculated on the basis of UAM method. Delhi Golf

Club was one of the parties to the petition filed in the Delhi High Court against the implementation of Bye-laws 2009. Despite clear direction and decision of the Hon'ble Supreme Court the Property Tax Department had not taken any action to revise the rateable value of Delhi Golf Club based on method which was applicable before the implementation of Bye-laws 2009. Consequently, the arrears amount shown as outstanding against the Delhi Golf Club is inflated. The assessee had not deposited Property Tax during the period 2017-18 to 2019-20. The assessee made ad-hoc payment of ₹ 7.85 Crore during 2020-21. Non revision of rateable value and ineffective follow-up with the assessee for recovery of tax has resulted in huge outstanding of Property Tax. Immediate action is required to resolve the issue in all such cases.

**b) Hotel Clariedges PID-11227 (₹ 20.49 Crore)**

On 28 March 2019 a notice u/s 72 was issued to assessee for amendment of existing RV on comparable rent basis from ₹ 12.58 Crore to ₹ 19.42 Crore from the financial year 2018-19. The same is yet to be finalized. The assessee was paying lump sum amount of ₹ 1.00 Crore annually since 2019-20 as against the annual demand of ₹ 3.76 Crore (Against RV of ₹ 12.58 Crore). Due to poor realization and follows-up in recovery process the tax arrears increased from ₹ 14.97 Crore in 2019-20 to ₹ 20.49 Crore in 2021-22.

**c) Hotel Ashoka PID-11255 (₹ 234.82 Crore)**

Against the total demand including arrears of ₹ 222.90 Crore for the year 2019-20, ₹ 212.35 Crore for the year 2020-21 and ₹ 234.82 Crore for the year 2021-22 (current RV of ₹ 61.28 Crore and annual tax liability of ₹ 18.37 Crore), the assessee has been depositing on an average ₹ 1.04 Crore per annum as Property Tax during 2019-20 to 2021-22, resultantly huge arrear of ₹ 234.82 Crore has been accumulated as on 31 March 2022. The reason for partial payment of tax was not available in the file. Thus, 25.40 per cent (₹ 1646 Crore) of total tax arrears was outstanding against above three assesses as on 31 March 2022.

**6.8.2.2 Non- invoking of provisions of NDMC Act for recovery of Tax Arrears**

Section 100 of NDMC Act 1994 provides that if the amount of the tax for which a bill has been presented u/s 99 is not paid within 15 days from the presentation thereof the Chairperson may cause to be served upon the person liable for the payment of the same a notice of demand.

Section 101 of the act provides that if the person liable for the payment of any tax does not within 30 days of the service of the notice of demand u/s 100 pay the sum due and if no appeal is preferred against such tax he shall be deemed to be in default. In such case, a sum not exceeding 20 per cent of the amount of the tax as may be determined by the Chairperson may be recovered by way of penalty in addition to the amount of the tax and the notice fee.

Section 102 of the Act provides that if the person liable for the payment of the tax does not, within 30 days from the service of the notice of demand, pay the amount due such sum together with all cost and the penalty provided for in Section 101 may be recovered under a warrant issued in the form set for in the seventh schedule by distress and sale of the movable property or the attachment and sale of the immovable property of the defaulter.

Audit examined 216 case files and found that despite accumulation of huge tax arrears against assesseees the department did not invoke penal provisions as required u/s 100, 101 and 102 for expedite recovery process. Few illustrations are given in **Table 6.6** below:

**Table 6. 6 Non-invoking of provisions of NDMC Act (Amount in Lakh)**

| Sr. No. | PID      | Notice issued u/s 72         | Assessment finalized | Proposed/finalized RV of the property     | Effective date of RV  | Accumulated arrears as on 31 Mar. 2022 |
|---------|----------|------------------------------|----------------------|---|---|--|
| 1.      | P-2137   | 23 Mar. 2017                 | 05.2017              | 3.09                                      | 1 Apr. 2016   | 5.28                                   |
| 2.      | P-381    | 7 Sept. 2016                 | 11.2016              | 1.21                                      | 1 Apr. 2016   | 0.48                                   |
| 3.      | P-14183  | 31 Mar. 2002<br>29 Mar. 2007 | 03.2018              | 14.04<br>15.93<br>18.32<br>21.07<br>24.23 | 1 Apr. 2001<br>1 Apr. 2006<br>1 Apr. 2009<br>1 Apr. 2012<br>1 Apr. 2015 | 100.20                                 |
| 4.      | P-13643  | 23 Feb. 2011                 | 06.2016              | 0.97<br>1.16                              | 1 Apr. 2010<br>1 Apr. 2013  | 2.66                                   |
| 5.      | P-4523   | –                            | 03.2019              | 2.60                                      | 1 Apr. 2016   | 5.49                                   |
| 6.      | P-13755* | 31 Mar. 2017                 | 05.2017              | 117.56                                    | 1 Apr. 2016   | 260.30                                 |
| 7.      | P-1512   | 22 Mar. 2016                 | 07.2016              | 24.62                                     | 1 Apr. 2015   | 48.66                                  |
| 8.      | P-8685   | 26 Mar. 2016                 | 06.2016              | 1.45                                      | 1 Apr. 2015   | 1.96                                   |
| 9.      | P-4756   | –                            | 12.2011              | 3.51                                      | 1 Apr. 2010   | 7.28                                   |
| 10.     | P-5501   | 28 Mar. 2019                 | Not finalized        | 582.42                                    | 1 Apr. 2018   | 264.02                                 |
| 11.     | P-312    | 2 Feb. 2011<br>22 Mar. 2016  | Not finalized        | 2.00<br>2.40                              | 1 Apr. 2010<br>1 Apr. 2015  | 5.23                                   |

\*Action u/s 100(1) initiated but no further action taken.

Thus, despite huge accumulation of arrears the department failed to initiate any punitive action as required under provisions of NDMC Act.

**Recommendation: The department should carry out risk assessment based on rateable value of properties and ensure recovery of arrears to maximize revenue to NDMC and impose penal clause as per provisions of the Act.**

### 6.8.3 Non-raising of bills against properties

As per Section 99 of NDMC Act, 1994, when a Property Tax has become due, a bill is required to be presented to each person who is liable for payment of Property Tax/Service Charges indicating the particulars of the tax and the period for which the charge is made. It was noticed during the scrutiny of records that bills were not raised against all the properties for which Property Identification Numbers (PID Number) were created.

Number of properties in NDMC area, bills raised and payment made by assesseees during the last 3 years is shown in **Table 6.7** below:

**Table 6.7 Non-raising of bills and short realization (Amount in Crore)**

| Year    | No. of Properties* | No. of bills raised | No. of Bills not raised | Per-cent-age bills not raised | No. of asses-sees paid tax | Percent-age of assessees paid tax (Col. 6÷3) x100 | Amount of bills raised | Actual realisa-tion | Actual real-ization (in per cent) |
|---------|--------------------|---------------------|-------------------------|-------------------------------|----------------------------|---|------------------------|---------------------|-----------------------------------|
| 1       | 2                  | 3                   | 4                       | 5                             | 6                          | 7   | 8                      | 9                   | 10                                |
| 2019-20 | 16063              | 14981               | 1082                    | 6.74                          | 9095                       | 60.71   | 5765.88                | 523.58              | 9.08                              |
| 2020-21 | 16063              | 15255               | 808                     | 5.03                          | 9195                       | 60.27   | 6916.40                | 646.02              | 9.34                              |
| 2021-22 | 16063              | 15296               | 767                     | 4.78                          | 9663                       | 63.17   | 7619.94                | 896.65              | 11.77                             |

Sources: Data provided by Property Tax Department.

\*As per NDMC portal total private and *Government* properties are 16644.

From the table above, Audit noted the following:

- i) Bills were not raised on all the properties for which PIDs were generated. The department failed to raise bills on properties ranging from 4.78 *per cent* to 6.74 *per cent* during the period 2019-20 to 2021-22.
- ii) Only 60.71 *per cent*, 60.27 *per cent* and 63.17 *per cent* of assessees paid taxes during the period 2019-20 to 2021-22 showing poor tax realisation.
- iii) Total tax realisation was 9.08 *per cent*, 9.34 *per cent* and 11.77 *per cent* (of total amount of bills raised) during the years 2019-20, 2020-21 and 2021-22 respectively.

The reasons for not raising the bills on all the assessees were not made available to Audit.

**Recommendation: The department should ensure raising of bills on all properties and needs to put in extra efforts to increase realisation of tax.**

#### 6.8.4 Non-recovery of Service Charges against Government properties

UOI & its departments are liable to pay Service Charges for the services provided by municipal bodies, in terms of Hon'ble Supreme Court order<sup>28</sup> dated 19 November 2009, calculated @ 75 *per cent*, 50 *per cent* or 33 *per cent* of Property Tax levied on property owners depending upon utilization of full or partial or Nil services. The Municipal bodies shall not resort to coercive steps (such as stoppage of services) nor resort to revenue recovery proceedings for recovery of Service Charges from UOI or its departments.

There are 1591 Central Government properties in NDMC area. Service Charges from these properties come from two broad categories, viz. CPWD & other than CPWD (that includes Defence, Railways, and State *Government* etc.). Scrutiny of records revealed that Service Charges amounting to ₹ 198.44 Crore were outstanding against UOI properties as of March- 2022, as per details given in the **Table 6.8** below:

28 In civil appeal No.9458-63/2003 filed by Rajkot Municipal Corporation and others vs. UOI and others

**Table 6.8 Outstanding against UOI properties (Amount in Crore)**

| YEAR    | DEMAND |        |           | COLLECTION |        |        | BALANCE |        |           | Arrear in percentage |
|---------|--------|--------|-----------|------------|--------|--------|---------|--------|-----------|----------------------|
|         | CPWD   | Others | Total (A) | CPWD       | Others | Total  | CPWD    | Others | Total (B) | (B/A)X100            |
| 2019-20 | 423.61 | 202.73 | 626.34    | 66.68      | 37.11  | 103.79 | 356.93  | 165.62 | 522.55    | 83.43                |
| 2020-21 | 447.49 | 254.54 | 702.04    | 53.67      | 99.09  | 152.76 | 393.82  | 155.45 | 549.27    | 78.24                |
| 2021-22 | 475.72 | 227.16 | 702.88    | 377.98     | 126.46 | 504.44 | 97.74   | 100.70 | 198.44    | 28.23                |

Audit noted that:

- i) Against the total demand of ₹ 626.34 Crore, ₹ 702.04 Crore and ₹ 702.88 Crore during the years 2019-20, 2020-21 and 2021-22 the department could realise only 16.57 per cent, 21.76 per cent and 71.77 per cent respectively.
- ii) The total arrears which was ₹ 522.55 Crore during 2019-20, marginally increased to ₹ 549.27 Crore during 2020-21 and came down to ₹ 198.44 Crore during 2021-22, showing a significant recovery of arrears of Service Charges.

**Recommendation:** *The department should continuously follow-up with Government departments for recovery of pending Service Charges to avoid accumulation of arrears.*

### 6.8.5 Non-achievement of objectives set by the department for Online Filing System

NDMC in order to facilitate tax payers to file their Property Tax Returns (PTRs) online decided major enhancement to the existing Property Tax Information System (PTIS) in 2014. The enhancement was intended to improve efficiency by minimizing processes and time for finalization of the PTRs by automatically calculating the demand and rebates dues. Further, improvement in Public Service Delivery System, settlement of PTR in transparent manner, reduction of paper work, storage of data permanently in system and utilization of such data for creation of various reports was also expected.

The Property Tax Department was expected (8 September 2014) to finalize the system within period of three months after taking decision on implementing agency to achieve collection efficiency from 65 per cent to 95 per cent. In May-2016, M/s E-Government Foundation was ready with the software and suggested (July-2016) to upgrade the CPU core to 8 and memory to 32GB for running 3 parallel jboss instance and requested to upgrade the hard disc space to 50 GB @ application for implementation of new modules. As records of up-gradation of system and implementation of new modules were not available in the file, the Audit could not ascertain the implementation of all modules and hence cannot comment thereon.

Audit further observed that against total 15053 properties, only 207 (1.37 per cent), 331 (2.2 per cent) and 280 (1.86 per cent) numbers of PTRs were filed online during the years 2019-20, 2020-21 and 2021-22 respectively. These PTRs were processed manually/offline by the department. Hence, in PTIS only module of filing of PTRs was implemented and online processing/finalization module remained un-implemented. The system of submission of hard copy of PTRs in respect of PTRs received online was still being continued in Property Tax Department.

The very objective of improving efficiency by minimizing processes and time for finalization of the PTRs by automatically calculating the demand and rebates was defeated due to delay in implementation of online PTR system.

### 6.8.6 Non-maintenance of records of PTRs received

A Property Tax Return (PTR) is filed under Section 77 of the NDMC Act, 1994 for every financial year for determination of tax and collection thereon. In case of manual filing of PTR, receipt of payment of tax is required to be attached, in duplicate.

Further, NDMC allows rebate of 10 per cent and 5 per cent to property owners for prompt and timely payment of Property Tax. The assessing authority finalises RVs and tax rebates on the basis of PTRs filed by assessees. No rebate is allowed without filing of PTR.

Audit noted that the PTRs are received in the CR Branch and then passed on to Property Tax Department. However, no record of PTRs received during the year was maintained either in the CR Branch or in Property Tax Department.

The CR Branch informed (30 November 2022) that *PTRs are received by the representative of the Property Tax Department on behalf of the Central Registry Branch and the same are handed over to the Property Tax Department. Therefore, data pertaining to no. of PTRs received during the year 2019-20, 2020-21 & 2021-22 were not available in Central Registry Branch.* The Property Tax Department also did not provide the same despite various reminders.

However, the department maintains a register of PTRs which were **processed and finalized** by them. There are 15053 private properties (Commercial and Residential) in NDMC area. A summary of the PTRs processed during the last 3 years is given in the **Table 6.9** below:

**Table 6.9 Number of PTRs finalized**

| Month | 2019-20                             |                   | 2020-21                             |                   | 2021-22                             |                   |
|-------|-------------------------------------|-------------------|-------------------------------------|-------------------|-------------------------------------|-------------------|
|       | No. of PTRs processed and finalised | No. of Assesseees | No. of PTRs processed and finalised | No. of Assesseees | No. of PTRs processed and finalised | No. of Assesseees |
| April | 193                                 | 62                | 0                                   | 0                 | 36                                  | 9                 |
| May   | 290                                 | 90                | 49                                  | 18                | 28                                  | 5                 |
| June  | 136                                 | 47                | 297                                 | 90                | 40                                  | 9                 |
| July  | 163                                 | 53                | 343                                 | 124               | 175                                 | 51                |
| Aug.  | 48                                  | 18                | 262                                 | 91                | 315                                 | 90                |
| Sept. | 231                                 | 83                | 159                                 | 53                | 430                                 | 103               |
| Oct.  | 147                                 | 43                | 61                                  | 20                | 301                                 | 63                |
| Nov.  | 90                                  | 33                | 81                                  | 28                | 192                                 | 49                |
| Dec.  | 255                                 | 75                | 124                                 | 37                | 305                                 | 74                |

| Month                           | 2019-20                             |                     | 2020-21                             |                     | 2021-22                             |                     |
|---------------------------------|-------------------------------------|---------------------|-------------------------------------|---------------------|-------------------------------------|---------------------|
|                                 | No. of PTRs processed and finalised | No. of Assesseees   | No. of PTRs processed and finalised | No. of Assesseees   | No. of PTRs processed and finalised | No. of Assesseees   |
| Jan.                            | 344                                 | 142                 | 264                                 | 58                  | 151                                 | 34                  |
| Feb.                            | 977                                 | 279                 | 135                                 | 27                  | 316                                 | 64                  |
| March                           | 313                                 | 94                  | 95                                  | 25                  | 370                                 | 73                  |
| <b>Total:</b>                   | <b>3187</b>                         | <b>1019</b>         | <b>1870</b>                         | <b>571</b>          | <b>2659</b>                         | <b>624</b>          |
| <b>percentage of assesseees</b> |                                     | <b>6.77 percent</b> |                                     | <b>3.79 percent</b> |                                     | <b>4.15 percent</b> |

In absence of record of number of PTRs received, Audit could not ascertain that all the PTRs submitted by the assesseees during the period 2019-20 to 2021-22 have been processed. Against 15053 properties, the department processed PTRs of only 6.77 per cent, 3.79 per cent and 4.15 per cent properties during the period 2019-20, 2020-21 and 2021-22 respectively, showing declining trend in number of assesseees when compared to 2019-20 and 2020-21 and slight increase in 2021-22. Due to non-processing of PTRs, the benefit of rebate could not be passed on to the assessee in the year of payment of tax causing inconvenience to assesseees.

**Recommendations:** The department should keep a proper record of receipt of PTRs and processing thereof for timely release of rebate.

### 6.8.7 Non/delay in finalisation of notices issued u/s 72

#### 6.8.7.1 Non-realisation of revenue of ₹ 3528.11 Crore due to non-finalisation of notices issued u/s 72

Rateable value of a property (Commercial) is revised as and when there is increase or decrease in annual rent of property. For revision, a notice under Section 72 of the NDMC Act, 1994 is required to be served to the assessee, which indicates proposed Annual Rateable Value (ARV). Revision of RVs is effective from 1<sup>st</sup> April of the financial year in which the notice has been issued. As per notice served to assessee, 35 days time is given to file his/ her objections if any, in writing. Audit noted that no timeline was prescribed in the Act. Timeline was also not mentioned in the notice serve to the assesseees for finalization of the ARV by the Department. In the absence of timelines the notices remained pending for finalization for the long period.

There is no centralized data being maintained by the Property Tax Department regarding number of notices issued in a year. In the absence of the vital information, the department failed to keep a check on the number of notices issued and their final disposal. However, data regarding notices pending for finalization are available. From the available data Audit noted that 3588 notices are pending for finalization RV as on 31 March 2022. Year-wise details of pending notices shown in **Table 6.10** below:-

**Table 6.10 Year-wise details of Pending Notices and Tax Revenue involved**

(Amount in Crore)

| Sr.No.        | Year of notices issued | No. of notices pending | Existing RV   | Proposed RV    | Annual Tax on Existing RV <sup>29</sup> | Annual Tax on proposed RV | Annual revenue involved (I-H) | Total tax revenue involved* |
|---------------|------------------------|------------------------|---------------|----------------|---|---------------------------|-------------------------------|-----------------------------|
| A             | B                      | C                      | F             | G              | H                                       | I                         | J                             | K                           |
| 1             | 2010-11                | 757                    | 24.40         | 334.64         | 5.99                                    | 95.89                     | 89.90                         | 760.03                      |
| 2             | 2011-12                | 254                    | 10.14         | 54.61          | 2.27                                    | 14.24                     | 11.97                         | 86.69                       |
| 3             | 2012-13                | 260                    | 19.64         | 197.53         | 4.67                                    | 56.68                     | 52.01                         | 501.39                      |
| 4             | 2013-14                | 290                    | 28.60         | 217.36         | 7.41                                    | 62.71                     | 55.30                         | 479.11                      |
| 5             | 2014-15                | 296                    | 15.65         | 47.29          | 3.37                                    | 11.46                     | 8.09                          | 62.20                       |
| 6             | 2015-16                | 383                    | 21.57         | 146.17         | 5.23                                    | 41.16                     | 35.93                         | 248.56                      |
| 7             | 2016-17                | 499                    | 38.97         | 238.41         | 10.32                                   | 67.76                     | 57.44                         | 323.36                      |
| 8             | 2017-18                | 132                    | 15.33         | 130.83         | 3.98                                    | 37.76                     | 33.78                         | 168.88                      |
| 9             | 2018-19                | 659                    | 97.76         | 478.76         | 26.50                                   | 137.39                    | 110.89                        | 442.81                      |
| 10            | 2019-20                | 20                     | 19.67         | 92.37          | 5.74                                    | 27.42                     | 21.68                         | 65.05                       |
| 11            | 2020-21                | 30                     | 17.98         | 656.03         | 5.15                                    | 196.36                    | 191.21                        | 382.41                      |
| 12            | 2021-22                | 8                      | 0.78          | 26.36          | 0.17                                    | 7.79                      | 7.62                          | 7.62                        |
| <b>TOTAL:</b> |                        | <b>3588</b>            | <b>310.49</b> | <b>2620.36</b> | <b>80.80</b>                            | <b>756.62</b>             | <b>675.82</b>                 | <b>3528.11</b>              |

**\*The amount has been calculated based on year of notice issued, period involved and difference of existing & proposed RV.**

From the above data, Audit observed that:

- (i) The difference in the existing RV and proposed RV of these 3588 cases comes to ₹ 2309.87 Crore (₹ 2620.36 Crore - ₹ 310.49 Crore).
- (ii) The total accumulated tax revenue involved was ₹ 3528.11 Crore. Due to delay in finalization of notices, NDMC could not realize the same.
- (iii) There were 58 notices (1.62 per cent) pending during the period 2019-20 to 2021-22 (3 years) out of 3588 nos. of notices pending for the last 12 years. Since data regarding number of notices issued during the above period was not provided to Audit, Audit is unable to comment whether the department has issued lesser number of notices or finalized more notices in last 3 years as compared to the preceding period and also unable to examine the efficiency of the department in disposal of notices.

Sample cases in which RV not finalized are illustrated in **Table 6.11** below:

<sup>29</sup> **Tax Calculation:** 1. For RV up to ₹ 10 Lakh, Tax = RV x 20 per cent 2. For RV ₹ 10 Lakh to ₹ 20 Lakh, Tax = 200000 (RV-1000000) x 25 per cent 3. For RV above ₹ 20 Lakh, Tax = 450000 + (RV-2000000) x 30 per cent



**Table 6.11 Sample cases where RV not finalized (Amount in Lakh)**

| Sl. No       | Name of property and PID                          | Date of issue of notice | Existing RV | Proposed RV | Pending since (years) | Annual Tax revenue involved | Total tax revenue |
|--------------|---|-------------------------|-------------|-------------|-----------------------|-----------------------------|-------------------|
| 1.           | 906, Prakashdeep, (P-7104)                        | 21 Mar.2011             | 1.83        | 7.55        | 12                    | 1.14                        | 13.73             |
| 2.           | Ashoka Estate, BK Road, (P-2541)                  | 14 Mar.2012             | 2.70        | 7.15        | 11                    | 0.89                        | 9.79              |
| 3.           | Flat no. 811, K.G. Marg (P-12059)                 | 30 Mar.2017             | 2.31        | 11.92       | 6                     | 2.00                        | 12.00             |
| 4.           | L-10 & Others, L-Block, Connaught Place, (P-5501) | 28 Mar.2019             | 259.69      | 582.43      | 4                     | 96.82                       | 387.29            |
| <b>Total</b> |   |                         |             |             |                       | <b>100.86</b>               | <b>422.81</b>     |

**Recommendation:** NDMC should consider framing of timeline for finalization of notices issued u/s 72 and issue of assessment order. Database of notices issued u/s 72 may also be maintained for monitoring and controlling for disposal of notices.

#### 6.8.7.2 Non-finalisation of notices in r/o Properties where RV is zero

In 43 properties, Audit noted that the RV of the properties as on March-2022 was zero. The department issued notices u/s 72 during the period from 2000 to 2017 for determination of RV. The proposed RV of these properties was ₹ 203.09 Crore. However, the department did not finalise RV even after lapse of period ranging from 5 to 22 years from the date of issue of notices. Resultantly, RVs of these properties remained zero and the department could not realise revenue on these properties. Audit worked out the Property Tax of ₹ 598.53 Crore as on 31 March 2022 based on the proposed RV by the department and prevalent tax rate. Out of 43 properties, details of 10 properties with rateable value of ₹ 200.10 Crore (98.53 per cent) and anticipated tax revenue of ₹ 591.58 Crore (98.84 per cent) are shown in **Table 6.12** below:

**Table 6.12 Details of Properties with proposed RV and tax involved (Amount in Crore)**

| Sr. No.      | Property Id | Notice u/s 72 No.   | Period of 'zero RV' | No. of Years | Existing RV | Proposed RV   | Annual Ex-pected Tax* | Total tax involved (8x5) |
|--------------|-------------|---------------------|---------------------|--------------|-------------|---------------|-----------------------|--------------------------|
| 1            | 2           | 3                   | 4                   | 5            | 6           | 7             | 8                     | 9                        |
| 1            | P-12180     | 2000-2001/00-01/742 | 2000-22             | 22           | 0           | 0.684         | 0.1902                | 4.18                     |
| 2            | P-13729     | 2004-2005/04-05/518 | 2004-22             | 18           | 0           | 6.426         | 1.9128                | 34.43                    |
| 3            | P-41512     | 2011-2012/10296     | 2011-22             | 11           | 0           | 1.89          | 0.552                 | 6.07                     |
| 4            | P-15184     | 2012-2013/11215     | 2012-22             | 10           | 0           | 46.35         | 13.89                 | 138.9                    |
| 5            | P-15185     | 2012-2013/11220     | 2012-22             | 10           | 0           | 85.761        | 25.7133               | 257.13                   |
| 6            | P-12191     | 2013-2014/12320     | 2013-22             | 9            | 0           | 42.948        | 12.8694               | 115.83                   |
| 7            | P-15327     | 2013-2014/12163     | 2013-22             | 9            | 0           | 2.358         | 0.6924                | 6.23                     |
| 8            | P-15057     | 2014-2015/12971     | 2014-22             | 8            | 0           | 0.441         | 0.1713                | 1.37                     |
| 9            | P-15387     | 2015-2016/13248     | 2015-22             | 7            | 0           | 11.592        | 3.4626                | 24.24                    |
| 10           | P-15084     | 2016-2017/14869     | 2016-22             | 6            | 0           | 1.647         | 0.5331                | 3.20                     |
| <b>Total</b> |             |                     |                     |              |             | <b>200.10</b> |                       | <b>591.58</b>            |

Property Tax department informed that physical files were not being maintained in respect of zero RV properties. Hence, the specific reasons for delay in finalization of these notices could not be ascertained in Audit.

**Recommendation: NDMC should focus on finalization of RV of above 10 properties where 98.84 per cent of the total Property Tax is involved and maintain proper records of all properties.**

### 6.8.7.3 Delay in realization of revenue due to delayed finalization of Rateable Value

In 10 cases pertaining to finalization of notices u/s 72, Audit noted that assessment of the properties was finalised after prolonged delay ranging from 61 to 131 months. Details are given in **Table 6.13** below:

**Table 6.13 Details of notices finalized after long delay (Amount in Lakh)**

| Sl. No. | PID and date of issue of notice          | Old RV | Date of Assessment Order/Delay (Months) | New RV | Period of assessment involved | Annual Tax on old RV | Annual Tax on new RV | Difference in annual tax | Total tax due (6x9) |
|---------|--|--------|---|--------|-------------------------------|----------------------|----------------------|--------------------------|---------------------|
| 1       | 2  | 3      | 4                                       | 5      | 6                             | 7                    | 8                    | 9                        | 10                  |
| 1       | P-6166<br>19 Feb.2011                    | 0.29   | 12 Oct.2021/<br>(127)                   | 2.73   | 04/2009 -03/2013 (4 yrs)      | 0.06                 | 0.54                 | 0.48                     | 1.96                |
|         |  |        |   | 3.27   | 04/2013 -03/2016 (3 yrs)      | 0.06                 | 0.65                 | 0.59                     | 1.77                |
|         |  |        |   | 3.93   | 04/2016-03/2021 (5 yrs)       | 0.06                 | 0.79                 | 0.73                     | 3.65                |
| 2       | P-241<br>25 Feb.2015                     | 4.55   | 28 Oct.2021/<br>(80)                    | 48.60  | 12/2017-10/2020 (3 yrs)       | 0.91                 | 13.08                | 12.17                    | 36.51               |
| 3       | P-13460<br>18 Mar.2015                   | 5.71   | 08 Feb.2022/<br>(82)                    | 6.85   | 07/2015-03/2022 (6 yrs)       | 1.14                 | 1.37                 | 0.23                     | 1.38                |
| 4       | P-7954<br>18 Mar.2015                    | 1.61   | 23 Mar.2022/<br>(84)                    | 2.89   | 04/2016-03/2022 (6 yrs)       | 0.32                 | 0.58                 | 0.26                     | 1.56                |
| 5       | P-228<br>23 Mar.2011<br>&<br>14 Feb.2013 | 0.02   | 25 Mar.2022/<br>(131)                   | 2.52   | 04/2010-03/2013 (3 yrs)       | 0.01                 | 0.50                 | 0.49                     | 1.47                |
|         |  |        |   | 3.03   | 04/2013-03/2016 (3 yrs)       | 0.01                 | 0.60                 | 0.59                     | 1.77                |
|         |  |        |   | 4.54   | 04/2016-03/2022 (6 yrs)       | 0.01                 | 0.91                 | 0.90                     | 5.40                |
| 6       | P-580<br>22 Mar.2012<br>&<br>31 Mar.2014 | 43.35  | 24 Nov.2022/<br>(120)                   | 128.47 | 04/2011-03/2013 (2 yrs)       | 11.50                | 37.04                | 25.54                    | 51.08               |
|         |  |        |   | 154.16 | 04/2013-03/2015 (2 yrs)       | 11.50                | 44.75                | 33.25                    | 66.50               |
|         |  |        |   | 373.94 | 04/2015-03/2018 (3 yrs)       | 11.50                | 110.68               | 99.18                    | 297.54              |
|         |  |        |   | 440.50 | 04/2018-10/2018 (7 m)         | 11.50                | 130.65               | 119.15                   | 69.50               |
|         |  |        |   | 441.90 | 11/2018-03/2021 (5 m)         | 11.50                | 131.07               | 119.57                   | 49.82               |
| 520.19  | 04/2021-03/2022 (1 yr)                   | 11.50  | 154.56                                  | 143.06 | 143.06                        |                      |                      |                          |                     |
| 7       | P-9848<br>29 Mar.2017                    | 57.24  | 26 May 2022/<br>(61)                    | 78.87  | 04/2016-05/2022 (6 yrs)       | 15.67                | 22.16                | 6.49                     | 38.95               |

| Sl. No.      | PID and date of issue of notice | Old RV | Date of Assessment Order/Delay (Months) | New RV | Period of assessment involved | Annual Tax on old RV | Annual Tax on new RV | Difference in annual tax | Total tax due (6x9) |
|--------------|---------------------------------|--------|---|--------|-------------------------------|----------------------|----------------------|--------------------------|---------------------|
| 8            | P-11900<br>27 Mar.2012          | 14.12  | 30 May 2022/<br>(122)                   | 13.86  | 04/2011-03/2012 (1 yr)        | 3.03                 | 2.77                 | -0.26                    | -0.26               |
|              |                                 |        |   | 14.72  | 04/2012-03/2013 (1 yr)        | 3.03                 | 2.94                 | -0.09                    | -0.09               |
|              |                                 |        |   | 18.80  | 04/2013-03/2014 (1 yr)        | 3.03                 | 3.76                 | 0.73                     | 0.73                |
|              |                                 |        |   | 20.06  | 04/2014-03/2015 (1 yr)        | 3.03                 | 4.52                 | 1.49                     | 1.49                |
|              |                                 |        |   | 21.43  | 04/2015-03/2016 (1 yr)        | 3.03                 | 4.93                 | 1.90                     | 1.90                |
|              |                                 |        |   | 24.86  | 04/2016-03/2022 (6 yr)        | 3.03                 | 5.96                 | 2.93                     | 17.58               |
| 9            | P-14632<br>28 Mar.2015          | 6.08   | 6 Jul.2020/<br>(87)                     | 6.99   | 04/2013-03/2016 (3 yr)        | 1.22                 | 1.40                 | 0.18                     | 0.54                |
|              |                                 |        |   | 8.04   | 04/2016-03/2019 (3 yr)        | 1.22                 | 1.61                 | 0.39                     | 1.17                |
|              |                                 |        |   | 9.25   | 04/2019-07/2020 (1 yr)        | 1.22                 | 1.85                 | 0.63                     | 0.63                |
| 10           | P-4384<br>14 Feb.2013           | 5.90   | 4 Jan.2021/<br>(93)                     | 7.43   | 04/2012-01/2021 (9 yr)        | 1.18                 | 1.49                 | 0.31                     | 2.79                |
| <b>Total</b> |                                 |        |   |        |                               |                      |                      |                          | <b>798.4</b>        |

Audit noted that the department took 61 to 131 months to finalize the notices involving ₹ 798.40 Lakh of Property Tax. Audit could not ascertain whether the amount of tax involved were received by the department or not as the same was not available in the assessment files. Demand and Collection registers were also not updated. Delayed finalization of notices u/s 72 resulted into undue benefit to assessees.

The very purpose of issuing notices u/s 72 is defeated if the same are not finalized within a reasonable period of time.

### 6.8.8 Delay in issue of notice u/s 72

#### 6.8.8.1 Loss of Property Tax due to issue of notice u/s 72 on 1 April 2019 instead of 4 January 2016.

As per Section 72 of the NDMC Act the Chairperson may, at any time, amend the assessment list Provided that no person shall by reason of any such amendment become liable to pay any tax or increase of tax in respect of any period prior to the commencement of the year in which the notice under sub-Section (2) is given.

Scrutiny of PID No.P-5274 (7, Hailey Road, New Delhi) revealed that M/s Trinity Buildcon (India) Pvt. Ltd. and M/s Unique Buildwell (India) Pvt. Ltd purchased the above property on 22 February 2013 and the same was mutated in the name of new owners on 7 October 2019. Other details are as under:

|  |                            |
|--|----------------------------|
| The owners gave notice for demolition of existing structure starting from 21 December 2015): | <b>16 December 2015</b>    |
| Actual demolition of work started from   | <b>4 January 2016</b>      |
| Date of completion of demolition of structure  | <b>not found in record</b> |

Notice u/s 72 was issued on 09.10.2019 proposing to revise rateable value from ₹ 37.37 Lakh to ₹ 1765.01 Lakh w.e.f. 4 January 2016. The representative of the owner vide written submission dated 20 January 2020 stated that they are not liable to pay any tax or any increase in the tax due to amendment in the assessment list for any period prior to first date of financial year in which this notice has been received.

The department considered favorably the contention of the assessee and decided to revise the rateable value w.e.f. 1 April 2019.

Due to delay in issue of notice u/s 72 for revision of rateable value, the department could not raise/realize the Property Tax demand of ₹ 16.83 Crore effective from the actual date of demolition i.e. from 4 January 2016 to 31 March 2019 as detailed in **Table 6.14** below:

**Table 6.14 Detail of revenue loss due to delay in issue of notice u/s 72 (Amount in Crore)**

| Period       | Months | Rateable value charged | Revised Rateable value | Tax charged | Tax due on Revised Rateable value | Difference in Tax |
|--------------|--------|------------------------|------------------------|-------------|-----------------------------------|-------------------|
| 2015-16      | 03     | 0.09                   | 4.41                   | 0.03        | 1.32                              | 1.29              |
| 2016-17      | 12     | 0.37                   | 17.65                  | 0.10        | 5.28                              | 5.18              |
| 2017-18      | 12     | 0.37                   | 17.65                  | 0.10        | 5.28                              | 5.18              |
| 2018-19      | 12     | 0.37                   | 17.65                  | 0.10        | 5.28                              | 5.18              |
| <b>Total</b> |        |                        |                        |             |                                   | <b>16.83</b>      |

From table above it is evident that due to delay in issue of notice u/s 72 the department suffered a loss of ₹ 16.83 Crore during 2015-16 to 2018-19.

#### 6.8.8.2 Loss of revenue due to issue of Notices u/s 72 at the fag end of the financial year

Section 72 (1) says that assessment can be revised only from the financial year in which the notice is given. However, in the matter of K. Narasimhiah Vs H.C Singri Gowda and others, the Hon'ble Supreme Court opined that "sending" a notice does not amount to "giving" a notice. It further said that "giving" of anything is NOT complete till it has reached the hands of the person to whom it is to be given.

A test-check of records of 22 cases for the period 2019-20 to 2021-22 revealed that notices u/s 72 were issued at the end of financial year as per details given in **Table-15** below:

**Table-15 Notices u/s 72 at the end of the financial year (Amount in Lakh)**

| Sl. No. | PID No. | Address of Property  | Date of notice issued u/s 72 | Old ARV (₹) | Proposed ARV (₹) |
|---------|---------|--|------------------------------|-------------|------------------|
| 1.      | P-5864  | 2 <sup>nd</sup> floor, MSG 6000 SQFT, Harsha Bhawan, E-Block, CP | 19 Mar. 2008                 | 13.05       | 194.40           |
| 2.      | P-15517 | L-10 Old And L-14 New, L Block CP                                | 26 Mar. 2019                 | 39.50       | 104.17           |
| 3.      | P-9066  | 2, Tees January Marg   | 27 Mar. 2019                 | 120.89      | 491.98           |
| 4.      | P-5843  | E-8 To E-11, E-13, E-36, E-37 & E-11 (Mezz), E Block Con Place   | 27 Mar. 2017                 | 564.75      | 697.96           |

| Sl. No. | PID No. | Address of Property   | Date of notice issued u/s 72 | Old ARV (₹) | Proposed ARV (₹) |
|---------|---------|---|------------------------------|-------------|------------------|
| 5.      | P-13020 | Unit 1, (G.F. And F.F., Left Side) At , 5 , Sikandra Road   | 27 Mar. 2019                 | 104.09      | 142.29           |
| 6.      | P-5549  | M13, Mezz,Ff, M70 Sf, M111 Flat M-13,13/1 , M Block CP  | 27 Mar. 2017                 | 0.90        | 346.68           |
| 7.      | P-9836  | Shop No-38A & B , Khan Market,  | 28 Mar. 2022                 | 89.66       | 183.65           |
| 8.      | P-11230 | Hotel Imperial Janpath , Hotel,   | 28 Mar. 2019                 | 2786.68     | 4134.41          |
| 9.      | P-9772  | 82 , Golf Link  | 28 Mar. 2019                 | 1.90        | 51.74            |
| 10.     | P-11227 | Hotel Claridges , Hotel   | 28 Mar. 2019                 | 1257.93     | 1942.16          |
| 11.     | P-11232 | Hotel Ambassdor , Hotel   | 28 Mar. 2019                 | 809.55      | 1476.11          |
| 12.     | P-5426  | H1 Plaza Cinema Auditorium & Others , H Block Con Place   | 28 Mar. 2019                 | 181.47      | 3668.10          |
| 13.     | P-5501  | L-10, 11/1, 23/1 To 23/7, 23/8, 23/10, 60, W.W., W/W, M/F & 63 , L Block Con Place  | 28 Mar. 2019                 | 259.69      | 582.43           |
| 14.     | P-105   | Shop No. 6, Flat No. 37 & 61, 90, CP  | 30 Mar. 2021                 | 33.28       | 628.73           |
| 15.     | P-111   | Shop No. 14, Flat No. 45 & 69, 90, CP   | 30 Mar. 2021                 | 97.86       | 722.94           |
| 16.     | P-13910 | Shop No. 5 (back portion), Regal Building, CP   | 30 Mar. 2021                 | 4.32        | 49.68            |
| 17.     | P-6363  | 15, Central Lane,   | 30 Mar. 2022                 | 25.42       | 525.17           |
| 18.     | P-98    | Shop No. 17B, 18-21, Regal Building   | 30 Mar. 2021                 | 2.79        | 2732.38          |
| 19.     | P-12059 | Flat No- 811, (Msg 460 Sqft) , Naurang House  | 30 Mar. 2017                 | 2.31        | 11.92            |
| 20.     | P-5819  | A21-25, A31-32,44,45, A25/39 To 48, A25/74, 80, 82, A25/49, 50, 69-73, A25/81, 83-93, 76, Tin Shed 1554 Sqft Kitchen 100 Sqft , A Block | 30 Mar. 2011                 | 18.90       | 1213.38          |
| 21.     | P-11653 | Department 7 <sup>th</sup> Floor, Vijaya Bldg.  | 31 Mar. 2021                 | 10.69       | 172.37           |
| 22.     | P- 5362 | G-1 to G24, G Block, CP   | 31 Mar. 2011                 | 100.87      | 1733.40          |

Detailed examination of two cases (Sr. no. 1 and 22) indicated in the above statement revealed the following:

**(i) Loss of Revenue due to issue of notice u/s 72 at the fag end of the FY: ₹ 54.06 Lakh**

A notice u/s 72 was issued to assessee (PID No.P-5864) on 19 March 2008 for revision of rateable value from ₹ 13.05 Lakh to ₹ 194.40 Lakh w.e.f. 1 April 2007. However, the said notice was received by the assessee on 3 April 2008 i.e. in the next financial year. The assessee contested (12 April 2008) the notice stating that any amendment to the RV would not be made effective from 1 April 2007 as the notice received in the next financial year i.e. 2008-09. The assessing authority accepted the objection and rectified its order vide rectification order No.AO No.T.1-(01)/34/DD-(Tax-II)/2021 dated 24 August 2021 and retained the old RV i.e. ₹ 13.05 Lakh of the property for the year 2007-08. Resultantly, NDMC suffered loss of ₹ 54.06 Lakh<sup>30</sup>.

**(ii) Notice challenged due to delay in serving of notice**

A notice u/s 72 was issued on 31 March 2011 to the owner of the property (PID No.P-5362) for revision of RV from ₹ 100.87 Lakh to ₹ 1733.40 Lakh effective from 1 April 2010. However, the notice

30 Tax on old RV = 20 per cent of ₹ 10 Lakh + 25 per cent of remaining RV of ₹ 3,05,000 = ₹ 2,76,250  
Tax on new RV = 20 per cent of ₹ 10 Lakh + 25 per cent of next ₹ 10 Lakh + 30 per cent of remaining of ₹ 174,40,000 = ₹ 56,82,000, Loss = ₹ 56.82 Lakh - ₹ 2.76 Lakh = ₹ 54.06 Lakh

was received by the assessee on 2 April 2011. The assessee challenged (writ petition No.8241/2017) the notice in the Hon'ble High Court of Delhi on the ground that no proceedings u/s 72 could be conducted without timely serving the notice i.e. within the year of assessment. The case was still pending in the Hon'ble Court. This may lead to potential loss of ₹ 489.94 Lakh<sup>31</sup>.

As the details of receiving of notices by the assesseees in other cases were not available in the concerned files, the Audit could not verify date of acknowledgement of receipts of notices by the assesseees within the same financial year. In case of receipts of these notices in the next financial year, the notices are challengeable in the court of law and NDMC may not implement the revised rateable value from the financial year in which it was issued and may lead to loss of revenue to the NDMC.

**Recommendation: NDMC should develop a mechanism to ensure timely issue of notices and its receipts by assesseees to avoid revenue loss and litigation.**

### 6.8.9 Notices issued for revision of RVs without evidence of comparable rent

Audit noted in four cases, the department had issued notices to the assesseees to revise rateable value of properties on the basis of comparable rent. While issuing the notice u/s 72, the department did not disclose the details of properties which were used for the purpose of comparable rent. The survey report based on which the department came to conclusion that the property was on rent, was also not available in the file.

Cases, where evidence of comparable rent was not found, are enlisted in **Table 6.16** below:

**Table 6.16 Notices issued without evidence of comparable rent**

| Sl. No. | Property & PID   | Date of notice Issued u/s 72 | Existing RV   | Proposed RV   |
|---------|--|------------------------------|---|---------------|
| 1.      | <b>P-12059</b> , Flat no. 811, Naurang House, K.G. Marg        | 30 Mar. 2017                 | 2.31  | 11.92         |
| 2.      | <b>P-7104</b> , 906, Prakashdeep                               | 21 Mar. 2011                 | 1.83  | 7.55          |
| 3.      | <b>P-3916</b> , UGF 13 & CPS MB-2, Antriksh Bhawan             | 21 Mar. 2011                 | 3.53<br>(1 Apr. 2002 to 31 Mar. 2010)<br>4.47 (1 Apr. 2010) | 4.47<br>16.47 |
| 4.      | <b>P-13755</b> , Flat No. 507, East Tower, 25, Barakhamba Road | 31 Mar. 2017                 | 103.51  | 117.56        |

Addl. Solicitor General of India in his legal opinion dated 26 August 2019 had also reinforced the contention of Audit that the details of properties which are being used for the purpose of comparison should be disclosed to the assesseees.

**Recommendation: The department should invariably disclose to assesseees evidence of comparable rent.**

<sup>31</sup> Tax on old RV 20 per cent of ₹ 10 Lakh + 25 per cent of next ₹ 10 Lakh + 30 per cent of remaining of ₹ 80,87,000 = ₹ 28,58,100, Tax on new RV= 20 per cent of ₹ 10 Lakh + 25 per cent of next ₹ 10 Lakh + 30 per cent of remaining of ₹ 17,13,40,000 = ₹ 5,18,52,000, Loss = ₹ 518.52 - ₹ 28.58 = ₹ 489.94 Lakh

## 6.8.10 Loss due to Wrong Calculation

### 6.8.10.1 Adoption of incorrect occupancy factor

As per instruction 7(a) of PTR form of NDMC, the occupancy factor for self occupied residential property is 1 and for self occupied non-residential property it is 1.5.

Flat No.421, Indraprakash, New Delhi (PID No.P-2156) was a commercial property constructed in the year 1985 with covered space of 54.9 sqm. The owner of the property submitted PTRs for the year 2017-18 & 2018-19 on self assessment basis on 22 December 2017 and 23 September 2018 respectively taking occupancy factor-1, use factor-4, age factor-0.8 and base rate ₹ 1200. Rateable value of the flat was shown as ₹ 2.11 Lakh. However as per instruction contained in PTR the occupancy factor was 1.5 and accordingly rateable value should have been ₹ 3.16 Lakh<sup>32</sup>. This resulted in under assessment of RV by ₹ 1.05 Lakh (₹ 3.16 Lakh - ₹ 2.11 Lakh) and loss of revenue of ₹ 0.42 Lakh<sup>33</sup> (two years). PTRs for the year 2019-20, 2020-21 and 2021-22 were not found in the file. Hence the rateable value of the property for the years from 2019-20 to 2021-22 could not be verified in Audit.

### 6.8.10.2 Adoption of incorrect occupancy factor, age factor and area of the property

As per instruction 7(a) of PTR form of NDMC, the occupancy factor for self occupied non-residential property for the year 2010-11 was 1 and for the year 2016-17 onwards it was 1.5.

Assessee filed PTR (P-1830) in 2010-11 under unit area method with rateable value at ₹ 1.72 Lakh, based on age factor of 0.8 (Built in 1989) and area of the property of 53.88 sq mtr. The above said PTR was finalized by the department at RV of ₹ 1.72 Lakh.

Subsequently in the PTRs for the years 2016-17 and 2018-19, the assessee shown the area of the Flat as 46.92 sqm mtr and year of construction as 1979, which was different from the earlier PTRs. Further the occupancy factor for self occupied commercial property is 1.5. However, the assessee had shown the occupancy factor as 1 in PTRs submitted by him for the year 2016-17 and 2018-19. The department has accepted the PTRs submitted by the assessee for the above mentioned period. This resulted in under assessment of RV by ₹ 1.37 Lakh and less realization of tax by ₹ 0.28 Lakh per year as shown in

**Table 6.17** below:

**Table 6.17 Under assessment of RV and Tax**

| Particulars                       | RV and Tax based on PTR (2016-17, 2018-19) | RV and Tax Based on PTR 2010-11 | Difference         |
|-----------------------------------|--|---------------------------------|--------------------|
| Area                              | 46.92                                      | 53.88                           |                    |
| Age Factor                        | 0.7 (1979)                                 | 0.8 (1989)                      |                    |
| Occupancy Factor                  | 1  | 1.5                             |                    |
| Use Factor                        | 4  | 4                               |                    |
| Base Unit Area Value              | 1200                                       | 1200                            |                    |
| <b>Rateable Value</b>             | <b>₹ 1.42 Lakh</b>                         | <b>₹ 2.79 Lakh</b>              | <b>₹ 1.37 Lakh</b> |
| <b>Property Tax @ 20 per cent</b> | <b>₹ 0.28 Lakh</b>                         | <b>₹ 0.56 Lakh</b>              | <b>₹ 0.28 Lakh</b> |

32 ₹ 1200 x 54.9 x 0.8 x 4 x 1.5 = ₹ 316224

33 2 years x 20 per cent of ₹ 1.05 Lakh = ₹ 0.42 Lakh

PTRs for the years 2011-12 to 2015-16, 2017-18 and 2019-20 to 2021-22 were not found in the file so the correctness of the rateable value could not be verified in Audit.

### 6.8.10.3 Incorrect adoption of UAM method:

The RV of Flat no. 509, New Delhi House, New Delhi (P-1698) was finalized (23 June 2017) at ₹ 8.94 Lakh w.e.f. 1 April 2012 under comparable rent basis.

Further, on the request of assessee rectification order was passed by the Assessing Authority on 18 August 2020 re-fixing the RV of the property under UAM, though the Hon'ble Supreme Court of India had already declared Bye-Laws 2009 (UAM method) as Ultra-vires (22 January 2019).

The rectification passed by the assessing authority was not in order as it was in violation of the order of the Hon'ble Supreme Court. As a result NDMC suffered loss of revenue of ₹ 4.07 Lakh as shown in **Table 6.18** below:

**Table 6.18 Loss of revenue (Amount in Lakh)**

| Period                      | RV as per comparable rent | RV as per UAM | Difference in RV | Revenue loss (20 per cent of coln.4) |
|-----------------------------|---------------------------|---------------|------------------|--------------------------------------|
| 1                           | 2                         | 3             | 4                | 5                                    |
| 1 Feb. 2012 to 31 Mar. 2013 | 8.94                      | 1.62          | 7.32             | 1.46                                 |
| 1 Apr. 2013 to 31 Mar. 2016 | 8.94                      | 1.94          | 7.00             | 1.40                                 |
| 1 Apr. 2016 to 31 Mar. 2019 | 8.94                      | 2.91          | 6.03             | 1.21                                 |
| <b>Total</b>                |                           |               |                  | <b>4.07</b>                          |

### 6.8.11 Irregular vacancy remission

Section 75 of NDMC Act, 1994 stipulates that when any new building is erected **or** when any building is rebuilt **or** enlarged **or** when any building which has been vacant is reoccupied, the person primarily liable for the Property Tax assessed on the building shall give notice thereof in writing to the Chairperson within fifteen days from the **date of its completion or occupation whichever first occurs**, or as the case may be, from the date of its enlargement or reoccupation; and Property Tax shall be assessable on the building from the said date.

As per Section 109 of the NDMC Act 1994, if any building is wholly or partly demolished or destroyed or otherwise deprived of value, the Chairperson may, on the application in writing of the owner or occupier, remit or refund such portion of any tax assessed on the rateable value thereof as he thinks fit.

Further, Section 110 of the Act provides that if any building together with the appurtenant thereto has remained vacant and unproductive of rent for 60 days or more consecutive days, the chairperson shall remit or refund as the case may be two third of the such portion of the Property Tax assessed on the rateable value thereof, or may be proportionate to the number of days during which the said building together with the land appurtenant thereto has remained vacant and unproductive of rent.



As per Section 114 of NDMC Act the owner of any land, building or tenement in respect of which a remission or refund of tax has been given under Section 110 or Section 111, shall give notice of the re-occupation of such land, building or tenement within fifteen days of such re-occupation.

Audit noticed in two cases in which the department allowed irregular remission as details below-

**(i) Hotel Oberoi, New Delhi (P-11229)**

Hotel Oberoi, New Delhi informed NDMC in February, 2016 that it would be undergoing complete renovation w.e.f. 1 April 2016 and the work was likely to be completed within a period of 24 months. The Hotel also claimed exemption of Property Tax in terms of Section 109 of NDMC Act, 1994.

Property Tax Department considered remission of 2/3<sup>rd</sup> of the Property Tax under Section 110 subject to inspection of the property from time to time. The hotel was inspected (26 April 2016) and it was found that the Hotel was under complete renovation.

The Hotel submitted building completion plan on 11 October 2017. However, did not give re-occupation notice to NDMC as required in the NDMC Act, 1994. Architect department issued completion certificate on 13 December 2017. Based on intimation and completion report from Architect Department, Property Tax Department allowed vacancy remission for the period 1 April 2016 to 11 October 2017 amounting to ₹ 846.91 lakh<sup>34</sup>.

Subsequently, Hotel Oberoi requested (21 May 2018) NDMC to allow vacancy remission up to 31 December 2017 on the grounds that it commenced commercial operation w.e.f. 1 January 2018.

Property Tax Department considered the request of the Hotel Oberoi and allowed vacancy remission amounting to ₹ 95.45 Lakh for the remaining period i.e. from 12 October 2017 to 13 December 2017.

From the above facts, it is clear that the renovation work was completed on 11 October 2017 and allowance of vacancy remission of ₹ 95.45 Lakh for the remaining period i.e. from 12 October 2017 to 13 December 2017 was not in accordance with the provision of Section 75 of the NDMC Act, 1994.

**(ii) 5, Sikandara Road, New Delhi, PID- 13020, 13688, 13231, 13238, 13229, 13236 and 13228**

07 units located in 5, Sikandara Road, New Delhi were sealed (12 October 2007) on account of commercial activities under the orders of Monitoring Committee of Hon'ble Supreme Court of India.

An application for remission of Property Tax demand for the period from 12 October 2007 to 31 March 2013 was received from the persons primary liable for payment of tax which was approved by the Chairperson, NDMC on 19 March 2013 u/s 109 of the NDMC Act. Remission for the period beyond 31 March 2013 till de-sealing was also approved.

Subsequently, Assessment Order Nos.3921, 3922, 3923, 3924, 3925, 3926 & 3927 dated 25 March 2013 were passed by the Competent Authority and an amount of ₹ 9.71 Crore (100 per cent of the tax) was allowed as remission.

Audit observed that Section 109 of the NDMC Act is only applicable when any building is wholly or partly demolished or destroyed or otherwise deprived of value. However, in the instant case property

<sup>34</sup> ₹ 552.99 Lakh-for the period 1 Apr. 16 to 31 Mar. 17, ₹ 293.92 Lakh-for the period 1 Apr. 17 to 11 Oct. 17

was neither demolished nor destroyed but remained vacant due to sealing on account of misuse of the property by the assesseees. The vacancy remission up to 2/3<sup>rd</sup> of the tax should have been allowed u/s 110 of the NDMC Act and not 100 per cent u/s 109 of the NDMC Act. Resultantly, an excess amount of ₹ 3.24 Crore<sup>35</sup> was allowed as remission till 31 March 2013 causing loss to NDMC.

As the date of de-sealing was not available in the file, Audit could not ascertain vacancy remission allowed to the assesseees after 31 March 2013 and subsequent loss to NDMC.

### 6.8.12 Non-Realization of Transfer Duty (PID No.P-9627) : ₹ 5.68 Crore

As per noting dated 17 June 2015 of Director/Tax, NDMC, the NDMC will get 50 per cent share of Transfer Duty under Section 64 of the Stamp Act, 1899 (2 of 1899).

As per Sale Certificate No.IN-DL37600573340685L dated 16 July 2013 issued under the seal of Addl. Distt. & Session Judge, Tis Hazari, Delhi, the above property was purchased by M/s Bharti RBM Holdings & Ltd. through public auction dated 11 September 2012 at a consideration amount of ₹ 156.00 Crore. Against the said purchase, ₹ 11.37 Crore was paid as stamp duty which includes 50 per cent share of NDMC (₹ 5.68 Crore) and is payable to NDMC. However, despite passage of 10 years, NDMC could not realize its 50 per cent share of Transfer Duty amounting to ₹ 5.68 Crore.

It was observed in Audit that the Department took up the matter with the Registrar Office, Distt & Sessions Judge (Central), Tis Hazari Court, Delhi in May-2015, September-2018 and February-2021. It is noteworthy that Sub Registrar VII, New Delhi informed (March, 2016) that Sale Certificate No.IN-DL37600573340685L dated 16 July 2013 was not verified with their office and called for the same. However, the department provided the copy of auction order instead of sale certificate. The SDM/COS (Chanakyapuri) again requested (9 March 2022) NDMC to provide copy of Certificate of Sale executed between Sh. Pitamber Dutt ADJ and M/s Bharati RBM Holdings Pvt. Ltd in respect of the property. The department did not provide the same till date.

Thus, due to failure to provide the required document and casual approach of the department, transfer duty amounting to ₹ 5.68 Crore remained unrealized for a long period.

**Recommendation: Sincere and effective efforts may require to be initiated to recover the amount.**

### 6.8.13 Non-revision of RV

Section 72(1)(d) of NDMC Act, 1994 provides that the Chairperson may, at any time, amend the assessment list by increasing or reducing for adequate reasons the amount of any rateable value and of the assessment thereupon.

Before making any amendment the Chairperson shall give to any person affected by the amendment, notice of not less than one month that he proposes to make the amendment and consider any objection which may be made by such person.

<sup>35</sup> 1/3<sup>rd</sup> of ₹ 9.71 Crore = ₹ 3.24 core

In test-check of seven cases Audit observed the following:

**i) P-5378, G Block, Connaught Place:**

The RV of the property was fixed at ₹ 26.52 Lakh in April-2001. No fresh notice was served to the assessee thereafter till March-2022. The assessee was making payment of Property Tax on self assessment basis. Notice u/s 72 was issued on 29 March 2023 with proposed RV of ₹ 2370.97 Lakh for the year 2022-23 which was still not finalized. Despite increase in rent of commercial property in the area many folds since 2001, the department failed to revise RV since 2001 to 2021-22. NDMC lost opportunity to earn revenue on enhanced RV during the period.

**ii) P-2408, DCM building, New Delhi**

The property was rented out to M/s Cholamandalam MS General Insurance Company Limited for a period of 6 year w.e.f. 15 May 2015 at annual rent of ₹ 5.13 Lakh. Rateable value of the property was fixed at ₹ 4.62 Lakh.

As per lease deed, rent was to be escalated by 15 per cent after completion of 3 years. However, the RV of the property was not revised from 16 May 2018. Resultantly, NDMC suffered revenue loss of ₹ 0.42 Lakh<sup>36</sup> for the period from 16 May 2018 to 15 May 2021.

**iii) P-9702, Khan Market, New Delhi**

RV of the property was fixed at ₹ 86.40 Lakh w.e.f. 1 August 2017 on actual rent basis. As per revised lease deed dated 4 September 2018 & 15 June 2021 rent of the property was as under:

- ₹ 8.00 Lakh per month- for the period 1 August 2018 to 31 July 2019
- ₹ 9.00 Lakh per month- for the period 1 August 2019 to 9 May 2021
- ₹ 9.50 Lakh per month- for the period 15 June 2021 to 14 June 2024

Audit noticed that the department fixed RV on the basis of old rent instead of revised rent.

Due to non-consideration of revised rent for calculation of RV by the department, NDMC lost revenue of ₹ 6.00 Lakh as detailed in **Table 6.19** below:

**Table 6.19 Loss of revenue due to non consideration of revised rent (Amount in Lakh)**

| Period                     | No. of months | RV considered by the department | RV as per lease deed | Difference in RV | Tax loss (₹) |
|----------------------------|---------------|---------------------------------|----------------------|------------------|--------------|
| 1                          | 2             | 3                               | 4                    | 5(4-3)           | 6            |
| 1 Aug.2019 to 31 Mar.2020  | 8             | 57.60                           | 64.80                | 7.20             | 2.16         |
| 1 Apr.2020 to 14 Jun.2021  |               | Vacant                          | Vacant               | -                | Nil          |
| 15 Jun.2021 to 31 Mar.2022 | 9.5           | 68.40                           | 81.23                | 12.81            | 3.84         |
| <b>Total</b>               |               |                                 |                      |                  | <b>6.00</b>  |

36 (₹ 5.31 Lakh - ₹ 4.62 Lakh) x 20 per cent x 3 years = ₹ 0.42 Lakh

#### iv) P-4209, 1002, Antriksh Bhawan

Tax department finalised (31 January 2018) RV at ₹ 9.64 Lakh w.e.f.1 April 2010 at parity with Flat No.1004 in the same building which was fetching monthly rent @ ₹ 121/- per sqm. As per the lease deed dated 20 December 2018, the said property was leased on rent to M/s Kreate Energy (I) Pvt. Ltd. on a monthly rent of ₹ 1.00 Lakh @ ₹ 135.52 per sqm. for a period of 3 years. Accordingly, the revised RV of the property w.e.f. 1 April 2018 would be ₹ 10.80 Lakh (135.52X738X12X90 per cent)

However, the department did not finalize the RV of ₹ 10.80 Lakh as yet. Further, the said property was sold to Mrs. Rakhi Bansal & Mrs. Rachna Bansal (Sale Agreement dated 20 January 2020). No rental information regarding the property is available in the file after 20 January 2020, i.e. after purchase by the new owner. Due to non-revision of RV, NDMC lost ₹ 0.41 Lakh of tax revenue during 1 April 2018 to 20 January 2020 as given in **Table 6.20** below:

**Table 6.20 Loss of revenue due to non consideration of revised rent (Amount in Lakh)**

| Year                     | Old RV (₹) | RV<br>(as per lease agreement) | Difference in<br>RV | Tax Loss    |
|--------------------------|------------|--------------------------------|---------------------|-------------|
| 2018-19                  | 9.64       | 10.80                          | 1.16                | 0.24        |
| 2019-2020 (up to Jan 20) | 7.23       | 8.10                           | 0.87                | 0.17        |
| <b>Total</b>             |            |                                |                     | <b>0.41</b> |

#### 6.8.14 Excess rebate allowed:

A prompt payment rebate of 10 per cent and 5 per cent of the net tax is allowed if the tax is paid by the prescribed dates decided by the valuation committee. During the year 2020-21 the prompt payment rebate of 10 per cent and 5 per cent was allowed if the tax is paid by 31 December 2020 and 31 January 2021 respectively.

Audit noted that Maurya Sheraton Hotel (P-11223) made payment of Property Tax on 14 January 2021 and amounting to ₹ 80.45 Lakh on Property Tax of ₹ 8.04 Crore instead of 5 per cent (₹ 40.22 Lakh) as required under the provision, resulting in excess rebate of ₹ 40.22 Lakh to the assessee.

#### 6.8.15 Non-realization of Property Tax due to dishonoured cheques

Property Tax Department has been receiving tax from the assesseees in the form of cheques and demand drafts. Audit noted that 25 cheques valuing to ₹ 44.87 Lakh received from the property owners, during the period 2017 to 2022 were dishonoured. The department did not raise demand against such dishonoured cheques. Details are given in **Table 6.21** below:

Table 6.21 Details of dishonoured cheques

| Sr. No.      | Property ID | Receipt Number | Cheque Number | Cheque Date  | Cheque Amount (in ₹) | Bank Name                                     |
|--------------|-------------|----------------|---------------|--------------|----------------------|---|
| 1            | P-5501      | 142419         | 628141        | 13 Sept.2017 | 48150                | Hongkong and Sanghai Banking Corporation Ltd. |
| 2            | P-5812      | 228554         | 083790        | 19 Sept.2022 | 56105                | ICICI Bank                                    |
| 3            | P-3554      | 176898         | 633513        | 29 Oct.2020  | 498524               | Corporation Bank                              |
| 4            | P-3573      | 178903         | 000146        | 25 Nov.2020  | 106693               | HDFC Bank                                     |
| 5            | P-1534      | 164253         | 000274        | 25 Mar.2019  | 751739               | Standard Chartered Bank                       |
| 6            | P-1460      | 180331         | 639080        | 2 Dec.2020   | 99428                | Tamilnad Mercantile Bank Ltd.                 |
| 7            | P-11938     | 179732         | 403265        | 27 Nov.2020  | 4201                 | Punjab National Bank                          |
| 8            | P-1714      | 187247         | 000209        | 12 Mar.2021  | 151234               | Standard Chartered Bank                       |
| 9            | P-13822     | 187528         | 973983        | 29 Dec.2020  | 132437               | Hongkong and Sanghai Banking Corporation Ltd. |
| 10           | P-1797      | 188061         | 000140        | 19 Mar.2021  | 159037               | Standard Chartered Bank                       |
| 11           | P-1523      | 190330         | 435839        | 29 Nov.2021  | 200000               | Syndicate Bank                                |
| 12           | P-3992      | 187652         | 615424        | 30 Mar.2021  | 21216                | Indian Overseas Bank                          |
| 13           | P-4275      | 187871         | 746502        | 5 Apr.2021   | 617100               | IDBI Bank                                     |
| 14           | P-5196      | 177651         | 695809        | 23 Nov.2020  | 11149                | State Bank of India                           |
| 15           | P-2815      | 189844         | 475375        | 25 Nov.2021  | 15253                | Canara Bank                                   |
| 16           | P-13098     | 175553         | 000067        | 25 Feb.2020  | 32748                | Punjab Sind Bank                              |
| 17           | P-14952     | 143292         | 000244        | 18 Dec.2017  | 83709                | HDFC Bank                                     |
| 18           | P-12006     | 187343         | 073422        | 11 Mar.2021  | 54967                | Allahbad Bank                                 |
| 19           | P-678       | 180396         | 003082        | 27 Nov.2020  | 47536                | Standard Chartered Bank                       |
| 20           | P-8302      | 229464         | 277337        | 19 Oct.1022  | 1686                 | Union Bank of India                           |
| 21           | P-963       | 137206         | 117093        | 29 Mar.2017  | 197276               | State Bank of India                           |
| 22           | P-187       | 152428         | 019091        | 28 Feb.2018  | 2520                 | Axis Bank Ltd.                                |
| 23           | P-9802      | 174604         | 000542        | 30 Dec.2019  | 206745               | HDFC Bank                                     |
| 24           | P-9705      | 187637         | 389291        | 30/Mar.2021  | 870617               | Bank of India                                 |
| 25           | P-9605      | 228104         | 064666        | 20 Sept.2022 | 117137               | ICICI Bank                                    |
| <b>Total</b> |             |                |               |              | <b>4487207</b>       |   |

The department did not initiate any action for recovery of amount of tax against such dishonored cheques. However, the amount has been shown as paid in the assessee's ledger/account.

**Recommendation: The department should initiate immediate action to recover the amount along with penalty as per provisions of NDMC Act, 1994.**

### **6.8.16 On-levy of property tax on Hotel Lalit, World Trade Centre and World Trade Tower.**

NDMC Act was enacted in 1994. According to Section 66(2) if any land has been let for a period exceeding one year to a tenant and such tenant has built upon the land, the property tax assessed in respect of land and building erected thereon shall be primarily leviable upon said tenant, whether the land and building are in the occupation of such tenant or a sub-tenant of such tenant.

On scrutiny of files of Hotel Bharat (The Lalit), it was noticed that a piece of land measuring about 6.0485 acres was allotted to NDMC at Barakhamba Lane vide L&DO letter dated 17/02/1981. This plot was further leased/ licensed to M/s Delhi Automobiles Pvt. Ltd. through its Director vide license deed dated 11/03/1981 for construction and commissioning of a Five Star Hotel. The period of the license was 99 years from the date of execution of the license agreement i.e. 11.03.1981.

Besides constructing the Hotel, on the said plot the Hotel Lalit also built commercial Centre/ Tower i.e. World Trade Centre and World Trade Tower. The covered spaces in these towers were further sublet to various sub-tenants by the license.

It was noticed that the property has never been assessed for property tax since inception. The property tax was not levied and collected on the said property even after NDMC Act, 1994 came into effect. By not raising the bill on the Hotel, the NDMC has lost substantial amount of tax revenue.

## CHAPTER-7

## HEALTH DEPARTMENT

**Audit on the working of Palika Maternity Hospital, NDMC for the year 2017-18 to 2021-22.****Executive Summary/Highlights**

- PHM is running without obtaining Accreditation (Certification) from National Accreditation Board for Hospitals and Health Care providers (NABH). **(Para 7.6.3.11)**
- Against 12421 ANC cards issued by the hospital, only 4242 (34.15 *per cent*) deliveries were performed during the years 2017-18 to 2021-22. **(Para 7.6.1.1)**
- Only 64 types of essential drugs were prescribed/available in the hospital against 93 types of drugs required as per guidelines of GOI (JSSK). **[Para 7.6.1.1 (c), 7.6.1.2 (b) & 7.6.1.3 (b)]**
- Out of three OTs, one OT which was meant for emergency services for providing round the clock services was remained non-functional since September 2017. Other two OTs were also remained partly functional. **[Para 7.6.1.2 (a)]**
- Due to acute space crunch in the nursery and having only 8 beds against 15 beds approved by the Council, single beds were often shared by two or three kids. **[Para 7.6.1.3 (a)]**
- Due to non-availability of adequate essential facilities after 4.00 PM i.e. emergency OT, specialist doctor, vital equipments for tests/investigations there was reduction in OPD and IPD patients from 76949 and 1908 in 2017-18 to 55747 and 1808 in 2021-22 respectively and 1587 cases were referred to other hospital from labour rooms and ward during 2017-18 to 2021-22. **[Para 7.6.1.1 (a), 7.6.2 (a), 7.6.3.1 & 7.6.3.3]**
- Overall bed occupancy ratio was only 34.49 *per cent* from 2017-18 to 2021-22 as compared to 80 *per cent* recommended as per government guidelines. **(Para 7.6.3.2)**
- Due to non-availability of Radiologist, ultrasound facilities were not provided to patient during March 2019 to July 2022 and other vital equipments viz Laparoscopic, Colposcope & Hysteroscope were under/non-utilized. **[Para 7.6.3.4 (a) & 7.6.3.4 (b)]**
- Non-functioning of Central Sterile Supply Department (for equipment sterilization), Air Purification System (since November 2019) and Effluent Treatment Plant (August 2018 to till February 2022) increased the risk of spread of various types of infections in the hospital. **[Para 7.6.3.5 (b), 7.6.3.5 (c) & 7.6.3.5 (d)]**
- Non-availability of kitchen facility to provide free diet to pregnant women as per guidelines of GOI (JSSK). **[Para 7.6.3.6 (a)]**

- Shortage of Specialist and Sr. Resident doctors cadres viz., Anesthesia, Gyane & Radiologist and Technical Cadre viz. Technician & Lab assistant. Other cadres of Doctors (Jr. Resident and Medical officer) and Nurses, staffs were not utilized in optimum way. **[Para 7.6.3.7 (a)]**
- PMH did not maintain the stock registers of drugs and consumables received from central store as well as purchased locally. **(Para 7.6.3.9)**



## 7. Audit on the working of Palika Maternity Hospital, NDMC for the year 2017-18 to 2021-22.

### 7.1 Introduction

Palika Maternity Hospital (PMH), NDMC was established in 1985 with 30 beds. The Hospital was upgraded with more facilities and number of beds increased from 30 to 65 (50 beds for mothers and 15 beds for nursery) after renovation in 2013-14. PMH, NDMC provides maternity services to all the residents of its area and also to the people residing outside territory of NDMC. The prime function of this hospital is to provide optimum level of healthcare facility viz. providing early diagnosis, treatment, rehabilitation and preventive measures (vaccinations) relating to maternity and child care. Antenatal care (ANC), Intra-partum care or delivery care (IPC) and Post Natal Care (PNC) are the major components of facility based maternity services. ANC is the systemic supervision of women during pregnancy to monitor the progress of foetal growth and to ascertain the well-being of the mother and the foetus. Under IPC, interventions for safe delivery in labour room and operation theatre are performed. PNC includes medical care of mother and the newborn especially during the 48 hours post-delivery, which are considered critical.

### 7.2 Scope of Audit and Methodology

The present audit covering the period from 2017-18 to 2021-22, was conducted during 21 October 2022 to 12 May 2023 with specific focus on areas such as rendering of maternity services and child care facilities to Public, management of manpower resources, utilization of the available machines & equipments, distribution of free medicines, the quality, effectiveness of patient care etc.

### 7.3 Audit Criteria

Audit was conducted with reference to the following criteria:

- (i) Information relating to PMH available on NDMC Website
- (ii) Policy/guidelines/instructions/orders/circulars issued by the Government of India, NCT Delhi and NDMC.
- (iii) Maternity and Newborn Health Toolkit (MNH guidelines) of Ministry of Health & Family Welfare, GOI, Indian Public Health Standard (IPHS) guidelines, GOI, National Health Mission (NHM) guidelines and Janani Shishu Suraksha Karyakram (JSSK) guidelines, GOI.
- (iv) General Financial Rules (GFR) 2017.

## 7.4 Audit Objectives

The objectives of Audit are:

- (i) To assess the working of PMH in providing maternity services and child care to public.
- (ii) To assess whether adequate provisions for line services such as out-patient services, in-patient services, emergency services *etc.* were made and these services were delivered in an efficient and effective manner.
- (iii) To assess whether adequate support services relating to diagnostic services, maintenance of machines & equipments, storage of drugs, dietary services, upkeep of facilities, *etc.* were present in hospitals.
- (iv) To assess whether PMH had adequate resources, *viz.* Manpower, infrastructure, drugs, consumables, equipment *etc.* as per prescribed norms and utilized those resources efficiently and effectively.
- (v) To assess whether norms and practices for hygiene and infection control for employees and patient safety were followed within the premises of hospitals.

## 7.5 Acknowledgement

Audit acknowledges the co-operation extended by PMH and Department of Medical Services in conduct of Audit.

## 7.6 Audit Findings

### 7.6.1 Antenatal Care

Antenatal Care (ANC) involves general and abdominal examination and laboratory investigations to monitor pregnancies, management of complications, Reproductive Tract Infection (RTI)/Sexually Transmitted Infection (STI), preterm delivery and comprehensive abortion care. Specific audit observations on ANC have been discussed in the succeeding paragraphs.

#### 7.6.1.1 Antenatal Care Patient

The position of ANC cards<sup>37</sup> issued for pregnant women by the PMH *viz-a-viz* deliveries performed in PMH for the year 2017-18 to 2021-22 is given in **Table 7.1** below:

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<sup>37</sup> The ANC card is issued by the hospital when pregnancy of the woman is confirmed and report for the first time for check up/treatment.

**Table 7.1 Position of ANC card viz.-a viz. delivery performed**

| Year         | Number of ANC cards issued | Normal delivery | Caesarean delivery | Total deliveries performed in PMH | Percentage of delivery performed to ANC cards issued |
|--------------|----------------------------|-----------------|--------------------|-----------------------------------|--|
| 1            | 2                          | 3               | 4                  | 5                                 | 6  |
| 2017-18      | 2890                       | 720             | 194                | 914                               | 31.63  |
| 2018-19      | 2711                       | 585             | 68                 | 653                               | 24.09  |
| 2019-20      | 2383                       | 604             | 88                 | 692                               | 29.04  |
| 2020-21      | 1824                       | 541             | 94                 | 635                               | 34.81  |
| 2021-22      | 2613                       | 1023            | 325                | 1348                              | 51.59  |
| <b>Total</b> | <b>12421</b>               | <b>3473</b>     | <b>769</b>         | <b>4242</b>                       | <b>34.15</b>   |

It may be seen from above that against 12421 number of ANC cards issued by the hospital, only 4242 numbers (34.15 *per cent*) of deliveries were performed during the years 2017-18 to 2021-22. The position was slightly improved in 2021-22 (51.59 *per cent*). Even with improvement in 2021-22, about 50 *per cent* pregnant women stop coming to PMH before final delivery. The above indicate that patients were not getting complete and satisfactory medical services due to which they resort to other hospital/medical centers. The reasons indentified in audit for above are discussed in subsequent paragraphs.

**PMH replied (July-2023) that reasons for patients not completing medical services are patients going to native place for delivery; many patients prefer to go to private nursing home for delivery; non-availability of ICU & Blood Bank, early pregnancy losses and non-availability of kitchen.**

**The reply itself indicate that PMH is not fully equipped to provide satisfactory service to patients though it is supposed to provide such facilities being sub-district hospital as per Government guidelines.**

#### **(a) Inadequate Pathological investigations facilities**

- (i) The government guidelines prescribe provision of services for conducting pathological investigations at hospital/medical centers. These tests are to be prescribed and conducted, depending upon the condition of pregnancy during ANC visits at hospital to identify pregnancy and later on to investigate post delivery as well as newborn related complications. Further, these guidelines prescribed that emergency investigation facilities are also to be provided round the clock (24x7).

Pathological lab of PMH carried out 4.89 Lakh<sup>38</sup> investigations/tests during the period from 2017-18 to 2021-22. Audit scrutiny revealed that most of the prescribed tests were conducted in the pathological lab of PMH except Sputum for TB, Wet mount, Thyroid function test, Double and Triple Marker Test and Culture & sensitivity blood and urine test which were desirable as per guidelines of GOI as well as by PMH itself. Further, scrutiny revealed that lab was running only during OPD hours and provision

<sup>38</sup> 1.24 lakh (2017-18), 0.95 lakh (2018-19), 0.96 lakh (2019-20), 0.78 lakh (2020-21) and 0.96 lakh (2021-22)

was not made in the hospital for conducting emergency lab investigation round the clock as per government guidelines.

- (ii) Before 2012, the PMH had a very basic lab which was running with primitive equipments and was not supportive of the kind of investigations that was required in Gynae & Paediatrics OPDs, Labour room/OT as well as Wards and Paediatric Nursery. The Council sensed the necessity of more equipments to cater the needs of antenatal, postnatal, gynae patients and infants and approved (November-2012) purchase of nine more equipments.

Audit noticed that out of nine equipments approved by the Council, only six equipments were purchased in 2013-14. Three equipments viz. Stirrer (automatic biochemistry analyser), Electrolyte analyzer (to perform electrolytes) and Elisa Reader & Elisa Washer/CLIA (for thyroid test) had not been procured by PMH till date.

**PMH replied (July-2023) and accepted that due to shortage of Lab staff, above tests was not being performed and round the clock services are not provided. Further, it replied that PMH had acquired a fully automatic Bio-chemistry Analyzer (April-2023) and was already in process of procuring other new equipments. The reply is not acceptable in respect of equipment for thyroid test as the Council way back in 2012-13 approved purchase of such equipment to upgrade the facilities and later on also approved the equipment for thyroid test in 2020-21 and a budget provision was also made, but still such equipment was not purchased. The reply is also not acceptable because government guidelines categorically prescribed that the services are to be provided to pregnant women by outsourcing the same when adequate resources (human/equipment etc.) were not available.**

**The fact remains that complete and satisfactory diagnostics services were not provided to the patients during these years with a result number of tests conducted had decreased constantly during these years (1.24 lakh in 2017-18 to 0.96 Lakh in 2021-22).**

#### **(b) No facility for treatment of RTI/STI cases**

HIV and VDRL investigation facilities are available in the hospital to detect Reproductive Tract Infection (RTI)/Sexually Transmitted Infection (STI). Audit scrutiny revealed that 45 patient were diagnosed as HIV<sup>+</sup> after conducting above test regularly during these years (17047 test). However, treatment of RTI/STI was not done in the hospital and these cases were referred to other hospitals mainly due to non-availability of antiretroviral drugs to treat HIV infected patients.

**PMH accepted the audit observation and stated (July-2023) that effort would be made by NDMC/PMH to procure above drugs to mange such cases at PMH level instead of referring to other hospitals.**

#### **(c) Essential Drugs for ANC**

As per guidelines of GOI (JSSK), there were needs of 9 types of essential drugs for the treatment of patients requiring Antenatal care. Audit scrutiny revealed that against above 4 drugs were neither prescribed nor available /used in the hospital. The detail is given in **Table 7.2** below:

**Table 7.2 Essential drugs required for Maternal Health as per Janani Shishu Suraksha Karyakram**

| Drugs used in \ during  | Total no. of drugs recommended (essential drugs) | Drugs prescribed by PMH     |                              | Total Drugs prescribed | Recommended drugs not prescribed/ used |
|-------------------------|--|-----------------------------|------------------------------|------------------------|--|
|                         |  | Received from Central store | Locally purchased            |                        |  |
| 1                       | 2  | 3                           | 4                            | 5 (3+4)                | 6 (2-5)                                |
| <b>Antenatal period</b> | 9 <sup>39</sup>                                  | 2                           | 3 (including one substitute) | 5                      | 4 <sup>40</sup>                        |

Absence of essential drugs in the hospital was indicative of poor management resulting in serious impact over the pregnancy out comes. Scrutiny also revealed that 12421 no. of patients reported/ visited in the hospital for ANC checkup; out of which deliveries were performed only in respect of 4242 number of cases (2017-18 to 2021-22).

**The PMH replied (July-2023) that due to availability of newer and better drugs, four drugs recommended by GOI (JSSK) were not in use at present. The reply is not acceptable being general without specifically mentioning the supplementary drugs being used in place of four essential drugs prescribed which meets the requirement and satisfaction of patients. The lack of supply of desired drugs may be one of the reasons that deliveries performed were quite less compared to enrolment for ANC check up.**

#### (d) Management of preterm labour

As per NHM guidelines, babies born before completion of 37 weeks of pregnancy, termed as pre-term babies, have numerous challenges including difficulty in feeding, maintaining body temperature and increased susceptibility to infections also leading to neonatal deaths. As per GOI guidelines, there is need of availability of facility of New Born Stabilization Units (NBSU) at hospital/medical centre for treating sick and low birth weight newborns for short duration.

Audit scrutiny revealed that PMH was having NBSU/Level-II Nursery with 15 bedded facilities along with related equipments<sup>41</sup>, however, PMH did not provide the treatment to the patient of preterm labour. Such cases were referred to other medical centers/hospital taking plea of non-availability of facilities of Nursery level-II. The contention of the hospital is not justified when NDMC Portal/Citizen Charter of NDMC clearly shows the availability of Emergency Services and Level-II Nursery/NICU (NBSU) at PMH. Further, Council while giving the approval for up-gradation of hospital in 2012-13 also approved up-gradation of Nursery up to 15 beds along with seven<sup>42</sup> more equipments.

Further, scrutiny of emergency register for the month of September 2020 and September 2021 disclosed that five and seven emergency cases of preterm delivery were referred to other hospitals respectively. Details are given in **Table 7.3** below:

39 1. Tab. Iron Folic Acid-large Dried, 2. Tab methyl dopa IP, 3. Cap Nifedipine - Nifedipine IP, 5mg 4. Tab Nifedipine; Nifedipine IP, 10 mg, 5. Tab Labetail 100 mg, 6. Inj Labetalol, 20 mg, 7. Tab Digoxin - Digoxin IP 250 mg/tab, 8. Inj Magulph - Magnesium Sulphate IP 50%, 9. Tab. Folic Acid IP 400mg.

40 1. Tab Methyl dopa IP 250mg, 2. Cap Nifedipine - Nifedipine IP, 5mg, 3. Tab Digoxin, 4. Inj Magsulphate - IP50%

41 Suction machine, vital sign Monitor, Infant Radian Warmer, Bubble C-PAP, Phototherapy unit with LED, NRU, Bilirubinometer, Neonatal weighing scale, Transport Incubator and Cardiac monitor.

42 Transport Incubator, Cardiac monitor, Bilirubinometer, T-piece, C-PAP, Infantometer and Digital weighing Scale.

**Table 7.3 Emergency cases referred to other hospital**

| Month          | Number of emergency cases | Number of cases referred to other hospital | Preterm cases referred |
|----------------|---------------------------|--|------------------------|
| September-2020 | 229                       | 29   | 5                      |
| September-2021 | 369                       | 15   | 7                      |

Non-providing of medical facilities and referring such patients to other hospitals show lackluster approach of hospital authorities despite mentioning of the availability of facilities in Citizen Charter/ website of NDMC.

**The PMH replied (July 2023) that hospital is managing cases of premature baby of 34-36 weeks gestation and referring the cases for less than 34 weeks. The PMH has accepted that cases for less than 34 weeks are being referred which it supposed to handle with availabilities of sufficient resources (human and equipments etc.) as per GOI guidelines. Further the PMH has not maintained the records to shows that even the referred cases to other hospitals as mentioned in the para did not fall in the category of 34-36 weeks.**

#### **7.6.1.2 Intra-partum care**

Intra-partum Care (IPC) or delivery care includes care of pregnant woman during intra-partum period (the time period spanning childbirth from the onset of labour). Proper care during labour saves not only mothers and their newborn babies, but also prevents stillbirths, neonatal deaths and other complications.

The quality of IPC is largely depends upon availability of essential resources and clinical efficiency of the medical and paramedical staff. Specific audit observations on IPC have been discussed in the succeeding paragraphs:

#### **(a) Improper functioning of Modular Operation Theatres**

Three numbers of Modular Operation Theatres (OTs) were installed at PMH at a cost of ₹ 1.52 crore and commissioned in April-2014 with two years warranty and three years Comprehensive Maintenance Contract (CMC). Audit scrutiny revealed the following observations as regards to deficiencies in operation/working of these three OTs and its effects on medical services.

- (i) These OTs were out of warranty and CMC since April-2019. Efforts were not made to get the CMC renewed before the expiry of the existing CMC in April 2019. Though these OTs were repaired later on in September-2022 but CMC has not been taken thereafter.
- (ii) There was inordinate delay of more than 3 years initially in taking up the matter with the firms which installed the OTs for repair and CMC and thereafter in inviting fresh bids and finalizing the order for repair of OTs i.e. delay in processing & getting approval etc. The OTs could be repaired only be September-2022. Due to delay, patients were deprived of complete and satisfactory services for a long period of more than three years.
- (iii) It was noticed that one OT, which was meant for emergency cases for providing round the clock services was remained non-functional since September-2017. In test-check of referred cases for

the months of October and November of 2017-18 to 2021-22, Audit found that out of 160 cases, 58 (36 per cent) were referred to other hospitals due to non-availability of emergency OT. The details are given in **Table 7.4** below:

**Table 7.4 Cases referred due to the non-availability of emergency OT**

| Sl. No. | Month                   | Total No. of cases referred | No. of cases referred due to non availability of OT |
|---------|-------------------------|-----------------------------|---|
| 1       | October & November-2017 | Record Not available        | --  |
| 2       | October-2018            | 14                          | 8   |
|         | November-2018           | 31                          | 8   |
| 3       | October-2019            | 29                          | 14  |
|         | November-2019           | 26                          | 12  |
| 4       | October-2020            | 11                          | 5   |
|         | November-2020           | 19                          | 8   |
| 5       | October-2021            | 14                          | 2   |
|         | November-2021           | 16                          | 1   |
|         | <b>Total</b>            | <b>160</b>                  | <b>58</b>   |

- (iv) Scrutiny, further, revealed that during the period from May-2019 to September-2022, two OTs were remained dysfunctional (partly function) for not getting these machines repaired or brought under CMC for more than three years. These OTs were operated somehow alternatively depending upon the need during this period due to which the availability of facilities of OT as well quality of services got affected (numbers of operation declined in 2018-19, 2019-20 and 2020-21 to 128, 144 and 128 respectively from 274 numbers in 2017-18).
- (v) There are other important equipments/machines viz. Aneasthesia Machine (two number), Autoclave Machines (two number) which are required in OT room for smooth operation procedures.

Audit observed that out of two Anesthesia Machines, one is non-functional being unserviceable and another one is partially working due to not having AMC/CMC for these machines. The problem of constant leakage of gas was also noticed in these machines. It was intimated by the department that most of the time doctor has to do manual ventilation with hands (pumping the machine manually) which could be fatal at any point of time.

Further, Audit noticed that AMC/CMC was also not entered into for Autoclave machines<sup>43</sup>. In the absence of AMC/CMC, Autoclave machines were either not functioning properly or working below its capacity for last few years resulted in over loading of machine and delay in operations and the patients have to wait unnecessarily.

**The PMH replied (July-2023) that during the COVID-19 pandemic services of vendors and companies were not available and due to staggered attendance in offices, there was delay in**

<sup>43</sup> Autoclave machine is used to decontaminate certain biological waste and sterilize media, instruments and lab ware.

processing the case of repair of Modular O.T. The reply is not acceptable as the issue of repair of Modular O.T. and its AMC/CMC was pending since April/May 2019. Further, the time lost was hardly 2-3 months during each stage of COVID I & II, but due to lack of decision making it was unnecessarily delay for more than three years.

Regarding Anaesthesia & Autoclave machine, PMH replied that efforts are on to procure new machines.

### (b) Essential Drugs for Intra Partum Care

As per guidelines of GOI (JSSK), there were needs of 55 types of essential drugs for the treatment of patients requiring Intra Partum Care. Audit scrutiny revealed that against above, 16 drugs<sup>44</sup> were neither prescribed nor available/used in the hospital for IPC (delivery care). The detail of position of drugs required for three stages of IPC i.e. normal delivery; Caesarean and misc. for complicated C-sec cases is given in **Table 7.5** below:

**Table 7.5 Essential drugs required during IPC as per Janani Shishu Suraksha Karyakram**

| Drugs used in\ during                           | Total no. of drugs recommended (essential drugs) | Drugs prescribed by PMH     |                             | Total Drugs prescribed | Recommended drugs not prescribed/used |
|---|--|-----------------------------|-----------------------------|------------------------|---------------------------------------|
|   |  | Received from Central store | Locally purchased           |                        |                                       |
| 1   | 2  | 3                           | 4                           | 5 (3+4)                | 6 (2-5)                               |
| Intra partum (normal) delivery                  | 24   | 7 (including 5 substitute)  | 12 (including 1 substitute) | 19                     | 5                                     |
| Intra partum (C-sec) delivery                   | 16   | 1                           | 8 (including 1 substitute)  | 9                      | 7                                     |
| Misc drugs required in some cases of C-sec-tion | 15   | 4 (including 1 substitute)  | 7                           | 11                     | 4                                     |
| <b>Total</b>                                    | <b>55</b>  | <b>12</b>                   | <b>27</b>                   | <b>39</b>              | <b>16</b>                             |

Scrutiny also revealed that only 71 per cent essential drugs were prescribed/available in the hospital for IPC or during delivery care. Further, even out of these, 31 per cent drugs were available in the hospital and remaining 69 per cent were purchased locally. As per detail collected from hospital, it has been observed that out of essential five<sup>45</sup> drugs needed in OT, three drugs viz. Inj. Sesorcaim (25 August 2021 to 2 March 2022), Inj Glycopyralate (23 October 2019 to 20 September 2020) and Inj Ringer Lactate (11 October 2021 to 19 January 2022) during the period mentioned there against were not available in the hospital. This show that in spite of being essential drugs, these were neither procured

44 1. Tab Nitrofurantoin – IP 100 mg, 2. Tab Dicyclomine, 500 mg, 3. Tab Hyoscine Butyl Bromide 500 mg, 4. Sterile Water for inj. IP – OS ml, 5. Inj. Calcium Cluconate 1 gm, 6. Inj. Metronidazole – Metronidazole IP 5mg, 7. Inj. Gentamycin – Gentamycin Sulphate IP, 8. Inj. Cefotaxime – Cefotaxime Sodium IP 1gm, 9. Inj. Cloxacillin – Cloxacilling Sodium IP, 10. Inj. Lignocaine Hydrochloride IP 5%, 11. Dextrose IV Inj. – Dextrose 5%, 12. Inj. Menadione USP 10mg, 13. Tab Salbutamol Sulphate IP 4mg., 14. Tab Frusemide IP 40mg, 15. Tab Diazepam IP 5mg, 16. Inj. Diazepam IP 10mg.

45 Inj Oxytocine, Inj Sesorcaim, Inj Glycopyralate, Inj Ringer Lactate and Inj Melhergin



by Central Medical Store of NDMC and provided to hospital nor arranged by the hospital themselves through local purchase.

Absence of essential drugs in the hospital for IPC (delivery care) was indicative of poor management resulting in serious impact over the recovery of patient's health during delivery period.

**The PMH accepted (July-2023) the audit observation and agreed that hospital may function optimally only if all the medicines are supplied in plenty by Central Medical Store of NDMC.**

### 7.6.1.3 Postnatal Maternal and Newborn Care

#### (a) Overcrowding at New Born Stabilizing Unit

In PMH, there is a New Born Stabilizing Unit (NBSU)/Nursery with facility of 15 pediatric beds. As per norms laid down by Govt. of India (Maternal and New Born Health Guidelines), there is a requirement of 40 sq ft. of area for placing of each bed in the NBSU. Based on these norms, there has been requirement of 600 sq. ft. for 15 beds. Further, as per Citizen Charter/website of NDMC, this hospital comes under Level-II Nursery with 15 beds facilities.

Audit scrutiny revealed that only eight beds are placed at present in NBSU (out of which 5 are fitted with radiant warmers/phototherapy facilities). As the total available floor area for this purpose in present NBSU is only 260 sq. Ft., even placing of 8 beds in a NBSU/Nursery is against the prescribed norms.

Further, the position of use of these 8 beds in NBSU has been test checked in Audit for three months (September-2021, November-2022 and January-2023). It was observed that this nursery was over crowded on several occasions. Scrutiny revealed that there were often doubling of kids on one bed during these months (59 times). In test check, it was also observed that there were cases of tripling of neo natal on one bed (37 times).

Remaining 7 beds were placed in Labour Room, Operation theatre and Wards. Out of these, 3 beds placed in the Ward were laying idle because all the new born could be kept in kangaroo care<sup>46</sup> as per prescribed guidelines. Remaining four paediatric beds which were lying in Labour Room and OT in the hospital were also not properly utilized or utilized for only temporary arrangement in the nursery due to space crunch in the nursery.

The above shows that nursery was not only having shortage of beds with phototherapy/warmer facilities but also having an acute space crunch to keep these beds. This deficiency was not kept in mind at the time of renovation/up-gradation of hospital building and facilities in 2013-14.

The above reflects that complete and satisfactory medical services were not made available to the patients and there is need to upgrade the infrastructure in Nursery including providing of extra space room for keeping all beds in Nursery itself.

**The PMH accepted (July 2023), the audit observation.**

<sup>46</sup> Kangaroo care is a method of holding a baby that involves skin-to-skin contact

## (b) Essential Drugs for Post Natal Care and New born baby (Post delivery care).

As per guidelines of GOI (JSSK), there were needs of 29 types<sup>47</sup> of essential drugs for the treatment of patients requiring Postnatal Care and new born baby. Audit scrutiny revealed that against above, 9<sup>48</sup> drugs were neither prescribed nor available /used in the hospital for Post delivery care. The detail of position of drugs required for post delivery care is given in **Table 7.6** below:

**Table 7.6 Essential drugs required for delivery care as per Janani Shishu Suraksha Karyakram**

| Drugs used in\ during | Total no. of drugs recommended (essential drugs) | Drugs prescribed by PMH      |                              | Total Drugs prescribed | Recommended drugs not prescribed/ used |
|-----------------------|--|------------------------------|------------------------------|------------------------|--|
|                       |  | Received from Central store  | Locally purchased            |                        |  |
| 1                     | 2  | 3                            | 4                            | 5(3+4)                 | 6(2-5)                                 |
| Post natal period     | 15   | 5 (including one substitute) | 5 (including one substitute) | 10                     | 5                                      |
| New born baby         | 14   | 2 (including one substitute) | 8                            | 10                     | 4                                      |
| <b>Total</b>          | <b>29</b>  | <b>7</b>                     | <b>13</b>                    | <b>20</b>              | <b>9</b>                               |

Scrutiny revealed that only 69 per cent essential drugs were prescribed/available in the hospital for post delivery care. Further, even out of these, 35 per cent drugs were available in the hospital and remaining 65 per cent were purchased locally. Absence of essential drugs in the hospital for post delivery care was indicative of poor management resulting in serious impact over the recovery of patient's health (both mother & new born baby) after delivering a baby.

**The PMH accepted (July 2023) the audit observation and agreed that hospital may function optimally only if all the medicines are supplied in plenty by Central Medical Store of NDMC.**

### 7.6.2 Out Patient Services:

To avail Outdoor Patient services in PMH, patients registered themselves at OPD, the concerned doctors examine the patients and thereafter doctors either prescribes diagnostic tests for evidence based diagnosis or drugs, as per the diagnosis done during the consultation process.

#### (a) Patient Load in Out-Patient Department (OPD)

The position of number of patients attended OPD in PMH during the last five years from 2017-18 to 2021-22 is given below in the **Table 7.7**

47 1. Tablron Folic Acid IP 0.5mg, 2. Tab Digoxin IP 250mg, 3. Tab Methyl dopa IP 250mg, 4. Cap Nifedipine, 5. Tab Nifedipine IP 10mg, 6. Tab Labetalol 100 mg, 7. Inj. Labetalol, 20 mg, 8. Inj. Oxytocine IP 5, 9. Inj. Magsulph IP 50%, 10. Hydroxyethyl starch 6% IP, 11. Tab Paracetamol IP 500 mg, 12. Tab Ibuprofen 400 mg, 13. Tab/Cap Multivitamin, 14. Tab Domperidone 10 mg, 15. Anti D immunoglobulin – Inj. Polyclonal Human Anti RHD 100/300mg, 16. Inj. Adrenaline IP, 17. Inj. Amikacin, 18. Inj. Aminophylline IP, 19. Inj. Amocipillin IP, 20. Inj. Calcium Cluconate IP, 21. Inj. Dapamine, 22. Inj. Dextrose IP, 23. Inj. Gentamycine IP, 24. Inj. Phenobarbitone IP, 25. Inj. Phenytoin BP, 26. Inj. Potassium chloride, 27. Inj. Sodium bicarbonate IP, 28. Inj. Sodium chloride IP, 29. Inj. Sterile Water for IP

48 1. Tab Digoxin IP 250 mg/tab, 2. Tab Methyl dop IP 250 mg, 3. Cap Nifedipine IP 5 mg, 4. Hydroxyethyl starch 6% IP, 5. Anti D Immunoglobulin – Inj. Polyclonal, 6. Inj. Aminophylline IP, 7. Inj. Gentamycin IP, 8. Inj. Potassium chloride, 9. Inj. Sterile Water IP

**Table 7.7 Position of Patient attended OPD**

| Year                           | No. of out-patients attended to in PMH | Average patient load (Per day) (Total patient ÷ 25×no. of month) | Average no. of doctor deputed per day <sup>49</sup> in OPD | Average no. of patients attended by each doctor |
|--------------------------------|--|--|--|---|
| 2017-18                        | 76949                                  | 256  | 4.16   | 61.54   |
| 2018-19                        | 69427                                  | 231  | 4.16   | 55.53   |
| 2019-20                        | 66575                                  | 222  | 4.16   | 53.36   |
| 2020-21<br>(covid period)      | 45433                                  | 151  | 4.16   | 36.30   |
| 2021-22 (partial covid period) | 55747                                  | 186  | 4.16   | 44.71   |
|                                |  | <b>209</b>   | 4.16   | 50.24   |

It may be seen from the above table that patient load decreased by 10374 numbers (13 per cent) during the period 2017-18 to 2019-20. Thereafter it further decreased by 21142 numbers (31.75 per cent) during 2020-21 in comparison to 2019-20 but it was due to covid period. Thereafter, the patient load again increased by 10314 numbers (22.70 per cent) in 2021-22 in comparison to 2020-21 with improvement in covid situation. However, overall patient load in OPD was decreased by huge number of 21202 patients (28 per cent) during 2017-18 to 2021-22.

Further, it may be seen from above table that on an average 50.24 patients were attended in OPD by each doctor during 2017-18 to 2021-22. On enquiry, it was intimated that about 20 minutes are required to be devoted by doctors in OPD for each patient. However, analysis in audit revealed that each doctor in OPD devoted 7.76 minutes<sup>50</sup> per patient. The above indicates that either there is a need of optimum utilization of available doctors or requirement of more doctors to attend patient to their complete satisfaction.

Secondly, the above position of reduction in OPD patients indicates that the trust of the public on the medical services being provided by PMH has been reducing with the passage of time. The reasons as identified in audit for such reduction in patient load in OPD were lack of facilities (non-availability of emergency OT, pathological lab and specialist doctor after 4.00 PM), non-functioning/non-availability of vital equipments for tests/investigations, shortage/non-availability of essential drugs etc. (these issues are also discussed in detail in relevant paragraph).

### 7.6.3 In-patient services

#### 7.6.3.1 IPD Patient load

The number of IPD patients in PMH during the years from 2017-18 to 2021-22 were shown in **Table 7.8** below:

<sup>49</sup> Average worked out on the basis of deployment of 25 doctors in OPD as per duty slips for six days test checked (25/6=4.16).

<sup>50</sup> Total time available in one day 390 minutes (6 hours and 30 minutes) ÷ {Average patient load (209)÷Average no. of doctor attended OPD per day (4.16)} =7.76 minutes

**Table 7.8 Position of IPD patient**

| Year         | No. of IPD patients |
|--------------|---------------------|
| 2017-18      | 1908                |
| 2018-19      | 1489                |
| 2019-20      | 1378                |
| 2020-21      | 878                 |
| 2021-22      | 1808                |
| <b>Total</b> | <b>7461</b>         |

The load of IPD patients decreased by 530 numbers (27.77 per cent) in 2019-20 as compared to 2017-18. The load was further reduced by 500 numbers (36 per cent) in 2020-21, but this year was marked by the impact of covid and non movement of public. The IPD patients load in PMH was, however, improved in 2021-22 and reached near to number of 2017-18 with improvement in covid position. The audit observation relating to IPD services are discussed below.

### 7.6.3.2 Bed Occupancy Rate

Bed occupancy rate is an indicator of the productivity of the hospital service and is a measure of verifying whether the available infrastructure and processes are adequate for delivery of health service. The guidelines of Govt. of India prescribed bed occupancy rate of 80 per cent with three days stay for maternity hospital. Details of cases of normal, caesarean delivery, operation and other Gyane procedures performed and bed occupied (along with bed occupancy ratio) is given in table **Table 7.9:**

**Table 7.9 Position of Bed Occupancy in the Ward Room of the Hospital**

| Year         | Normal delivery cases | Total No. of abortion cases | No. of ANC & Gyne Cases | Total        | Total No. of bed required for 3 days stay | Caesarean cases | Total No. bed required for 5 days stay | Total Bed Re-quired | Total Bed available in a year (38*365) | Bed Occupancy Ratio <sup>51</sup> |
|--------------|-----------------------|-----------------------------|-------------------------|--------------|---|-----------------|--|---------------------|--|-----------------------------------|
| 1            | 2                     | 3                           | 4                       | 5<br>(2+3+4) | 6<br>(5*3days)                            | 7               | 8<br>(7*5days)                         | 9<br>(6+8)          | 10                                     | 11                                |
| 2017-18      | 720                   | 56                          | 938                     | 1714         | 5142                                      | 194             | 970                                    | 6112                | 13870                                  | 44.06                             |
| 2018-19      | 585                   | 50                          | 786                     | 1421         | 4263                                      | 68              | 340                                    | 4603                | 13870                                  | 33.19                             |
| 2019-20      | 604                   | 48                          | 638                     | 1290         | 3870                                      | 88              | 440                                    | 4310                | 13870                                  | 31.07                             |
| 2020-21      | 541                   | 12                          | 231                     | 784          | 2352                                      | 94              | 470                                    | 2822                | 13870                                  | 20.32                             |
| 2021-22      | 1023                  | 100                         | 360                     | 1483         | 4449                                      | 325             | 1625                                   | 6074                | 13870                                  | 43.79                             |
| <b>Total</b> | <b>3473</b>           | <b>266</b>                  | <b>2953</b>             | <b>6692</b>  | <b>20076</b>                              | <b>769</b>      | <b>3845</b>                            | <b>23921</b>        | <b>69350</b>                           | <b>34.49</b>                      |

51 Bed occupancy ratio is a number of deliveries in a year multiply to number of days of patient in hospital (i.e. 3 days for normal delivery etc. and 5 days for cesarean cases) divided by number of beds available in ward (i.e. 38 beds) for 365 days.

It may be seen from above that the bed occupancy ratio was constantly decreased in all the years from 44.06 per cent in 2017-18 to 20.32 per cent in 2020-21 but later improved up to 43.79 per cent in 2021-22. Scrutiny revealed that overall bed occupancy ratio during the last five years from 2017-18 to 2021-22 was only 34.49 per cent as compare to 80 per cent recommended as per government guidelines.

Total no. of 12421 patients were allotted Antenatal Care (ANC) ID numbers during the year 2017-18 to 2021-22 against which only 4242 number of deliveries (normal + cesarean) were performed during this period (34.15 per cent).

The following reasons were identified in audit for such low bed occupancy ratio:

- (i) All the cases reported after 4:00 PM which needed pathological investigation, admission in emergency OT, availability of specialist etc., were referred to other hospitals because of non operation of 24x7 Lab and Emergency OT, non-availability of specialist etc.
- (ii) The other reasons being non availability of all essential drugs, non functional of vital investigation equipment viz. Ultrasound, Laparoscope etc., non availability of kitchen/canteen facility (Diet) etc.

The above shows that many patients stopped coming to hospital midway due to lack of complete and satisfactory medical facilities.

### 7.6.3.3 Cases referred to other hospitals by PMH

The renovation of PMH was carried out during the years 2012 to 2014 with the objective to provide round the clock Maternity & Child Welfare Services and to cater more patients with increase in the number of beds. It has been noticed that despite the renovation of hospital, the delivery cases requiring caesarean (C-Sec) and other critical cases are being dealt only during day time upto 4 PM.

The details/position of Normal/Caesarean deliveries held in PMH during 2017-18 to 2021-22 with cases referred to other hospitals by the PMH has been analyzed in Audit. The details are given in **Table 7.10** as under:

**Table 7.10 Detail of deliveries Cases and Referred to other Hospitals by PMH**

| Year         | Normal delivery cases | Cae-sarean cases | Total       | Monthly average cases | Cased referred to other hospitals (from Labour room & Ward) | Average monthly cases | Percentage to referred cases of total delivery in PMH |
|--------------|-----------------------|------------------|-------------|-----------------------|---|-----------------------|---|
| 1            | 2                     | 3                | 4=(2+3)     | 5=(4/12)              | 6   | 7=(6/12)              | 8 (7/5)   |
| 2017-18      | 720                   | 194              | 914         | 76.17                 | 435   | 36.25                 | 47.59   |
| 2018-19      | 585                   | 68               | 653         | 54.42                 | 498   | 41.50                 | 76.26   |
| 2019-20      | 604                   | 88               | 692         | 57.67                 | 347   | 28.92                 | 50.14   |
| 2020-21      | 541                   | 94               | 635         | 52.92                 | 174   | 14.50                 | 27.40   |
| 2021-22      | 1023                  | 325              | 1348        | 112.33                | 133   | 11.08                 | 9.87  |
| <b>Total</b> | <b>3473</b>           | <b>769</b>       | <b>4242</b> | <b>70.70</b>          | <b>1587</b>   | <b>26.45</b>          | <b>37.41</b>  |

It may be seen from the above table that the total 4242 numbers of deliveries (Normal & Caesarean) were performed during the year 2017-18 to 2021-22 and 1587 cases were referred to other hospital during the same period. On monthly basis on an average 71 cases of deliveries were performed and at the same time 26 patients being referred to other hospitals which work out to be 37 *per cent* of total delivery cases during these years. However, the position of referred cases to other medical centers has been decreased to 10 *per cent* during 2021-22 with improvement in house delivery cases.

Audit further test checked one month position (October of 2018, 2019, 2020 and 2021) of referral cases recorded in the register maintained at Labour Room and ward. The detailed of referred cases are given in the **Table 7.11** below:

**Table 7.11 Details of referred cases from Labour room to other hospitals**

| S. No. | Period       | No. of referred cases |      | No. of cases referred on or after 4:00 PM |      | Percentage of cases which were referred on or after 4:00 PM |      |
|--------|--------------|-----------------------|------|---|------|---|------|
|        |              | LR                    | Ward | LR  | Ward | LR  | Ward |
| 1.     | October 2017 | NA                    | 11   | NA  | 5    | NA  | 45   |
| 2.     | October 2018 | 14                    | 8    | 11  | 3    | 79  | 37   |
| 3.     | October 2019 | 29                    | 11   | 22  | 3    | 76  | 27   |
| 4.     | October 2020 | 11                    | 1    | 08  | --   | 73  | --   |
| 5.     | October 2021 | 14                    | 2    | 11  | 1    | 79  | 50   |

Scrutiny revealed that the number of referred cases after the normal working hours of OPD of PMH (on or after 4:00 PM) from Labour room ranged between 73 *per cent* to 79 *per cent* of total referred cases during the month of October-2018 to October-2021 and from ward ranged from 27 to 50 *per cent* during these months.

Further, scrutiny revealed that reasons recorded while referring these cases were non-availability of emergency Operation Theatre, Blood bank, Nursery/NBSU and Physician. The recorded reasons were not justified in view that PMH hospital is Sub-District hospital as per govt. guidelines which supposed to provide all these services except referring of only critical cases. Moreover the facilities required/ provided after 4:00 PM (day time) are same which were required for normal & caesarean delivery cases as well as for new born baby care (nursery) during the day time. The availability of resources (Infrastructure, Human) after 4:00 PM could be managed with better management of deployment of manpower (Doctors and Nurses, technicians), hiring against critical vacant post (Specialist/Sr. Resident Anesthesia, Radiologist, Gynecologist etc.) and timely repair & up-gradation of equipments etc. (OT/ Vital Equipment etc). Denial of medical services after 4.00 P.M. and referring the cases to other hospitals is not justified.

In respect of para 7.6.2, 7.6.3.1, 7.6.3.2 and 7.6.3.3, PMH accepted (July-2023) the audit observation and agreed that there is a need for functioning of PMH on 24x7 hours basis with adequate recourses (human viz. specialist, lab staff etc. as well as equipment/infrastructure viz. Blood Bank, ICU, Lab equipment etc.) to provide satisfied services and reduce the referral rate of patients to other hospital.

### 7.6.3.4 Diagnostic Services

Efficient and effective diagnostic services, both radiological and pathological, are amongst the most essential health care facilities for delivering quality treatment to the public based on accurate diagnosis.

#### (a) Non utilization of Ultrasound Machine and providing proper services to patients.

The ultrasound services are provided to the pregnant women (patients) for better diagnosis during pregnancy. Normally a pregnant woman needs facilities of ultrasound during her entire period of pregnancy to scan for the purpose to identify complications, if any, viz. early scan for the diagnosis of intrauterine pregnancy, cardiac activity, USG NT/NB Scan, USG level-II (congenital anomaly), USG growth scan and Color Doppler (30-34 weeks) and USG growth scan + BPS + color doppler (37-38 weeks). Apart from above, these services are also being used by other patients coming to hospital with Gyane related problems.

For this purpose Ultra Sound Machine was installed in PMH at a cost of ₹ 23.75 Lakh in June- 2015. Ultrasound machine was under warranty period up to June-2017 and later on Comprehensive Maintenance Contract (CMC) was taken at a cost of ₹ 1.75 Lakh for one year which was valid up to 4 January 2019.

Audit scrutiny revealed the following observations in regard to ultrasound facility in the hospital:

- (i) The CMC of the ultrasound machine was not renewed after expiry of earlier obtained CMC because of non availability of any Radiologist in the hospital due to VRS taken by the then doctor (Radiologist) in February-2019.

Scrutiny also revealed that PMH had proposed in October-2019 to shift the above machine to Charak Palika Hospital (CPH) till the posting of new Radiologist. However, neither the final decision was taken to shift the machine to CPH nor it was used at PMH since March-2019 (later on started using only w.e.f. August-2022 after a gap of 40 months when services of Radiologist was outsourced).

- (ii) Year-wise details of number of patients availed ultrasound facilities in the hospital during 2017-18 to 2022-23 are given in the **Table 7.12** below:

**Table 7.12 Details of number of patients availed ultrasound facilities**

| SI. No. | Year                             | No. of month | No. of patients who availed the facilities | Monthly Average of USG conducted | No. of patient availed facility through outsourced |
|---------|----------------------------------|--------------|--|----------------------------------|--|
| 1.      | 2017-18                          | 12           | 4282                                       | 356                              | -  |
| 2.      | 2018-19 (upto Feb. 2019)#        | 11           | 2867                                       | 260                              | -  |
| 3.      | Mar. 2019 to Nov. 2020           | (21)         | -  | -                                | 310 (15 patient per month)                         |
| 4.      | Dec. 2020 to July 2022           | (20)         | -  | -                                | -  |
| 5.      | 2022-23 (Aug* 2022 to Mar. 2023) | 8            | 3774                                       | 472                              | -  |
|         | <b>Total</b>                     | <b>31</b>    | <b>10923</b>                               | <b>352</b>                       | <b>-</b>   |

# Note: Ultrasound machine was not in use after February-2019 due to retirement of Radiologist.

\* *Note: Ultrasound facility started w.e.f. August-2022 with outsourcing of the services of Radiologist.*

Audit worked out that on an average 352 patients (10923/31) per month availed the Ultrasound facility during the period from April-2017 to February-2019 and August-2022 to March-2023. Accordingly around 14432 (352 X 41) patients were required ultrasound facility during March-2019 to July-2022 (41 months) when the machine was not used due to non availability of Radiologist. However against this, only 310 patients were referred and given this facility free of cost through outsourced. Further during December 2020 to July 2022, these services were not provided at all. Thus, remaining 14122 (14432-310) patients (March-2019 to July-2022) were deprived of the facility and relied upon outside diagnostic centers for getting such facilities by paying market cost from their own pocket. Thus objective of GOI to provide medical services to pregnant women, free of cost (JSSK guidelines, GOI) was defeated.

(iii) The facility of Ultrasound was restarted w.e.f. August-2022 by outsourcing private firm for a period of one year at a cost of ₹ 4.94 Lakh per month. As per agreement the outsourcing firm would use ultrasound machine of PMH to render ultrasound services to the patients by providing services of Radiologist.

Despite posting of newly recruited Radiologist by outside agency for such services, PMH has been paying heavy monthly charges/remuneration of ₹ 4.94 Lakh for the services of one Radiologist against the remuneration of about ₹ 1.40 - ₹ 1.50 Lakh paid monthly to Sr. Resident Doctor with qualification of post graduation. The above arrangement on such a high cost could not be treated as a permanent solution and resulted in avoidable expenditure of ₹ 29.96 Lakh (August-2022 to April-2023 i.e. till date of audit). Further, scrutiny revealed that the department had made efforts to engage a Radiologist on contract basis only from mid 2021 onwards, though still no appointment has been made.

So, there is urgent need to appoint Radiologist on regular/deputation/contract basis to get permanent solution to provide satisfactory medical services to patients.

**The PMH accepted the audit observation and replied (July-2023) that efforts are being made to appoint regular Radiologist so that 24x7 hours services may be provided to patient in a cost effective manner.**

### **(b) Non/under utilization of vital equipments**

PMH is having various equipments which are very useful in detection, prevention and operation in the field of maternity service. Audit scrutiny revealed that 3 such vital equipments as discussed below were either remained unutilised or under-utilised:

(i) **Laparoscope** equipment is used for sterilization purpose which is a surgical procedure that provides permanent birth control for woman. Female sterilization involves obstruction for removal of the fallopian tubes. These tubes are on either side of the uterus and extend towards ovaries. Laparoscopic surgery has been demonstrated to be a safe definitive treatment for birth control by sterilization method under National Family Planning Programme (NFPP). Apart from above, this equipment is also being used for early detection of ovarian cancer, infertility, Endometriosis etc. in respect of patients visited with gyane related complications.



Audit observed that PMH was having 5 number of laparoscopic equipments which were purchased between 1987 to 2002. Out of these 5 equipments, 4 laparoscopic were declared condemned in 2013. The last and only laparoscope used during audit period was also declared condemned in 2020. The hospital performed only 17 operations/investigations from this equipment during the period from 2017-18 to 2019-20 (36 months i.e. average at the rate 0.5 case per month). Scrutiny revealed that no such vital equipment was purchased after that and hospital was deprived of such important equipment. One of the important means of birth control by laparoscope sterilization under NFPP was also defeated.

(ii) **Colposcope** is used to examine lesions of abnormalities with the aid of magnification. A biopsy is also possible during a colposcopy for early detection of cancer of cervix.

A colposcope was procured in PMH in January-2014 with a cost of ₹ 5.19 Lakh. This machine was non functional since 2019-20 and repair/maintenance contract was not done thereafter to get it use for providing medical services/procedures to patients. Only Nine numbers of cases were done through this machine during 2014 to 2019.

(iii) **Hysteroscope** is primarily used to identify and treat conditions that cause abnormal Uterine bleeding, Intrauterine anomalies, missing Copper-Ts, Resection of intrauterine polyps and Tubal ostia in infertile patients. Hysteroscope equipment was procured in August-2010 with a cost of ₹ 34.88 Lakh. After purchase, hospital used this machine for investigation only in 04 cases during 2015 to 2019. Afterwards, the machine is non functional since May-2019.

The above shows that such vital equipment costing ₹ 34.88 Lakh was under-utilized initially up to 2019 and thereafter not used being non-functional.

On enquiry it was intimated that these were under-utilized due to non-availability of adequate technician. The fact remain that these machines were not properly used either due to non functional or due to shortages of technical staff. Thus patients were deprived of complete & satisfactory investigation and treatment due to non availability/non utilization/under utilization of above such equipments.

**The PMH accepted the audit observation and replied (July-2023) that case for purchase of new Laparoscope and repair of other two equipments is being put by PMH.**

#### 7.6.3.5 Infection control

The infection control practices become more critical to avoid cross-infection and its spread. This covers hand-hygiene, antiseptics, personal protection, sterilization of equipments, environmental control and Bio-medical waste management.

##### (a) Standard Operating Procedures

To prevent hospital acquired infections in patients, visitors and staff, it is required under government guidelines for hospitals to frame a schedule of procedure to be followed by the health care centre/hospital known as Standard Operating Procedures (SOP).

On enquiry, the hospital submitted that the SOP (check list) based on guidelines of DPCC prepared by

Hospital Infection Control Committee (HICT) is being followed. However, the copy of such approved SOP has not been provided to Audit. Further, the minutes of the meeting of HICT were also not maintained. In the absence of above, audit could not vouchsafe the existence and implementation of SOP in the hospital for prevention of infections.

**PMH accepted the audit observation and replied (July-2023) that henceforth, approved copy of SOP's would be maintained by HICT and all the minutes of meeting of HICT would be kept in record for future use.**

#### **(b) Non-available of Central Sterile Supply Department**

Central Sterile Supply Department (CSSD) plays a vital role in patient safety and in reducing infection from surgical equipments. From an infection control perspective, it is essential to ensure that proper disinfection of surgical equipment is performed.

Facility of CSSD was approved by the Council in November-2012 based on recommendation of the team of Doctors. However, no CSSD was established for disinfection of the surgical equipments in the PMH. On enquiry, PMH replied (February-2023) that due to space constraints no CSSD was established in PMH.

The reply of the hospital is not acceptable because the Council approved (November-2012) the provision to establish the CSSD in PMH premises after due consideration of suggestion given by the team of the doctors. Non-providing of facility of CSSD in the hospital has increased the risk of spread of various types of infections due to disinfection of surgical equipments.

**PMH accepted the audit observation and replied (July-2023) that efforts are being made to start CSSD facility in PMH.**

#### **(c) Non-functioning of Air purification system installed in Operation Theatre and Labour Room.**

As per government guidelines (MNH guidelines), air handling unit must have air purification system. Air purification system is vital equipment for operation theatre and labour room. It helps to remove contaminant (any substance that make something dirty) from the air and reduce infection rates in operation theatre and labour room. Three numbers of air purification systems were purchased at a cost of ₹ 7.20 Lakh in August-2013 and installed in the PMH in February-2014 for reduction in the bacteria, viruses and other microorganisms in operation theatre and labour room.

Audit scrutiny revealed that all the three equipments of air purification system were not working since November 2019 and thereafter repair/AMC was not done to get these functional.

Non-functioning of air purification system since November-2019 has increased the risk to spread of various types of infections in operation theatre and labour room of PMH.

**PHM is silent in its reply (July-2023) on non-functioning of Air Purification System, however, replied that there was no reporting of increase in infections due to non-functioning. The fact remains that all the three equipments of Air Purification System were still not working.**

#### (d) Non-utilisation of Effluent Treatment Plant

As per the guidelines of Delhi Pollution Control Committee (DPCC), it is mandatory to install an Effluent Treatment Plant (ETP) in every hospital having fifty beds or more as effluent from the hospital cannot be allowed to mix with general municipal waste. The Council approved (November-2012) to install an ETP plant in PMH premises.

NDMC awarded, in June-2014, a contract for supply, installation, testing and commissioning of ETP (capacity 35 KLD) for an amount of ₹ 94.53 Lakh (including operation and maintenance cost of ₹ 8.40 Lakh for the period of three years) to private firm. The NDMC released an amount of ₹ 74.44 Lakh to the firm in December-2014 (about 80 *per cent* of total contractual value) as per agreement. The ETP was finally commissioned on 23 July 2015 in the hospital. The remaining payment of ₹ 11.69 Lakh (₹ 20.09 Lakh - ₹ 8.40 Lakh) was to be released to the firm on successful commissioning & trial run for one month. The firm operated the said ETP up to 31 July 2018 and thereafter stopped the plant for the want of release of balance payment. The payment was finally released to the firm in September-2021.

In this regard, audit scrutiny revealed that the plant was continuously in operation for a contract period of three years from July-2015 to July-2018. The firm persuaded during this period for release of balance payment but the same was withheld due to insisting on submitting of water test report from DPCC approved lab which was, however not the requirement of NIT for release of balance payment towards installation. Even after submission of test report from approved lab in January 2018, payment was released only in September- 2021. Apart from this, O&M cost was also released to party (September-2021) with inordinate delay in processing the case. As PMH has not released the balance payment of installation cost as well as yearly O&M charges, firm did not come forward to operate the ETP after July-2018.

The ETP remained non-functional and unutilized from August-2018 to till February-2022 (42 months) due to lackadaisical approach of department. The department neither settle the issue of payment to the vender nor taken any action to process and award new contract for running of ETP.

**PMH accepted the audit observation, however, replied (July-2023) that ETP was not functional due to COVID Pandemic. Further stated that restarting of ETP was delayed and now ETP is fully functional since one year. The reply of the PMH is not acceptable as COVID pandemic was started from April/May 2020 in India. ETP was non-operational since August 2018 due to non-acceptance of renewal of O&M contract by the agency because their payments were withhold by NDMC. Thus, facts remains that due to non-operation of ETP during 42 months, hospital waste was allowed to be drained out with the normal sewerage resulting in exposure of public to health hazards.**

#### (e) Non-authorization for Bio Medical Waste

The PMH is authorized by Delhi Pollution Control Committee (DPCC) to manage Bio Medical Waste (BMW) in the hospital. DPCC provides authorization certificate for three years. The occupier of the

certificate shall have to apply for renewal of authorization under rules before one month of the expiry of this authorization.

Scrutiny revealed that certificate issued by DPCC to PMH was valid only up to June-2019. Further noted that hospital paid the renewal fee in June-2019 along with application but due to lackadaisical approach of the Department to complete the documentation/formalities with the DPCC, the certificate was not issued by the DPCC and the hospital was being run without such certificate after June-2019 till date.

**PMH replied (July-2023) that the renewed DPCC certificate had been received by PMH on 25 May 2023, but, facts remains that PMH managed Bio Medical Waste in the hospital without DPCC certificate during last four years.**

#### **7.6.3.6 Dietary service**

##### **(a) Non-availability of Kitchen & Canteen facility in PMH**

The guideline of GOI (JSSK) envisages that the pregnant women are entitled to get free diet during their stay in the health centers/hospital (up to 3 days for normal delivery and 7 days for caesarean delivery).

As per guidelines issued by the GOI, adequate healthy diet is needed to meet the energy demand of the delivery process as well as post delivery recovery. The guidelines prescribes diet to be provided free of cost as per the advice of the doctor. Further, in the absence of operation of regular kitchen, the hospital is supposed to hire such services by outsources but such services have to be provided free of cost to patients.

Audit scrutiny, however, revealed that kitchen facility was not available in the PMH. It was also noticed that thought two posts of dieticians were sanctioned, but the same were not filled so far. The hospital also did not hire outsource service to provide free of cost diet to the pregnant women.

In absence of above facilities, patients and their attendant have been depended upon the nearby outside food outlets. Thus, the objective of scheme of government of providing healthy diet free of cost to pregnant women was defeated.

**PMH accepted (July-2023) the audit observation and replied that efforts are on by the department to start kitchen and canteen services in PMH in the interest on patient.**

#### **7.6.3.7 Manpower resources**

The quality and efficiency of medical care that the hospital is expected to provide largely depend on the adequacy of the manpower resources available viz; Medical, Para-medical and other supporting staff.

##### **(a) Non-optimum utilization of Manpower**

The position of sanction strength (SS) as well as person-in-position (PIP) and shortfalls in Medical, Para-medical and other supporting staff in PMH is as given in **Table 7.13** below:

**Table 7.13 Staff position in PMH**

| Staff Position in PMH | 2017-22 |     | 2017-18              |     | 2018-19              |     | 2019-20              |     | 2020-21              |     | 2021-22              |  |
|-----------------------|---------|-----|----------------------|-----|----------------------|-----|----------------------|-----|----------------------|-----|----------------------|--|
|                       | SS      | PIP | Shortfall (per cent) | PIP | Shortfall (per cent) | PIP | Shortfall (per cent) | PIP | Shortfall (per cent) | PIP | Shortfall (per cent) |  |
| Medical Staff         | 67      | 25  | 42 (63)              | 36  | 31 (46)              | 29  | 38 (57)              | 37  | 30 (45)              | 40  | 27 (40)              |  |
| Para Medical Staff    | 94      | 54  | 40 (43)              | 50  | 44 (47)              | 50  | 44 (47)              | 47  | 47 (50)              | 47  | 47 (50)              |  |
| Others                | 41      | 14  | 27(66)               | 15  | 26 (63)              | 16  | 25 (61)              | 15  | 26 (63)              | 15  | 26 (63)              |  |

**Note:** i) **Medical staff** - Specialists, Medical Officer, Radiologist, Sr. Residents & Jr. Residents

ii) **Paramedical staff** – Nursing Staff (Asstt. Matron, Nursing Staff In-charge, Staff Nurse (Group 'A'), ANM (Auxiliary Nursing Midwifery) - Group 'B', LHV (Lady Health Visitor) – Group 'B', Laboratory and Technical Staff.

iii) **Others staff** includes Pharmacist, Dietician, Medical Record Officer, Kitchen Staff and Administrative Staff

The audit observations as regard to person-in-position viz.-a-viz. sanctioned strength are given below:

(i) Audit further reviewed the category-wise position of medical staff such as Specialist, Medical Officer, Sr. Resident and Jr. Resident. The detail is given in **Table 7.14** below:

**Table 7.14 Position of Medical Staff**

| Year    | Sanctioned Strength |                 |              |              | Person-in-position |                 |              |              | Shortage   |                 |              |              |
|---------|---------------------|-----------------|--------------|--------------|--------------------|-----------------|--------------|--------------|------------|-----------------|--------------|--------------|
|         | Specialist          | Medical officer | Sr. Resident | Jr. Resident | Specialist         | Medical officer | Sr. Resident | Jr. Resident | Specialist | Medical officer | Sr. Resident | Jr. Resident |
| 2017-18 | 11                  | 14              | 21           | 21           | 07                 | 08              | 06           | 04           | 04         | 06              | 15           | 17           |
| 2018-19 | 11                  | 14              | 21           | 21           | 07                 | 12              | 07           | 10           | 04         | 02              | 14           | 11           |
| 2019-20 | 11                  | 14              | 21           | 21           | 06                 | 10              | 05           | 08           | 05         | 04              | 16           | 13           |
| 2020-21 | 11                  | 14              | 21           | 21           | 07                 | 10              | 09           | 11           | 04         | 04              | 12           | 10           |
| 2021-22 | 11                  | 14              | 21           | 21           | 07                 | 10              | 07           | 16           | 04         | 04              | 14           | 05           |

It may be seen from the above that the maximum shortage/requirement was in respect of Sr. Resident Doctors (67 per cent<sup>52</sup> in 2021-22) and Specialist Doctors (36 per cent<sup>53</sup> in 2021-22). Audit scrutiny revealed that one of the reasons for referring the patients to other hospitals after 4.00 PM (or not running 24X7 services) was shortage of Specialist and Sr. Resident viz., Anesthesia (four PIP against SS of eight in 2021-22 which was further reduced to three PIP in 2022-23), Gyane (six PIP against SS of 11 in 2021-22) and Radiologist (nil PIP against SS of two in 2022-23).

52 PIP of 7 against sanctioned strength of 21 is equal to 67 per cent shortage.

53 PIP of 7 against sanctioned strength of 11 is equal to 36 per cent shortage

Audit also noted that due to non-filling of vacant post of Radiologist under specialist category (since February-2019 on retirement of Radiologist), ultrasound investigation were not performed from March-2019 to July-2022 (except 310 cases which were got done through outsource agency). Thereafter w.e.f. August-2022, the above service was restored by outsourcing the services of Radiologist at huge monthly payment instead of appointing on regular/contract basis. It indicates the urgency of filling-up of such post on priority to provide complete & satisfactory diagnostic service to patients.

Further, Audit noted that the patient load in OPD was reduce by 28 *per cent* in 2021-22 where as number of doctors available were increased from 25 to 40 during 2017-18 to 2021-22 (mainly Jr. Resident and Medical officer). It indicates that the services of increased number of Doctors under these two categories were not utilized in optimum way to supplements the shortages.

Thus, there is a need to enhance the availability of few Specialist doctors to give due attention to patients in OPD, IPD, emergency OT and to attend patients after 4.00 PM. Also there is a need to make optimum utilization of existing person-in-position in the cadre of Medical offices and Jr. Resident.

(ii) The break-up of position of the para-medical staff viz. Nurses, technical staff and lab assistant is given in **Table 7.15** below:

**Table 7.15 Position of the Para-medical staff**

| Year           | Sanctioned Strength |                | Person-in-position |                | Shortage |                | Percentage of Shortage |                |
|----------------|---------------------|----------------|--------------------|----------------|----------|----------------|------------------------|----------------|
|                | Nurses              | Tech/Lab staff | Nurses             | Tech/Lab staff | Nurses   | Tech/Lab staff | Nurses                 | Tech/Lab staff |
| <b>2017-18</b> | 61                  | 33             | 45                 | 09             | 16       | 24             | <b>26.23</b>           | 72.73          |
| <b>2018-19</b> | 61                  | 33             | 41                 | 09             | 20       | 24             | 32.79                  | 72.73          |
| <b>2019-20</b> | 61                  | 33             | 40                 | 10             | 21       | 23             | 34.43                  | <b>69.70</b>   |
| <b>2020-21</b> | 61                  | 33             | 40                 | 07             | 21       | 26             | 34.43                  | 78.79          |
| <b>2021-22</b> | 61                  | <b>33</b>      | 40                 | <b>07</b>      | 21       | 26             | <b>34.43</b>           | <b>78.79</b>   |

Scrutiny in audit revealed that there was shortage of 26 to 34 *per cent* in nursing staff and 70 to 79 *per cent* in technical staff (Technician plus Lab assistant) during 2017-18 to 2021-22. In the cadre of nursing staff, the present PIP seems to be sufficient considering the bed occupancy ratio etc., only there is need of optimum utilization of this cadre. In technical cadre where the shortage was severe (7 PIP against SS of 33 numbers in 2021-22), the vacancies need to be filled-up on priority to run Lab and OT services properly and even after 4.00 PM (24X7).

(iii) There was one sanctioned post of Medical Record Officer but the same was remained vacant during the period 2017-18 to 2021-22. Due to non-filling of such posts, the medical records of patients viz. Registers of labour room, OT, ward, OPD, drugs, store etc. were not being stored properly. The entire old medical records of patients were being dumped in nearby staff quarter in unarranged and pathetic conditions.

**The PMH accepted the audit observation and replied (July-2023) that need and demand for engaging more Specialists (including Radiologist), Sr. Resident Doctors, Paramedical staff has been under process for providing better services to patients.**

### **7.6.3.8 Safety and Security system**

#### **(a) Non-adherence of Fire Safety Norms.**

As per National Building Code of India, hospitals and nursing homes come under the category of institutional buildings. Various fire safety measures are mentioned according to the type, height and area in the National Building Code, Delhi Fire Service Act 2007 and Delhi Fire Service Rules 2010.

The foremost safety measures requirement to prevent the recurrences of fire incidents in hospital as per government guidelines are as (i) Fire Safety Certificate of non residential building required under Delhi Fire Service Rules 2010 which is to be renewed after three years (ii) Regular inspections and re-inspections of the hospital to ensure strict compliance on the implement of fire safety measures as stipulated in various Acts by fire officers or third party Fire Safety Auditors. (iii) Short duration training and awareness programme for the hospital staff (iv) Fire and Life Safety Audit

Audit scrutiny revealed that the Fire Safety Certificate was issued by Fire Department, GNCTD to PMH in August-2016 with validity up to August-2019. There was delay in applying for renewal and follow up to get the certificate in time. The certificate was finally received by the PMH only in December-2022. This means the hospital was running without a fire safety certificate during August-2019 to November-2022. The safety of staff, patients, attendants were at risk during this period (September-2019 to November-2022).

It has also been observed that inspection/drills were not conducted regularly during audit period. No fire drill was done during September-2018 to June-2022. Further, the records relating to short duration trainings for the staff regarding fire safety norms etc. were not provided to audit. Moreover, no fire safety audit by third party was conducted during the period 2017-18 to 2022.

**PMH replied (July-2023) that delay in applying for renewal and non-conducting of fire drills were due to COVID pandemic. It also stated that Delhi Fire Services Department (DFS) refused (April-2020) to conduct on-site inspection during lockdown for renewal. However, renewed Fire Safety Certificate was received on 13 December 2022 and regular fire drills are being conducted.**

**The reply of the PMH is not acceptable as neither the PMH applied for fresh Fire Safety Certificate in time nor pursued the matter after lockdown. Further, PMH has not furnished any reply on the issue of training of staffs and fire safety audit.**

**Thus, it clearly indicates that hospital had not been properly adhering to the fire safety norms.**

## **(b) Deficient Security system**

The Council felt a need for tightening of security to seal the loop-holes in the available security infrastructure in the best interest of the patients and neonates to avoid any possibilities of cases of theft of new born babies. For this purpose, the Council approved in November 2012 to install Radio Frequency tagging (RFT or Radio Frequency Identification-RFID)<sup>54</sup> for neonates and CCTV system. Council also approved EPABX system which would be required for communication between hospital staff for prompt patient care including emergency situations along with security purposes. These systems were installed in PMH in the year 2013.

In audit scrutiny, it was noticed that 32 cameras of CCTV system were operational. However RFID and EPABX system are not operational since January-2016 and February-2017 respectively. Audit also noticed that Nursery submitted the indent to Central Store in January-2016 for requirement of fresh tags. However, the procurement was not processed to refill the stock of tags to operate RFID.

**PMH replied (July-2023) that RFID system was not found practical/effective for their set up on account of reasons being tags were cumbersome and babies were not comfortable with these tags.**

**The reply is not acceptable, because before installation of RFID system a team of doctors suggested to install the RFID system in PMH specially for newborns infants whose thefts are very common in the city. On the basis of suggestion, the Council approved for installation of RFID system in PMH.**

**Further, EPABX was operational only during AMC period till February 2017. Thereafter, due to non-payment to the contractor, service was stopped by them. PMH replied (July-2023) that file is in movement for purchase of new EPABX system.**

**In view of above, it may be concluded that though cameras are operational but objective of implementation of compact full proof security system (consisting of cameras, RIDF Tags and EPBEX) was defeated and safety of new born babies are always at risk.**

### **7.6.3.9 Drug Management**

Accessibility, availability, record keeping and storage of drugs in store are key functions of the public health system for delivering quality treatment to the public based on timely, uninterrupted supply and readily availability of drugs.

PMH received the drugs from Central Medical Store (CMS) of NDMC and dispensed free of cost to the OPD patients through pharmacy and to indoor patient through ward, OT, nursery and labour room. If medicines were out of stock in PMH and not available in CMS, PMH store purchased the medicine from local market. Audit scrutiny revealed the following deficiencies on availability, dispensing, record keeping and storage of drugs in PMH:

- (i) PMH store assessed annual requirement of drugs and other items of medical consumables on yearly basis and forwarded its requirements to CMS for supply to PMH.

<sup>54</sup> *RFID tracking helps medical staff to pinpoint the location of any patient in the hospital to ensure their safety and sustain the care process. Patient tracking is especially relevant in neonatal units, pediatric departments, or for tracking geriatric patients. Radio Frequency Identification (RFID) is a technology that uses radio waves to passively identify a tagged object.*



Audit found that there was no criteria/basis of assessment of drugs demanded from CMS. Statement of annual demand revealed that assessment was based on last year consumption of drugs and other consumables, however, there was no correlation between these. Also recorded reasons and justifications were not mentioned for huge difference between last year consumption and fresh demand/requisitioned quantity. The records of fresh demand of medicines and surgical items for the year 2020-21 and 2021-22 were test checked. The details of demand and basis of demand are given in the **Table 7.16** below:

**Table 7.16 Details of Requisitioned Drugs and Percentage (range) of requisitioned quantity against consumption of pervious year**

| year    | Numbers of drugs as per statement of CMS |                | Number of drugs requisitioned by PMH |                | Number of drugs requisitioned though not consumed during previous year by PMH |                | Number of medicines, surgical items and Percentage (range) of requisitioned quantity against consumption of pervious year |                                       |
|---------|--|----------------|--------------------------------------|----------------|---|----------------|---|---------------------------------------|
|         | Medicines                                | Surgical items | Medicines                            | Surgical items | Medicines   | Surgical items | Medicines (Annexure-I)  | Surgical items (Annexure-II)          |
| 2020-21 | 388                                      | 135            | 186                                  | 59             | 8   | 23             | 13<br>(100 per cent to 1329 per cent)   | 15<br>(100 per cent to 1400 per cent) |
| 2021-22 | 428                                      | 137            | 360                                  | 94             | 47  | 53             | 39<br>(100 per cent to 30669 per cent)  | 24<br>(100 per cent to 900 per cent)  |

From the above table it may be seen that as per list of medicines of CMS, 388 numbers and 428 numbers were required for treatment of patients for the year 2020-21 and 2021-22 respectively. Against which in 2020-21, 186 numbers of medicines and in 2021-22, 360 numbers of medicines were requisitioned by PMH. Audit found that the above list of requisitioned medicines includes 8 medicines and 47 medicines during the year 2020-21 and 2021-22 respectively though the consumption of these medicines in previous years was nil.

Audit also found that during the year 2020-21, in respect of 13 numbers of medicines requisitioned quantity was 100 to 1329 *per cent* more than the consumption of previous year and in respect of 39 numbers of medicines requisitioned quantity was 100 to 30669 *per cent* more than the consumption of previous year during the year 2021-22.

Similarly, as per list of surgical items of CMS 135 numbers and 137 numbers were required for treatment of patients for the year 2020-21 and 2021-22 respectively. Against which in 2020-21, 59 numbers of surgical items and in 2021-22, 94 numbers of surgical items were requisitioned by PMH. The hospital requisitioned 23 surgical items and 53 surgical items during the year 2020-21 and 2021-22 respectively though the consumption of these surgical items in previous years was nil.

Audit also found that during the year 2020-21, in respect of 15 numbers of surgical items requisitioned quantity was 100 to 1400 *per cent* more than the consumption of previous year and in respect of 24 numbers of surgical items requisitioned quantity was 100 to 900 *per cent* more than the consumption of previous year during the year 2021-22.

The above indicates that there was no proper rational in placing indent/demand viz.-a-viz. consumption.

- i) Financial Rules stipulate that all items received in or issued from Stores should be entered in the stock register (Form GFR-23) on the date the transactions take place. However, PMH medical store did not maintain the stock registers (receipt, issued and balance stock). However, stock registers were being maintained in labour room, OT, ward and nursery in respect of drugs received from medical store but inappropriately. On receipt of drugs from store in labour room, OT, ward and nursery these were entered in stock registers and straight away shown as issued to same section. Patient wise/bed wise or daily/periodically consumption etc. of drugs was not recorded even at ward, labour room and OT. Thus, due to non-maintenance of records as per Financial Rules and non-availability of quantity of stock on a particular day, the chances of pilferage of drugs could not be ruled out apart from not getting assurance that drugs were uninterruptedly and timely made available to patients.

However, record of stock of medicine under the control of Narcotic (i.e. Pethedine + morphine) was maintained properly. Record of consumption of medicine were kept patient wise.

- ii) PMH purchased drugs and other consumable items of ₹ 15.75 Lakh and ₹ 24.61 Lakh during the year 2020-21 and 2021-22 respectively from local market. Audit could not ascertain the justification of local purchases due to non-availability of drug wise records (opening balance, receipts, issue/consumption and closing balance of drugs) in PMH store.

PMH did not maintain the records/register relating to pilferage, expiry, damage etc. of drugs and consumable items. In the absence of such records, the misappropriation, pilferage, expiry, damage etc. of drugs and consumables cannot be ruled out.

**PMH has accepted (July-2023) the audit observation and replied that complete entries of all medicine distributed daily to the patients would be made in the Stock register.**

### 7.6.3.10 Other medical services/facilities

The council of NDMC approved the following facilities/services to be installed /provided in the premises of PMH to facilitate the smooth functioning of the hospital and provision of better services to the patient. However, audit scrutiny revealed that the following facilities/services have not been installed/ provided in the PMC so far which resulting in compromise with the facilities to be provided to the patient in the hospital.

| Sl. No. | Name of facilities and services  | Date of approval by council/budget |
|---------|--|------------------------------------|
| 1       | One additional injection room and two additional paediatric OPDs were approved. Out of these only one additional paediatric OPD was started (2013-14) in PMS. Thus only one injection room and two paediatric OPD are functional in PMH as compared to the approval/requirement of two injection rooms and three paediatric OPDs as per the note of the Council. | November-2012                      |
| 2       | One additional ultrasound machine facility in the Labour room was approved. However, additional ultrasound machine was neither procured nor operated in Labour room. Only one existing ultrasound machine was being operated in hospital.  | November-2012                      |

| Sl. No. | Name of facilities and services  | Date of approval by council/budget |
|---------|--|------------------------------------|
| 3.      | One X-Ray room to be constructed for providing X-Ray facilities. However, this facility is still not available in the hospital.  | August-2011                        |
| 4.      | Procurement of Perimeter intrusion detection system (PID) was approved (₹ 10.15 Lakh) to ensure proper security system in the hospital. However, this device has neither been procured nor installed to enhance the security.  | November-2012                      |
| 5       | The NDMC Budget for the year 2014-15 and 2016-17 proposed to develop Hospital Management Information System (MIS) through cloud based integration of existing public medical facilities and which was to be implemented from January-2017 in the hospitals of NDMC. Audit scrutiny revealed that no MIS system is implemented in the hospital in various field viz., records relating to issue of ANC card, Indoor patient, OT, deliveries, newborn babies, drugs dispensed in the ward, labour room, OT & nursery and registers prescribed by GOI are kept in manually. | 2014-15 and 2016-17                |
| 6.      | A Homeopathic OPD was proposed to be established in the PMH in the NDMC Budget for the year 2017-18. However, no Homeopathic OPD is functional in the hospital till date.  | 2017-18                            |
| 7       | A Video-conferencing facility was proposed at PMH to facilitate utilization of real-time on-line services of medical experts. However, no such video-conferencing facility is available in PMH so far.   | 2016-17                            |

**PMH accepted (July-2023) the above audit observations and further replied that now three Paediatric OPDs are running in OPD block of PMH.**

#### **7.6.3.11 Non-obtaining of Accreditation from National Accreditation Board for Hospitals.**

The National Accreditation Board for Hospitals and Health Care providers (NABH) provide accreditation (certification) to the hospital based on certain standards and quality checks for each sphere of medical health services. NABH standards focus on patient safety and quality of the delivery of services by the hospital in the changing health care environment. NABH accreditation by a hospital ensures quality, safety and wellness to the patients.

Audit scrutiny revealed that PMH initiated the process of obtaining accreditation (certification) from NABH in 2014 but failed to complete the process of documentation, training and quality checks level required to merit accreditation by NABH. The hospital did not make any effort during the last eight year to meet the standard prescribed by NABH to get the required certification.

It should have been taken by the PMH authorities by upgrading the infrastructure and observing required standards to build trust of the people in medical services provided by the hospital.

**PMH accepted (July-2023) the audit observation and replied that steps would be taken to obtain NABH accreditation.**

#### **7.6.3.12 Grievances Redressal**

The guidelines of GOI (JSSK) prescribed the following requirements for implementation of Grievance Redressal system/mechanism in the maternity hospitals.

- Prominently display the names, address, email, telephones, mobile/fax number of grievances redressal authorities at hospital/health centers

- ii) Set up help desk and suggestion/complaint boxes at government health centre
- iii) Keep fixed hours (at least one hour) on any two working days per week in all health centers for meeting the complainants and redressing these grievances related to free entitlement.
- iv) Maintain proper records of action taken (complaints received, attended, time frame and communication with complainants etc.).

Audit observed that patient's rights and responsibility were displayed outside OPD counter along with name, address, telephone, email etc. of nodal officer for grievances redressal. Also the complaints / suggestion box was provided in the premises.

However, register was not being maintained for the purpose of monitoring the receipt of complaints, action taken, time taken for disposal of such complaints etc. Further, neither any timelines have been fixed for redressal nor any mechanism derived/established to fix any time during the day (at least one hour for any two days in a week) to meet the complainants and sort out their grievances as per the laid down provisions.

On enquiry, the hospital intimated that grievances are being redressed through a Whatsapp Group. The reply is not acceptable as in the absence of proper documentation of receipt of complaint, its timely disposal, personal hearing etc., the existence of effective grievances redressal system is doubtful.

**PMH accepted the audit observation and replied (July-2023) that action is being taken to maintain proper record in the register regarding complaint received, attended etc.**

**Conclusion:**

As per Govt. guidelines, pregnant women and neonatal are supposed to be provided complete medical services free of cost. Audit Scrutiny revealed that though adequate services were provided but complete and satisfactory services were lacking due to non availability of emergency OT, 24X7 Lab facilities (patients were referred to other hospitals), non/under utilization of vital equipments, shortage of Specialist/Sr. Resident (Aesthesia/ Radiologist/Gyane). The patient were also depended upon outside services for pathological test/investigation, drugs, diets etc. by making payment out of their pocket. There were deficiencies in the sphere of infection control, security system, fire safety etc. which needs to be addressed. Apart from this, accreditation from NABH has not been obtained to assure the public that quality services are being available in the hospital.

Thus, there is a need to enhance/upgrade human as well as infrastructure resources to meet the standard and guidelines described by the government for providing free medical services.

## CHAPTER-8

## POWER DEPARTMENT

## Audit of Purchase and sale of surplus power

## Executive Summary / Highlights

- Surplus Power Situation due to unrealistic demand forecasting. The Department did not properly forecast its projected demand on scientific basis by considering factor like weather forecast, change in pattern of consumption of consumers and techno economic conditions. **(Para 8.2)**
- Surplus power sold at lower rates than purchased rates resulting in avoidable expenditure/loss of ₹ 156.92 Crore and comparative position of NDMC with other DISCOMS operating in Delhi. **(Para 8.3)**
- Sale through Unscheduled Inter Change (UI) mechanism in excess of limit of 5 *per cent* fixed by DERC resulted in additional expenditure of ₹ 9.81 Crore. **(Para 8.4)**
- Deviation in meeting Renewable Purchase Obligation (RPO) and shortfall in achievements ranged from 14.58 *per cent* to 81.97 *per cent* during 2017-18 to 2021-22. It may be seen that DERC has levied total penalty of ₹ 1.81 Crore on NDMC for non fulfilment of RPO targets. **(Para 8.5)**
- Avoidable extra expenditure of about ₹ 80 Crore per annum due to delay in finalisation of new long term sources of power and switching to renewable energy. **(Para 8.6)**

## 8. Audit of Purchase and sale of surplus power

### 8.1 Introduction

New Delhi Municipal Council (NDMC) is a Municipal Council engaged with distribution of electricity to the consumers in the New Delhi area under section 195 to 201 of the New Delhi Municipal Council Act 1994. NDMC is a Deemed Licencee under Electricity Act 2003 in respect of specified area in New Delhi.

NDMC is buying power directly from generators by entering into Long Term Power Purchase Agreements (LTPPAs) with them as per allocation. Under LTPPAs, NDMC has been drawing power from central stations viz Dadri Thermal Power Station of NTPC-125 MW (discontinued w.e.f. November-2020<sup>55</sup>) and state generating stations viz Badarpur Power Station-125 MW (discontinued w.e.f. October-2018<sup>56</sup>) and Pragati Power Station-200MW (PPS-I/100 MW at outer Ring Road, I.P Estate and PPS-III/100MW at Bawana). At present, the NDMC has been drawing power only from PPS-I and PPS-III (200MW) under long term arrangement. Any shortfall in meeting demand from long term sources is met from short term purchase of power thorough various methods like Bilateral arrangement with other state generator, Power Banking arrangements, Power Trading Exchange and Unscheduled Inter Change (UI). Based on the long term and short terms power purchase arrangement entered into by the NDMC, scheduling of supply of power from the grid to the NDMC area is done by the State Load Dispatch Center (SLDC). If the actual consumption is less than the contracted power supply, the surplus is sold through short terms mechanism viz. Bilateral, Banking, Power Exchange and Unscheduled Inter Change.

### 8.2 Surplus Power Situation due to unrealistic demand forecasting

For the purpose of power purchase planning, the Power department prepared power demand projections (estimated demand) for 7 months (April to October) for each year. These projections were done for meeting the gap of power to be purchased from short term sources after considering the availability of power from long term sources during the summer period. Approval of competent authority to invite tenders and place orders for procurement of power under short term arrangement (Bilateral etc) is taken. The Department made these projections based on the previous year's data/figures (historical data). For remaining 5 months (November to March) of each year, most of the demand or requirement of load was being met from the already available long term PPAs, so separate projections were not made.

The details of the projected peak demand and actual peak demand of NDMC for the years 2018-19 to 2021-22 is given below:-

55 Discontinued due to expiry of Long Term PPA with NTPC

56 Discontinued due to closure of Power plant.

**Table 8.1 Month wise position of projected demand vis-a-vis peak demand**

| Month           | 2018-19                  |                     |  | 2019-20                  |                     |  | 2020-21                  |                     |   | 2021-22                  |                      |   |
|-----------------|--------------------------|---------------------|--|--------------------------|---------------------|--|--------------------------|---------------------|---|--------------------------|----------------------|---|
|                 | Proj-ect-ed Peak de-mand | Actual Peak de-mand | Per cent-age of Proj-ect-ed peak to Actual Peak demand | Proj-ect-ed Peak de-mand | Actual peak de-mand | Per cent-age of Proj-ect-ed peak to Actual Peak demand | Proj-ect-ed peak De-mand | Actual peak de-mand | Per cent-age of Project-ed peak to Actual Peak demand | Proj-ect-ed Peak de-mand | Actu-al Peak de-mand | Per cent-age of Proj-ect-ed peak to Actual Peak de-mand |
|                 | MWs                      | MWs                 | MWs  | MWs                      | MWs                 | MWs  | MWs                      | MWs                 | MWs   | MWs                      | MWs                  |   |
| April           | 348                      | 310                 | 112.26   | 310                      | 315                 | 98.41  | 315                      | 128                 | <b>246.00</b>   | 315                      | 210                  | 150.00  |
| May             | 373                      | 357                 | 104.48   | 357                      | 353                 | 101.13   | 353                      | 241                 | 146.47  | 353                      | 205                  | 172.20  |
| June            | 402                      | 388                 | 103.61   | 388                      | 367                 | 105.72   | 367                      | 282                 | 130.14  | 367                      | 322                  | 113.97  |
| July            | 379                      | 383                 | 98.96  | 383                      | 385                 | 99.48  | 385                      | 293                 | 131.40  | 385                      | 372                  | 103.49  |
| Aug.            | 375                      | 345                 | 108.70   | 345                      | 345                 | 100.00   | 345                      | 271                 | 127.30  | 345                      | 325                  | 106.15  |
| Sept.           | 351                      | 304                 | 115.46   | 334                      | 357                 | 93.55  | 357                      | 286                 | 124.82  | 357                      | 285                  | 125.26  |
| Oct.            | 301                      | 277                 | 108.66   | 286                      | 268                 | 106.71   | 277                      | 229                 | 120.96  | 268                      | 298                  | <b>89.93</b>  |
| <b>Ave-rage</b> | <b>361</b>               | <b>337</b>          | <b>107.12</b>  | <b>343</b>               | <b>341</b>          | <b>100.58</b>  | <b>343</b>               | <b>247</b>          | <b>138.86</b>   | <b>341</b>               | <b>288</b>           | <b>118.40</b>   |

Delhi Electricity Regulatory Commission (DERC) has not prescribed any limit by which the projections of peak demand could exceed the actual peak demand, however, recommended that shortfall in power availability arising due to difference in demand during peak period and non peak period including seasonal variations are required to be purchased/sold on need basis. The Regulator further directed to optimize such short term power purchases. So, making realistic projections for demand of power and arranging power meticulously according to the actual energy requirement or close to actual requirement is a responsibility of DISCOM (Electricity Distribution Company) as to keep the power purchase at optimum level.

Audit has observed that the department has been making projection of power requirement for 7 months (April to October) each year for assessing need for procurement of power from short term sources during the summer period. It has been noticed that the department has not been following any uniform or scientific method for making projections on monthly basis (from April to October each year).

Further it may be noted from above table that projected demand of power for the months from April to October in comparison to actual demand in these months were higher in most of the months (ranging from 90 per cent to 246 per cent) during 2018-19 to 2021-22. The per centage of average projected peak demand vis-a-vis average actual peak demand in these seven months ranged from 100.58 to 138.86 during 2018-19 to 2021-22. It shows that requirement of power projected/estimated were on higher side in these years and particularly in 2020-21 (38 per cent) and 2021-22 (18 per cent).

The Department did not properly forecast its projected demand on scientific basis by considering factor like weather forecast, change in pattern of consumption of consumers and techno economic conditions.

Scrutiny revealed that the Power Department did not make use of any scientific tool/ system (viz: Supervisory Control & Data Acquisition-SCADA<sup>57</sup>) for improving its demand/load forecasting because existing SCADA system in NDMC is outdated and not functioning properly. Further noticed that Power Department has been raising the issue of non availability of proper system for demand forecast and expediting the work of establishment of SCADA in NDMC for last 4-5 years. In the absence of SCADA, Department was not getting real time data (viz: intra-day demand/consumption, over- drawal or under-drawal from grid etc.) for the purpose of accurate demand forecast.

The gap between the expected/projected and actual peak demand resulted in NDMC purchasing power more than what was actually required for sale of energy to its consumers during most part of the year creating a surplus power situation.

**The department accepted the audit observation (September-2023) and stated that the main major factor/element in scheduling of power is the availability of accurate realtime demand/ electrical load data which is not available in the case of NDMC. Further stated that due to unavailability of functional SCADA and AI based load forecasting, the department forecast its demands projection based on historical data or manually recorded electrical load.**

**The fact is that present sytem of load forecasting involves inherent inaccuracy and cannot be a realible sources and there is need of installing proper SCADA or AI based tool to accurately forecast the load for planning requirement of power.**

### **8.3 Surplus power sold at lower rates than purchased rates resulting in avoidable expenditure/ loss of ₹ 156.92 Crore and comparative position of NDMC with other DISCOMS operating in Delhi**

The surplus power as a result of excess of quantum of power purchased and sold to its consumers had to be sold in the market during these years.

The position of power purchased, per unit cost of power purchased and sale of surplus power by NDMC and other three DISCOMs<sup>58</sup> operating in Delhi for the years 2017-18 to 2021-22 is analysed. The detail of sale of surplus power by NDMC at a loss and position of NDMC vis-a-vis other three DISCOMs during the year 2017-18 to 2021-22 is given below in the table 8.2 (A) and 8.2 (B) respectively.

57 SCADA is a type of process control system that uses computers, network data communication and Human machine interfaces to enable a high level process, supervisory management & control and to analyse the data in real time. This system is meant for control and supervision of the complete transmission and distribution network. The availability of this system helps in analysing the real time data to get accurate assessment of requirement of load/energy.

58 Data source is Tariff orders issued by DERC and in r/o NDMC both tariff orders and records furnished (enclosed as Annexure)



Table 8.2 (A) Details of Power Purchase &amp; Sale of Surplus Power by NDMC

| 1       | 2            | 3                          | 4                         | 5  |                   |                  |                   | 6                           | 7  | 8   | 9  | 10  | 11  |
|---------|--------------|----------------------------|---------------------------|--|-------------------|------------------|-------------------|-----------------------------|--|---|--|---|---|
|         |              |                            |                           | Long Term (MUs)                                  | Rate per unit (₹) | Short Term (MUs) | Rate per unit (₹) |                             |  |   |  |   |   |
| Sl. No. | Year         | Gross Power Purchase (MUs) | Average cost per unit (₹) | Power purchase from long term/ short term source |                   |                  |                   | Sale of Surplus Power (MUs) | Average rate per unit of short term purchase (₹) | Average rate per unit of surplus power sold (₹) | Per cent- age of sale of surplus power to total power purchase (6/3x100) | Difference in rate per unit on realisation of sale of power (7-8) (₹) | Total value MUs x rate per unit ₹ in cr. (6x10) |
| 1       | 2017-18      | 1861.84                    | 5.05                      | 1547.72  | 5.18              | 314.12           | 4.42              | 353.01                      | 4.42   | 2.57  | 18.96  | 1.85  | 65.31   |
| 2       | 2018-19      | 1706.29                    | 5.53                      | 1454.67  | 5.68              | 251.62           | 4.61              | 243.93                      | 4.61   | 3.56  | 14.29  | 1.05  | 25.61   |
| 3       | 2019-20      | 1577.96                    | 5.95                      | 1086.48  | 6.67              | 491.48           | 4.37              | 147.28                      | 4.37   | 2.53  | 9.33   | 1.84  | 27.10   |
| 4       | 2020-21      | 1262.62                    | 5.85                      | 786.36   | 6.89              | 476.26           | 4.13              | 150.23                      | 4.13   | 2.17  | 11.90  | 1.96  | 29.45   |
| 5       | 2021-22      | 1435.91                    | 6.58                      | 646.18   | 9.5               | 789.73           | 4.18              | 210.04                      | 4.18   | 3.73  | 14.63  | 0.45  | 9.45  |
|         | Average Rate |                            | 5.79                      |  | 6.78              |                  | 4.34              |                             | 4.34   | 2.91  |  | 1.45  |   |
|         | TOTAL        |                            |                           |  |                   |                  |                   |                             |  |   |  |   | 156.92  |

Table 8.2(B) Purchase of power and Sale of surplus power by other three DISCOMs

| Sl. No. | Year                    | Gross Power purchase MUs      |                   |                   |                  | Sale of surplus power MUs |                  |                  |                 | Per centage of sale of surplus power to Total purchase |       |       |       |
|---------|-------------------------|-------------------------------|-------------------|-------------------|------------------|---------------------------|------------------|------------------|-----------------|--|-------|-------|-------|
|         |                         | BYPL                          | BRPL              | TPDDL             | NDMC             | BYPL                      | BRPL             | TPDDL            | NDMC            | BYPL   | BRPL  | TPDDL | NDMC  |
| 1       | 2017-18                 | 8797.13<br>@ 3.56<br>per unit | 15175<br>@4.11    | 11373<br>@4.04    | 1861.84<br>@5.05 | 1168.03<br>@3.45          | 1537.01<br>@3.44 | 1648.03<br>@3.56 | 353.01<br>@2.57 | 13.27  | 10.12 | 14.49 | 18.96 |
| 2       | 2018-19                 | 9983.26<br>@3.19              | 14972.07<br>@4.71 | 12074.99<br>@4.61 | 1706.29<br>@5.53 | 1332.45<br>@3.74          | 761.89<br>@4.18  | 2086.36<br>@3.71 | 243.93<br>@3.56 | 13.34  | 5.09  | 17.27 | 14.29 |
| 3       | 2019-20                 | 8937.52<br>@3.94              | 15141.39<br>@5.00 | 10688.00<br>@4.69 | 1577.96<br>@5.95 | 1502.30<br>@3.47          | 1188.00<br>@4.43 | 504.10<br>@2.80  | 147.28<br>@2.53 | 16.80  | 7.84  | 4.72  | 9.33  |
| 4       | 2020-21                 | 7320.83<br>@4.08              | 13359.00<br>@4.80 | 11888.59<br>@4.98 | 1262.62<br>@5.85 | 546.08<br>@2.25           | 770.00<br>@2.20  | 1481.13<br>@2.98 | 150.23<br>@2.17 | 7.46   | 5.76  | 12.45 | 11.90 |
| 5       | 2021-22                 | 9469<br>@3.32                 | 16020<br>@4.37    | 10649.02<br>@5.32 | 1435.91<br>@6.58 | 826.76<br>@2.82           | 1078<br>@2.98    | 961.64<br>@3.23  | 210.04<br>@3.73 | 8.73   | 6.72  | 9.03  | 14.63 |
|         | Average of last 5 years | 3.63 per unit                 | 4.60              | 4.72              | 5.79             | 3.14                      | 3.45             | 3.27             | 2.91            | 11.92  | 7.11  | 11.59 | 13.82 |
|         | Average of last 2 years | 3.70 per unit                 | 4.58              | 5.15              | 6.21             | 2.54                      | 2.59             | 3.10             | 2.95            | 8.09   | 6.24  | 10.74 | 13.27 |

The scrutiny and analysis of above position revealed the following audit observation.

- (i) It may be seen from table 8.2(A) that *per centage* of power procured by NDMC through long term arrangements to total power purchased decrease from 83 *per cent* (1547.72 MUs out of 1861.84 MUs) in 2017-18 to 45 *per cent* (646.18 MUs out of 1435.91 MUs) in 2021-22 and

against this portion of power from short term sources increased from 17 *per cent* (314.12 MUs out of 1861.84 MUs) in 2017-18 to 55 *per cent* (789.73 MUs out of 1435.91 MUs) in 2021-22. This was due to not be able to conclude long term agreements for renewable energy particularly after discontinuous of long term arrangement with NTPC, Badarpur in October 2018 and NTPC, Dadri in November 2020.

- (ii) In 2017-18, not only the full quantity of power purchased under short term arrangement (314.12 MUs) was sold as surplus power, but an additional quantity of 38.89 MUs (out of long-term source) procured was also sold as surplus power (Table 8.2A). Even in 2018-19, almost entire quantity procured under short term arrangements was turned out to be surplus. (243.93 MUs sold as surplus against purchase of 251.62 MUs). This shows that assessment/projection of requirement of load and management of procurement of power was not effective to protect the financial interest of NDMC
- (iii) It has been noticed that the department has placed order for procurement of power under short term arrangement during peak demand months for time slot of 9am to 7pm. Audit Scrutiny revealed that the department could have placed these orders with more staggering time period say in 3-4 time slots even during day time to get better rates (i.e. at lower rates during off peak period during the day).
- (iv) It may be seen from Table 8.2(B), the average cost price per unit of total power purchased by NDMC during the year 2017-18 to 2021-22 was ₹ 5.79 per unit (ranged from ₹ 5.05 to ₹ 6.58 per unit). However, in other 3 DISCOMS, the average rate of purchase of power was ₹ 3.63, ₹ 4.60 & ₹ 4.72 per unit in BYPL, BRPL and TPDDL respectively. The above shows that the cost of purchase of power during these years was highest in NDMC.
- (v) It may be seen from Table 8.2(B), the sale of surplus power to the total power purchased in NDMC ranged from 9.33 *per cent* to 18.96 *per cent* during 2017-18 to 2021-22. There was decline in sale of surplus power from 18.96 *per cent* in 2017-18 to 9.33 *per cent* in 2019-20 but it again increased to 14.63 *per cent* in 2021-22. The average *per centage* of sale of surplus power to total power purchase was 13.82 *per cent* during the last 5 years. It has been observed that in other 3 DISCOMS operating in Delhi, the average *per centage* of sale of surplus power to the total power purchased was 11.92, 7.11 and 11.59 in BYPL, BRPL and TPDDL respectively during 2017-18 to 2021-22. Further the *per centage* of average of sale of surplus power to total power purchased during last two years was 8.09, 6.24 and 10.74 in BYPL, BRPL and TPDDL respectively against 13.27 *per cent* in NDMC. It shows that sale of surplus power by NDMC was highest in Delhi in comparison to other DISCOMS.
- (vi) The average rate of sale of surplus power during these 5 years was ₹ 3.14, ₹ 3.45 & ₹ 3.27 per unit in BYPL, BRPL and TPDDL respectively (Table 8.2B) whereas average rate of sale was ₹ 2.91 per unit in NDMC (Table 8.2B) during these 5 years. The analysis shows that the purchase of power of NDMC was at higher rate and realisation from the sale of surplus power was lowest in NDMC during these year.

In view of above, Audit noticed that the NDMC has been purchasing power from long term as well as short term sources at higher rates and selling the surplus power at lower rates. Due to realisation

of lower selling price in the market, the NDMC has been incurring avoidable extra expenditure on procurement or losses in selling of surplus power. It is important to highlight that DERC fixed up electricity tariff annually based on the total cost incurred by DISCOMs towards supply of power to consumers. And cost of purchase of power by DISCOM is one of the major component of per unit total cost/expenditure of supplying power. So, this extra expenditure/losses ultimately result to increasing tariff burden on consumers. The avoidable extra expenditure/losses incurred on the sale of surplus power during 2017-18 to 2021-22 was ₹ 156.92 Crore (Table-8.2A) which could have been minimized with better projection and management of purchase and sale of power.

**The department replied (September-2023) that NDMC had long term power arrangements only from two gas based plants since December-2020 (PPCL-I & PPCL-III) after closure/discontinuation of NTPC Badarpur (October-2018) and NTPC Dadri (November-2020) in which case average cost of power is comparatively more, whereas other DISCOMS had allocation from large number of long term generating plants, which includes coal and renewal energy also, so they had lower cost of power purchase than NDMC. The department further replied that division had already taken further initiative/affirmative measures to procure power at lower rates from long term sources (particularly from Renewable sources) after the closure of NTPC Badarpur Plant in October-2018 and expiry of PPA with NTPC Dadri in November-2020.**

**It also stated that due to typical load pattern of NDMC, there was less demand of electricity during night period as compared to day time, so short term energy was purchased during day time to meet peak demand and managed the surplus night power by selling in energy exchange.**

**The reply of the department is not acceptable because the fact of closure of NTPC Badarpur and expiry of PPA with NTPC Dadri was well known to the department in advance. Moreover, the Ministry of Power, Govt. of India gave directions in July-2017 to make NDMC area 100 per cent renewable energy area. In view of above efforts should have been made well in advance. Further scrutiny revealed that even after initiating the action there were delays in processing the cases/matter of purchase of power from long term renewable source at lower rates and still the negotiations/agreement with vendors and approval of Regulator (DERC) are under process.**

**In contrast, other DISCOMS of Delhi had timely got the long term renewable energy arrangements during these years at much lower rates of about ₹ 3 per unit.**

**The reply regarding typical load pattern of NDMC is also not acceptable because parameters applicable in NDMC area were also applicable to other DISCOMS operating in Delhi. The only difference was lacking on the part of the department to get timely long term renewable energy arrangements at lower cost, lacking to accurately forecast the energy load resulting in more surplus power in hand and lacking to preplan the sale of surplus power under preferred mode/arrangements for getting higher rate on sale of surplus power.**

## 8.4 Sale through Unscheduled Inter Change (UI) mechanism resulted in additional expenditure.

There are four mechanisms for short term purchase and sale of power:

- (i) Banking arrangement
- (ii) Bilateral either direct or through trader
- (iii) Power exchange
- (iv) Unscheduled Inter Change or Deviation mechanism (UI means unscheduled interchange of energy)

As per directions of DERC (Terms and Conditions for determination of Tariff-Regulations 2017) the most preferred mechanism for sale of power should be through Banking and Bilateral arrangements and the least preferred method should be UI. This is because Banking and Bilateral sales are based on prior planning while UI serves only as ad-hoc method for making unplanned sale or distress sale.

The DERC has specified in their Regulation-2017 (Terms and conditions for determination of Tariff) as well as in their Tariff orders that there is an incentive and disincentive mechanism for sale of surplus power to maximise the revenue from sale of surplus power. Further as per provisions of DERC (Business Plan) Regulation-2017 and DERC (Business Plan) Regulation-2019, the contingency limit for sale of power under UI mechanism shall be limited to 5 *per cent* of the net power purchased by the Distribution Licencee to bring efficiency in their scheduling of power. Further DERC has specified limit of 5 *per cent* UI sales in the Business Plan Regulations to promote Grid Discipline

The position of sale of surplus power through UI mechanism resulting in additional expenditure including penalties proposed by DERC during 2017-18 to 2021-22 is given below in Table 8.3 (A) & 8.3 (B):

**Table 8.3 (A) Detail of penalties imposed by DERC**

| 1       | 2            | 3   | 4  |
|---------|--------------|---|--|
| Sr. No. | Year         | UI sales exceeding 5 <i>per cent</i> on monthly basis as per DERC Tariff Orders | Penalty imposed by DERC for exceeding limit of 5 <i>per cent</i> |
|         |              | MUs   | (₹ in Crore)   |
| 1       | 2017-18      | NA  | 2.64   |
| 2       | 2018-19      | 4.52  | 0.92   |
| 3       | 2019-20      | 14.92   | 4.15   |
| 4       | 2020-21      | 32.34   | 0.80   |
| 5       | 2021-22      | 14.11   | 1.30   |
|         | <b>Total</b> |   | <b>9.81</b>  |

**Table 8.3 (B) Sale of surplus power through UI mechanism**

| 1            | 2       | 3                     | 4               |               |              | 5  | 6  |         | 7   | 8                        | 9                                   |
|--------------|---------|-----------------------|-----------------|---------------|--------------|--|--|---------|---|--------------------------|-------------------------------------|
| Sr. No.      | Year    | Sale of surplus power | Sale through UI |               |              | Per centage of UI sales to total sale of surplus power | Sales through in other means (Viz: Power Exchange) |         | Per centage of UI sales through other means to total surplus sale | Rate Difference per unit | Less realisation on sale through UI |
|              |         | (MUs )                | (MUs )          | Rate per unit | (4/3x100)    | MUs (3-4)  | Rate per unit                                      | 6/3x100 | (6-4)   | (4x8) ₹ in Crore         |                                     |
| 1            | 2017-18 | 353.01                | 106.07          | 1.93          | 30.05        | 246.94   | 2.85   | 69.95   | 0.92  | 9.76                     |                                     |
| 2            | 2018-19 | 243.93                | 35.28           | 2.13          | <b>14.46</b> | 208.64   | 3.80   | 85.54   | 1.67  | 5.89                     |                                     |
| 3            | 2019-20 | 147.28                | 64.41           | 2.08          | <b>43.73</b> | 82.87  | 2.89   | 56.27   | 0.81  | 5.22                     |                                     |
| 4            | 2020-21 | 150.23                | 64.04           | 2.43          | 42.63        | 86.19  | 1.97   | 57.37   | (-)0.46   | (-)2.95                  |                                     |
| 5            | 2021-22 | 210.04                | 54.71           | 2.76          | 26.05        | 155.33   | 4.07   | 73.95   | 1.31  | 7.17                     |                                     |
| <b>Total</b> |         |                       |                 |               |              |  |  |         |   | <b>25.09</b>             |                                     |

It may be seen from Table 8.3(B) that UI sales to the total sale of surplus power of NDMC varies from 14.46 to 43.73 *per cent* during 2017-18 to 2021-22. Audit noted that Department failed to explore preferred modes of sale of surplus power like Banking and Bilateral and disposed off surplus power through Power Exchange. Apart from above, the department also allowed significant portion to go through UI mechanism at lower rates.

Audit observed that DERC has imposed penalties on NDMC amounting to ₹ 9.81Crore during 2017-18 to 2021-22 for selling surplus power through UI exceeding the criteria of contingency limit of 5 *per cent* of UI sales (Table 8.3A) Apart from this, disposal of surplus power through UI also resulted in less realisation of ₹ 25.09 Crore during these years as shown in Table 8.3B.

It is also important to highlight that in other 3 DISCOMS operating in Delhi, UI sales were below the limit of 5 *per cent* fixed by the DERC during the period from 2017-18 to 2019-20 (data of 2020-21 and 2021-22 is not available), instead these DISCOMS earned incentive on many occasions during these years as per guidelines of DERC.

Thus due to sub-optimal planning and unscientific projections, the Department was not able to properly identify surplus power in hand, so could not pre-plan sale of surplus power under preferred modes for getting higher rates to minimise the losses/extra expenditure. Lastly the UI sales also should also have been kept to the contingency limit (5 *per cent*) as specified by the Regulator to promote and maintain Grid discipline in the northern region.

**The department accepted audit observations (September-2023) and stated that due to non availability of accurate realtime due to non availability of functional SCADA and AI based load forecasting, the department is unable to decide whether NDMC is doing overdrawl or underdrawl of power from the grid in realtime which resulted in sustain deviation and payment of additional charges.**

## 8.5 Deviation in meeting Renewable Purchase Obligation (RPO)

The Business Plan Regulations 2017 and 2019 of DERC provides the RPO requirement or target for each DISCOM for purchase of renewable power (solar and non solar) as a *percentage* of total sale of power to consumers. According to Regulations, DERC fixed the RPO targets for each DISCOM on yearly basis to promote use of green energy. The Distribution licensee shall comply with its RPO through procurement of either solar energy or combination of solar energy and non solar energy with minimum purchase of solar energy as per target fixed. Further non-compliance of RPO targets by the distribution licensee shall attract penalty at the rate of 10 *per cent* of the weighted average floor price of solar and non solar renewable energy certificate as specified by Central Electricity Regulatory Commission for the relevant year, for quantity of shortfall in RPO. DERC had levied penalty on NDMC for non achievement of RPO targets on yearly basis. The position of the RPO targets and achievements, there against is given below:

**Table 8.4 RPO targets and Achievements**

| 1      | 2       | 4                     |           |        | 5            |           |        | 6                              | 7                       |
|--------|---------|-----------------------|-----------|--------|--------------|-----------|--------|--------------------------------|-------------------------|
| S. No. | Year    | Targets fixed by DERC |           |        | Achievements |           |        | Deficit in Target              | Penalty imposed by DERC |
|        |         |                       |           |        |              |           |        | (4-5)                          |                         |
|        |         | Solar                 | Non-Solar | Total  | Solar        | Non-Solar | Total  |                                | ₹ in Crore              |
|        |         | MUs                   | MUs       | MUs    | MUs          | MUS       | MUs    | MUs                            |                         |
| 1.     | 2017-18 | 34.46                 | 109.65    | 144.12 | 6.21         | 263.24    | 269.45 | 28.25* <b>(81.97 per cent)</b> | 0.28                    |
| 2.     | 2018-19 | 61.97                 | 123.94    | 185.91 | 56.99        | 94.86     | 151.85 | 34.06 (18.32 <i>per cent</i> ) | 0.34                    |
| 3.     | 2019-20 | 85.8                  | 130.39    | 216.25 | 9.46         | 143.32    | 152.78 | 63.47 (29.35 <i>per cent</i> ) | 0.63                    |
| 4.     | 2020-21 | 57.01                 | 80.59     | 137.60 | 23.50        | 94.03     | 117.54 | 20.07 <b>(14.58 per cent)</b>  | 0.20                    |
| 5.     | 2021-22 | 68.06                 | 81.13     | 149.19 | 33.53        | 79.48     | 113.01 | 36.18 (24.25 <i>per cent</i> ) | 0.36                    |
|        |         |                       |           |        |              |           |        | <b>Total</b>                   | <b>1.81</b>             |

\*Note:- Deficit was on account of not meeting the targets of Solar energy.

Audit found that the targets of purchase of renewable power was not achieved by the department in all these years and shortfall in achievements ranged from 14.58 *per cent* to 81.97 *per cent* during 2017-18 to 2021-22. It may be seen that DERC has levied total penalty of ₹ 1.81 Crore on NDMC for non fulfilment of RPO targets in all these years. This penalty could have been avoided by the department with better planning and management of purchase of power including timely action of finalising long term PPAs for renewable energy.

*The department accepted the audit observation (September-2023), however, stated that large Hydro Power was only offered by the bidder through short term renewable power arrangements which made marginal deviation from the compliance of RPO target.*

**The fact is that even this marginal deviation could have been avoided, had the department started and completed the process of procuring renewable energy from long term sources timely instead of relying on short term sources.**

### 8.6 Avoidable extra expenditure of about ₹ 80 Crore per annum due to delay in finalisation of new long term sources of power and switching to renewable energy.

NDMC has been buying power from the following generating stations with whom NDMC has signed Long Term Power Purchase Agreements

NTPC, Badarpur -125 MW

NTPC, Dadri -125 MW

PPS-I, I P Estate -100 MW

PPS-III, Bawana -100 MW

**Total -450 MW**

Out of above power stations, the supply from NTPC, Badarpur and Dadri was discontinued w.e.f October-2018 and November-2020 respectively. At present NDMC has long term arrangement only with PPS-I and PPS-III for 100MW from each power station.

In the meeting held on 15 July 2017 at the level of Secretary, Ministry of Power, GOI and thereafter meeting taken by Minister of Power, GOI on 16 August 2017, it was decided to declare NDMC being 100 *per cent* Renewable Energy smart city or Green Energy city. For this purpose, it was directed by the ministry to NDMC and NTPC to ensure procurement of renewable energy at lower rates. As per the time line given in the said meeting, the work should be completed before 30 November 2017. Thereafter number of meetings of High Powered Steering Committee were held in 2017 to discuss and steps to be taken for switching over of NDMC to 100 *per cent* Green Energy. It was decided in these meeting that NTPC shall float tenders on behalf of NDMC for installing and procuring 250 MW of Solar power (with completion of 13 months). Simultaneously, a case of procurement of 130 MW of Hydro Power from NEEPCO from their 600MW Kameng Hydro project was also initiated.

Audit noticed that thereafter no progress was made in this direction.

Thereafter in a meeting held in January-2019 at the level of Secretary, MNRE, it was decided that NDMC would give requisition to Solar Energy Corporation of India (SECI) for 250 MW of Solar Power. Accordingly the department had issued a letter to SECI in February-2019 for procurement of above quantity of power (with availability of power after 18 months from signing of PPA). The said scheme and draft PPA for above requirement was also submitted to DERC for approval.

Audit scrutiny revealed that despite clear directions given by the Ministry of Power, GOI in July/August-2017 to switch over to 100 *per cent* green energy, the progress made in this direction was very slow. However in compliance of Steering Committee of Government of India and DERC's directions, the department started procuring renewable energy under short term arrangements and procurement ranged from 113.01 MUs to 269.45 MUs during 2017-18 to 2021-22. But NDMC has not been even able to achieve the targets of renewable energy fixed by the DERC (deficit was 24.25 *per cent* in 2021-22). Though the process for procuring renewable energy under long term arrangement was initiated but the required follow up action at higher level with Ministry, NTPC, SECI, DERC etc was not taken to get the long term PPA executed for getting power at lower rates instead of getting the power at higher rates under short term arrangement.

Further DERC has advised DISCOMs to enter into long term PPAs with various renewable energy generation companies as renewable energy is available at competitive rates. Scrutiny revealed that NDMC has not made adequate efforts in this direction, however other DISCOMs operating in Delhi had long term arrangements and PPAs for getting power from Solar and non Solar sources at a rate of less than ₹ 3.00 per unit.

With the discontinuance of long term arrangement of procurement of power from NTPC, Badarpur in October-2018 and NTPC, Dadri in November-2020, the NDMC relied on the short term arrangements to meet the gap of requirement of power and availability of power under long term arrangements. The early and timely action to execute the long term agreements for renewable energy could have not only resulted in getting of stable supply of power and making NDMC area 100 *per cent* green energy city but also getting of comparatively lower rate of around ₹ 3-3.25 per unit instead of getting supply at an average price of ₹ 4.18 per unit (2021-22) under short term purchases. This in turn could have resulted in annual saving or reduction in power purchase cost by approximate amount of ₹ 80.00 Crore per annum (790 MUs procured in 2021-22 x ₹ 1 per unit).

**The department replied (September-2023) that to make NDMC 100 per cent Renewable Energy area, the quantum of procurement of renewable energy of 450 MW is under process at different stages of getting approval of Regulator (DERC) and negotiation/signing of PPA with vendors etc. Also stated that the deliveries from these sources will start from 18 months to 36 months after signing of agreement.**

**The reply is not acceptable because there were delays noticed in processing the matter of procurement of renewable energy from long term sources and action initiated with NTPC, SECI and DERC during these years were not followed up properly.**

**The fact remains that NDMC has not yet entered into any long term arrangement of procuring renewable energy at economical rates (₹ 3 to ₹ 3.25 per unit) instead relied upon short term renewable energy sources to fulfil the direction of Government to some extent and to make NDMC 100 per cent RE area.**

## 8.7 Conclusion

In view of above, it may be concluded that NDMC neither deployed any scientific tool nor adopted any scientific system to project/assess its demand accurately near to required load, failed to timely identify and pre-plan its sale of surplus power through preferred modes viz Banking and Bilateral to get better rates & sales realisation and did not make adequate efforts to get better or optimum energy procurement mix (Gas, Hydro, Solar etc.) by timely entering into new long term renewable power arrangements to reduce its cost of power.

Due to these shortcomings, the NDMC lost the opportunity to reduce its cost of power purchase by ₹ 168.54 Crore apart from losing the extra saving of about ₹ 80 Crore per annum with delay in finalising new renewable energy long term PPAs.



**CHAPTER-9****WELFARE DEPARTMENT****Audit of Urban Poverty Alleviation and Social Welfare Department of NDMC, New Delhi****Executive Summary / Highlights**

- Old age and widow pension released in the names of persons declared as dead: ₹ 7.80 Lakh. **(Para 9.3.1.1)**
- Excess reimbursement of financial assistance for Higher Education under Hitkari Nidhi Yojna to 13 beneficiaries: ₹ 2.5 Lakh. **(Para 9.3.2.1)**
- In 410 cases of financial assistance for Higher Education, the department taken 6 to 14 months in processing and reimbursement of claim to the beneficiaries. **(Para 9.3.2.2)**
- In 447 cases of financial assistance for marriage of children, released to the employees after 3 to 8 months of the marriage of their children. **(Para 9.3.2.3)**
- Depriving of Onetime benefit to 9 employees who had not availed any benefit under Hitkari Nidhi Yojna: ₹ 29,400/-. **(Para 9.3.2.4)**
- Medical bills of 10 empanelled hospitals (out of 14 selected) pertaining to Liberalized Medical Health Scheme for the period 2017-18 to 2021-22 were not produced to audit. **(Para 9.3.3.1)**
- Empanelled Hospitals were paid cost of medicines, balloons (treatment for Coronary Angioplasty), etc. which were not covered under package rate: ₹ 5.10 Lakh. **(Para 9.3.3.2 & 9.3.3.3)**

## 9. Audit of Urban Poverty Alleviation and Social Welfare Department of NDMC, New Delhi

### 9.1 Introduction

Welfare Department was established with a view to provide community services in the NDMC area for welfare of employees working in NDMC through various welfare schemes and to promote welfare activities to meet the needs of residents of NDMC area such as financial assistance to old aged persons and widows etc. In addition to above, the Welfare Department implements various schemes related to employees' welfare like Hitkari Nidhi Yojana, Liberalized Medical Health Scheme, etc.

### 9.2 Scope and methodology of Audit

The audit of schemes such as Old age/widow pension, Hitkari Nidhi Yojna and payments of claims by Hospitals under the Liberalized Medical Health Scheme of Urban Poverty Alleviation and Social Welfare Department, NDMC for the period 2017-18 to 2021-22 was conducted during the period 27 May 2022 to 31 March 2023. Entry conference was held (in September-2022) with Director, Welfare Department. Details of audit observations are discussed in succeeding paragraphs.

### 9.3 Audit findings

#### 9.3.1 Old age/Widow pension scheme

##### 9.3.1.1 Unauthorized release of old age/ widow pension in the name of persons who have been declared as dead: ₹ 7.80 Lakh

The Government of Delhi has launched an old age pension scheme for the benefits of the citizens in the state. This scheme was implemented by the NDMC in their jurisdiction with approval of Council vide various Council Resolutions (Council Resolution No.3 (K-ii) dated 30 April 2003, Council Resolution No.12/K-03 dated 10 January 2014, Council Resolution Item No.21(K-01) dated 21 August 2017). The main objective of this scheme is to provide financial assistance in the form of monthly pension to the eligible citizens of the NDMC area, who have been residing under the jurisdiction of NDMC for not less than 5 years prior to the date of application and covered by the rules as specified under this scheme.

As per Old Age Assistance Scheme (August-2017), NDMC provides financial assistance of ₹ 2,000/- per month for the applicants of age group between 60 to 70 years (₹ 2,500 per month in case of SC/ST/ Minority community beneficiaries) and ₹ 2,500 per month above the age of 70 years.

Audit scrutinized old age/Widow pension scheme for the period April-2017 to March-2022. Audit noted that in 9 cases (out of 190) as mentioned in notes and list provided by the Department, the department released ₹ 7.80 Lakh for old age/widow pension after their death. Details are shown in **Table 9.1** below:

**Table 9.1 Unauthorized release of Old age/widow pension**

| Sl. No.      | Name /ID No./Category | Date of Death | Payment period  | No. of month | Pension (per month) | Released after death |
|--------------|-----------------------|---------------|---|--------------|---------------------|----------------------|
| 1            | 2                     | 3             | 4   | 5            | 6                   | 7(5 X 6)             |
| 1            | Reena/496/W           | 7/2016        | 4/2017 to 3/2022  | 60           | 2500                | 150000               |
| 2            | Daya Devi/597/W       | 7/2016        | 4/2017 to 3/2022  | 60           | 2500                | 150000               |
| 3            | Shanti Devi/606/O     | 7/2016        | 4/2018 to 3/2019  | 12           | 2500                | 30000                |
| 4            | Afsari/691/W          | 7/2016        | 4/2017 to 6/2019<br>10/ 2019 to 12/2019<br>7/ 2020 to 12/2020<br>4/2021 to 9/2021 | 42           | 2500                | 105000               |
| 5            | Asha Devi/1376/O      | 7/2016        | 4/ 2017 to 3/ 2022  | 60           | 2000                | 120000               |
| 6            | Nathu Ram/1384/O      | 7/2016        | 4/ 2017 to 9/2018<br>10/2019 to 3/2020<br>7/ 2020 to 3/2022                       | 45           | 2000                | 90000                |
| 7            | Barfi Devi/1253/O     | 7/2018        | 7/ 2018 to 9/2018<br>10/2019 to 3/2022  | 33           | 2500                | 82500                |
| 8            | Surjit Singh/473/O    | 2/2021        | 4/2021 to 3/2022  | 12           | 2500                | 30000                |
| 9            | Savitri/859/O         | 7/2021        | 7/ 2021 to 3/2022   | 9            | 2500                | 22500                |
| <b>Total</b> |                       |               |   |              |                     | <b>780000</b>        |

Thus, the department un-authorisedly released ₹ 7.80 Lakh to the account of 9 dead persons.

**The Department is required to examine all such cases and initiate appropriate action to recover the amount from Bank(s)/the nominees if the amount has been withdrawn.**

### 9.3.2 Hitkari Nidhi Yojna

#### 9.3.2.1 Excess re-imbursement of financial assistance of ₹ 2.5 Lakh for Higher Education to 13 beneficiaries under Hitkari Nidhi Yojna

The scheme of Hitkari Nidhi Yojana (HNY) was started from January 1994. The employees for higher education, marriage of children (up to two) and payment to dependent on death of employee and prolong illness to the RMR employees.

Council Resolution No.12(K-05) dated 3 November 2016 and Office circular No. D/191/LWD/2017 dated 30 January 2017 stipulates reimbursement of Higher Education fees will be based on course of study up to two children of an employee/RMR. Such reimbursement shall be limited to fees charged by a Government institution, preferably of GNCTD, for same course (in case no same course, then similar type of course).

During scrutiny of cases for the period 2017-18 to 2021-22, Audit observed that in 13 cases the department made excess reimbursement beyond the entitled amount of prescribed courses.

The details are shown in **Table 9.2** below.

**Table 9.2 Excess reimbursement of financial assistance for Higher Education of ₹ 2.5 Lakh**

| Sl. No.                            | Sl. No. in File | Name of Employee        | Name of child     | Name of Course            | Amount paid (₹) | Amount admissible | Excess        |
|------------------------------------|-----------------|-------------------------|-------------------|---------------------------|-----------------|-------------------|---------------|
| <b>December 2017 to April 2018</b> |                 |                         |                   |                           |                 |                   |               |
| 1                                  | 27              | Mohan Lal               | Jyoti             | B.SC. III Year            | 28000           | 3500              | 24500         |
| 2                                  | 120             | Harish Chandra Dh-ingra | Parul             | MA Clinical Psychology    | 30000           | 4000              | 26000         |
|                                    | 121             |                         |                   | MA- II                    | 30000           | 4000              | 26000         |
| 3                                  | 322             | Hemlata                 | Kashish           | B.Sc (H) III              | 25000           | 3500              | 21500         |
| 4                                  | 336             | Surinder Singh Panwar   | Rahul             | B.Sc-II                   | 25000           | 3500              | 21500         |
| <b>MAY TO AUGUST 2018</b>          |                 |                         |                   |                           |                 |                   |               |
| 5                                  | 133             | Monika Kapoor           | Ekta              | MBBS-I                    | 30000           | 25000             | 5000          |
| 6                                  | 155             | Neelam                  | Hitakshi          | MBBS-I                    | 30000           | 25000             | 5000          |
| 7                                  | 161             | Yashoda Devi            | Madhukar          | Ph.D-I Philosophy         | 25000           | 10000             | 15000         |
| <b>SEPTEMBER TO DECEMBER 2018</b>  |                 |                         |                   |                           |                 |                   |               |
| 8                                  | 26              | Rattan Lal              | Neha              | BA-I                      | 4000            | 3500              | 500           |
| 9                                  | 169             | Rekha                   | Muskan            | B.Sc. (H)                 | 25000           | 3500              | 21500         |
| <b>JULY TO DECEMBER 2019</b>       |                 |                         |                   |                           |                 |                   |               |
| 10                                 | 346             | Sudhir kr. Jha          | Govind            | Biology-IV                | 25000           | 3500              | 21500         |
| <b>January to September 2020</b>   |                 |                         |                   |                           |                 |                   |               |
| 11                                 | 18              | Rajesh Yadav            | Priyanshi         | MA/M. Sc. Yoga science-II | 25000           | 4000              | 21000         |
| 12                                 | 246             | Brij Bhushan Tyagi      | Ananat Tyagi      | Diploma in computer Engg. | 25000           | 3500              | 21500         |
| 13                                 | 186             | Madhu Bala Meena        | Ankit Kumar Meena | Ph. D                     | 30000           | 10000             | 20000         |
|                                    |                 | <b>Total</b>            |                   |                           | <b>360000</b>   | <b>109500</b>     | <b>250500</b> |

From the above table, it is clear that the department made excess payment of ₹ 2.51 Lakh to 13 employees beyond their entitlement.

**The Department is required to examine all such cases and initiate appropriate action to recover the amount from the beneficiaries concerned.**

### **9.3.2.2 In 410 cases of financial assistance for Higher Education, the department taken 6 to 14 months in processing and reimbursement of claim to the beneficiaries**

Financial assistance is meant for immediate requirement of beneficiaries. In scrutiny of 410 cases of financial assistance for higher education for the period October-2020 to June-2021 Audit observed that department had taken excessive time in processing of claims and making payments to beneficiaries. The details are shown in **Table 9.3** below:

**Table 9.3 Slow processing of payment of financial assistance for Higher Education (Amount in Lakh)**

| Month of application | Month of payment | Delay in payment (Months) | No. of Applications | Amount paid  |
|----------------------|------------------|---------------------------|---------------------|--------------|
| October-2020         | December-2021    | 14                        | 42                  | 7.56         |
| November-2020        | December-2021    | 13                        | 36                  | 6.21         |
| December-2020        | December-2021    | 12                        | 53                  | 11.41        |
| January-2021         | December-2021    | 11                        | 58                  | 10.47        |
| February-2021        | December-2021    | 10                        | 71                  | 12.58        |
| March-2021           | December-2021    | 9                         | 48                  | 8.53         |
| April-2021           | December-2021    | 8                         | 43                  | 7.35         |
| May-2021             | December-2021    | 7                         | 17                  | 3.31         |
| June-2021            | December-2021    | 6                         | 42                  | 7.30         |
| <b>Total</b>         |                  |                           | <b>410</b>          | <b>74.72</b> |

From the table above, it is clear that in 410 cases of financial assistance for Higher Education, the department had taken 6 to 14 months in processing and reimbursement of claim to the beneficiaries.

**Department is required to review the procedure and decide a time line to make payment timely to the beneficiaries.**

### 9.3.2.3 In 447 cases, financial assistance for marriage of children was given to the employees after 3 to 8 months of the marriage of their children.

In 447 cases of financial assistance for marriage for the period March-2021 to February-2022 audit observed that department had taken excessive time in processing of claims and making payments to beneficiaries. The details are shown in **Table 9.4** below:

**Table 9.4 Slow processing of payment of financial assistance for Marriage (Amount in Lakh)**

| Month of application  | Month of payment | Delay in payment (Months) | No. of Applications | Amount paid   |
|-----------------------|------------------|---------------------------|---------------------|---------------|
| March-2021            | November-2021    | 8                         | 59                  | 29.50         |
| April-2021            | November-2021    | 7                         | 25                  | 12.50         |
| May-2021              | November-2021    | 6                         | 20                  | 10.00         |
| June-2021             | November-2021    | 5                         | 36                  | 18.00         |
| July-2021 to Oct.2021 | February-2022    | 4 to 7                    | 117                 | 58.50         |
| November-2021         | February-2022    | 3                         | 36                  | 18.00         |
| December-2021         | February-2022    | 2                         | 57                  | 28.50         |
| January-2022          | June-2022        | 5                         | 44                  | 22.00         |
| February-2022         | June-2022        | 4                         | 53                  | 26.50         |
| <b>Total</b>          |                  |                           | <b>447</b>          | <b>223.50</b> |

From the table above, it is clear that in 447 cases of financial assistance (₹ 2.24 Crore) for marriage, the department had taken 2 to 8 months in processing and reimbursement of claim to the beneficiaries.

**Department is required to review the procedure and decide a time line to make payment timely to the beneficiaries.**

#### 9.3.2.4 Depriving of One time benefit to Nine employees under Hitkari Nidhi Yojna ₹ 29,400/-

As per Council Resolution No.3(XIX) dated 24 May 2002, it was decided that those employees who do not avail any benefit under Hitkari Nidhi Yojna during his/her entire service period may be granted an amount of ₹ 120/- yearly from the date of contribution to date of retirement. In test check of 44 cases audit noted that **nine** employees contributed towards HNY scheme during the entire service period but did not avail any benefit under this scheme during the entire service period. The details are shown in **Table 9.5** below:

**Table 9.5 Contribution by employees towards HNY and amount due on account of onetime benefit**

| Sl. No.      | Name, Designation                 | Employee code | Contribution period | Contribution amount | Onetime benefit |
|--------------|-----------------------------------|---------------|---------------------|---------------------|-----------------|
| 1.           | Durga Prasad, Chowkidar           | 295445        | 4/97 to 1/22        | 33031               | 3000            |
| 2.           | Narinder Kumar Kataria, Principal | 259087        | 1/94 to 1/22        | 48473               | 3360            |
| 3.           | Hem Lata, Nursery Teacher         | 263723        | 1/94 to 1/22        | 33148               | 3360            |
| 4.           | Baljor, Safai Karamchari          | 160086        | 1/94 to 3/21        | 30148               | 3240            |
| 5.           | Devi Chand, Safai Karamchari      | 228793        | 1/94 to 5/21        | 30748               | 3240            |
| 6.           | Ashok Kumar, Safai Karamchari     | 152950        | 1/94 to 12/21       | 30448               | 3360            |
| 7.           | Inderjeet Kaur, Beldar,           | 245284        | 1/94 to 4/21        | 30448               | 3240            |
| 8.           | Kehar Singh, Beldar,              | 245193        | 1/94 to 7/21        | 31897               | 3360            |
| 9.           | Gurcharn, Architect,              | 251158        | 1/94 to 3/21        | 47324               | 3240            |
| <b>Total</b> |                                   |               |                     | <b>318065</b>       | <b>29400</b>    |

From the table above, it can be seen that nine employees contributed ₹ 3.18 Lakh towards HNY scheme during the entire service period. These employees did not avail any benefit of this scheme during the entire service period. At the time of retirement these nine employees were entitled for ₹ 0.29 Lakh in lieu of non-availing any benefit under HNY scheme. However, no such benefit was granted to these employees.

Audit further noted that during review the policy in 2002, the rate of onetime benefit was fixed ₹ 120 yearly from the date of contribution to date of retirement which was 50 per cent of the annual contribution of ₹ 240. Thereafter, the annual contribution was revised in 2005, 2009 & 2017 and the current rate of annual contribution in respect of Group A, B, C, D & RMR are ₹ 6000, ₹ 4800, ₹ 3600, ₹ 2400 & ₹ 1200 respectively, however, onetime benefit was not reviewed during such revision.

Department should review the policy and take appropriate action to release the amount of onetime benefit to all the eligible employees.

### 9.3.3 Liberalized Medical Health Scheme

#### 9.3.3.1 Non-production of medical bills of 10 empanelled hospital (out of 14 selected) pertaining to Liberalized Medical Health Scheme for the year 2017-18 to 2021-22

Section 59(12) of NDMC Act-1994, stipulates that the Chief Auditor shall have the power to require any books or other documents relating to the accounts for the purpose of audit.

During audit of medical bills for the years 2020-21 to 2021-22, audit selected 1081 medical bills of 14 empanelled hospitals<sup>59</sup> involving total value of ₹ 33.51 Crore. Out of 14 hospitals, records pertaining to medical bills of 10 Hospitals were not provided to audit. Further against 1081 medical bills of ₹ 6.91 crore pertaining to 4 Hospitals, NDMC furnished only 570 medical bills of ₹ 3.25 Crore which is 9.68 per cent of the total value of the bills selected for audit. Details are shown in **Table 9.6** below:

**Table 9.6 medical bills for the years 2020-21 to 2021-22**

| Sr. No. | Name of Hospital                 | Bills requisitioned (in Months) | bills provided (in Months) | Bills requisitioned (Nos) | Bills Provided (Nos.) | Bills requisitioned (amount) | Bills Provided (amount) |
|---------|----------------------------------|---------------------------------|----------------------------|---------------------------|-----------------------|------------------------------|-------------------------|
| 1       | 2                                | 3                               | 4                          | 5                         | 6                     | 7                            | 8                       |
| 1       | Saroj Super specialist Hospital  | 24                              | 15                         | 511                       | 382                   | 191.62                       | 146.21                  |
| 2       | Jeevan Anmol Hospital            | 24                              | 7                          | 199                       | 81                    | 86.51                        | 26.95                   |
| 3       | Kalra Hospital SRCNC Pvt. Ltd.   | 24                              | 8                          | 278                       | 93                    | 367.41                       | 143.41                  |
| 4       | Jeewan Nursing Home and hospital | 24                              | 3                          | 93                        | 12                    | 45.23                        | 7.93                    |
|         | <b>Total</b>                     |                                 |                            | <b>1081</b>               | <b>570</b>            | <b>690.77</b>                | <b>324.50</b>           |

Non-production of records severely limits Audit mandate and is in violation of Rule 59(12) of the NDMC Act-1994. The Council is urged to direct the Department to ensure production of records in the interest of accountability and transparency.

#### 9.3.3.2 Excess payment of ₹ 4.83 Lakh on account of cost of balloons, medicines etc.

Government of India, Ministry of Health and Family welfare, fixed (7 February 2013) the ceiling rates for treatment of **Coronary Angioplasty** ₹ 50000 (for semi-private ward) and **Coronary Angioplasty**

<sup>59</sup> Kalra Hospital SRCNC Pvt. Ltd., Jeevan Anmol Hospital, Sumitra hospital, Saroj Super specialist Hospital, Sarvodiya hospital, Primus Super Specialist hospital, Center for site, Batra Hosapital, Jeewan Nursing home and Hospital, Malik Radix Healthcare Pvt. Ltd, Narinder Mohan Foundation, Universal hospital and Yashodra Hospital and Research.

with Balloon ₹ 55000 and subsequently rates<sup>60</sup> of **Coronary Angioplasty with Balloon were revised (May-2021) to ₹ 92690**. Scrutiny of records revealed that medical bills submitted by Kalra Hospital SRCNC Pvt. Ltd to NDMC claimed the cost of balloon of ₹ 52200 to ₹ 56700 separately over and above the package rate for treatment of Balloon Coronary Angioplasty in the bills. Whereas cost of balloon has not been fixed/notified separately under above CGHS package rate list. Thus, Audit noticed in the following cases that NDMC had paid **cost of balloon** as well as cost of medicine etc. in addition to the package rate for treatment of Coronary Angioplasty with Balloon to Hospital. Details are shown in **Table 9.7** below:

**Table 9.7 Excess Payment on account of cost of balloons, medicines etc.**

| S. No.       | Card No. | Invoice No./date | Amount of bill passed |                             |               |                | Admissible Angioplasty including balloon | Inadmissible payment |
|--------------|----------|------------------|-----------------------|-----------------------------|---------------|----------------|--|----------------------|
|              |          |                  | Balloon               | Medicine/Investigation etc. | Angio-plasty  | Total          |  |                      |
| 1            | 8624     | CR1184/ 9.06.21  | 52200                 | 6721                        | 106594        | 165515         | 106594                                   | 58921                |
| 2            | 3762     | CR1655/18.06.21  | 52200                 | 9521                        | 89373         | 151094         | 89373                                    | 61721                |
| 3            | 8748     | CR 5226/2.1.22   | 56700                 | 0                           | 174215        | 230915         | 174215                                   | 56700                |
| 4            | 61       | CR 2184/8.8.21   | 52650                 | 8955                        | 114199        | 175804         | 114199                                   | 61605                |
| 5            | 8127     | CR 1682 /14.7.21 | 52200                 | 9521                        | 114199        | 175920         | 114199                                   | 61721                |
| 6            | 9756     | CR 1969 /26.7.21 | 52200                 | 8955                        | 114199        | 175354         | 114199                                   | 61155                |
| 7            | 9341     | CR 437 /8.4.21   | 52200                 | 8320                        | 105915        | 166435         | 105915                                   | 60520                |
| 8            | 6488     | CR 768 /30.4.21  | 52200                 | 8320                        | 114199        | 174719         | 114199                                   | 60520                |
| <b>Total</b> |          |                  | <b>422550</b>         | <b>60313</b>                | <b>932893</b> | <b>1415756</b> | <b>932893</b>                            | <b>482863</b>        |

From the above, it is clear that excess payment of ₹ 4.83 Lakh was made to the Hospital by admitting cost of balloons and medicines which was already covered under the package rates.

### 9.3.3.3 Reimbursement of medical claim of ₹ 27,118/- to hospitals over and above the package rate/entitled rate

As per Para 3 (a) of GOI OM No.S.14021/36/2016-MS Dated 15 February 2017, 'Package Rate' means lump sum cost of in-patient treatment/day care/diagnostic procedure for treatment from the time of admission to the time of discharge which includes the cost of Medicines, Routine and essential investigations etc. During test check, Audit observed that NDMC reimbursed the cost of medicine, pathology charges etc. over and above the package rate to the Hospitals. Instances noticed by the Audit are indicated in **Table 9.8** below:

60 Sl. No.544 of CGHS package rate Delhi & NCR-2014 updated 25 May 2021



**Table 9.8 Reimbursement of medical claim to hospitals over and above the package rates/entitled rate**

| S. No.       | Card No. | Invoice No.       | Package item Sl. No. | Package rate/entitled rate | Amount paid by NDMC | Excess payment beyond package rate/entitlement & Medicine etc |
|--------------|----------|-------------------|----------------------|----------------------------|---------------------|---|
| 1            | 16072    | 202200052/12.1.22 | COVID                | 30000                      | 41167               | 11167   |
| 2            | N.A      | 18052/ 11.12.21   | 601                  | 13225                      | 15295               | 2070  |
| 3            | 8581     | CR 1361/21.6.21   | 477<br>390           | 7141<br>21938              | 37541               | 8462  |
| 4            | 8462     | 00004377/17.6.21  | 1315                 | 7935                       | 8935                | 1000  |
| 5.           | 8462     | CR 6199/23.2.22   | 1409                 | 460                        | 1760                | 1300  |
| 6            | 19092    | 01590/25.10.21    | 633                  | 11334                      | 12593               | 1259  |
| 7            | 3198     | CR5274/21.3.21    | 156                  | 12398                      | 14258               | 1860  |
| <b>Total</b> |          |                   |                      | <b>104431</b>              | <b>131549</b>       | <b>27118</b>  |

From the above, it is clear that excess payment of ₹ 27,118/- was made to the hospital by admitting the claim of the hospital beyond package rates/entitlement of the beneficiaries and payment of cost of medicines provided during the period of package.

**Audit of collection of GST****Executive Summary / Highlights**

- NDMC has owned the liabilities of ₹ 40.32 Crore due to non adhering the provisions of Section 13(2) pf GST Act, 2017. A penal interest of ₹ 7.09 Crore also worked out as per the provisions of Section 50 in this regard. **(Para 10.6.1)**
- A variation in arrears demand between CGST and SGST is worked out to ₹ 1.67 Lakh during the year 2020-21. **(Para 10.6.2)**
- Data shown in B2B and B2C statements combined does not match with the monthly statements of RPT90E during 2020-21. **(Para 10.6.3)**

## 10. Audit of collection of GST

### 10.1 Introduction

Goods and Services Tax (GST) has been implemented with effect from July-2017 and thereafter called as GST Act 2017. GST shall be levied on 'supply' of goods or services or both. In GST regime, all the multiple taxes levied presently on goods and services shall be restricted to Central Goods and Services Tax (CGST) and State Goods and Services Tax (SGST) or Integrated Goods and Services Tax (IGST), as the case may be.

The Estate-I department of NDMC deals with allotment of stalls, shops, office space and commercial premises like hotels, restaurants fall under its jurisdiction. The department manages around 3603 commercial entities and generates monthly bills on account of license fee between 1<sup>st</sup> to 10<sup>th</sup> of every month to Licensees which includes License fee, Arrear of License Fee, Interest and GST charges. After receiving License fee, the department makes payment on account of corresponding GST at the rate of 18 per cent (9 per cent CGST and 9 per cent SGST) to the Government account. NDMC is collecting GST from the licensees and remitting the same into Government account on cash basis from inception (July-2017) of Act to till date.

### 10.2 Scope of Audit

An audit of GST in Estate I along with finance department of NDMC was taken up in July-2022. Audit covered the examination of GST charges collected from the Licensees and timely remittance thereof to the Government account for the period 2019-20 to 2021-22 (three years), examination of data of monthly statements of Business to Business (B2B), Business to Consumer (B2C), RPT90E and Summary Sheets of GST showing demand and its collection, examination of corresponding Input Tax Credit claim and tax return filed by the NDMC.

### 10.3 Audit Objective

- (i) Whether the GST is being collected and remitted to Government account in accordance with the GST Act 2017.
- (ii) Whether the Input Tax Credit (ITC) is being claimed in accordance with the provisions of the GST Act.
- (iii) Whether the NDMC categorized the exempted and non-exempted goods and services units as per the provision of GST Act.
- (iv) Whether the department followed all existing Rules, guidelines and instructions issued by the Government of India;

### 10.4 Audit Criteria

- (i) GST Act, 2017 and its amendment time to time;

- (ii) Rule & Regulations, guidelines and instructions issued by Government of India;
- (iii) Orders & Circular issued by NDMC

### 10.5 Audit Constraints'

Section 59(12) of NDMC Act, 1994, stipulates that the Chief Auditor shall have the power to require any books or other documents relating to the accounts for the purpose of audit.

During audit, 07 audit requisitions and six reminders to Estate-I and Accounts Department were issued for furnishing the requisite records/information, however, despite repeated efforts, essential records such as components of Input Tax Credit, details of exempted and non-exempted properties, data of B2B, B2C, RPT90, data for 2019-20 and 2021-22, EPID bills etc. were not made available to audit. Non-production of records severely limits audit mandate. Due to non production of records, Audit could not verify the details of above records. The Council is urged to direct the Department to ensure production of records in the interest of accountability. The audit findings are based on the data and records made available for the year 2020-2021.

### 10.6 Audit Findings

#### 10.6.1 Liability of GST and penal interest of ₹ 47.40 Crore.

Section 13 of The GST Act, 2017 envisages that the liability to pay tax on services shall arise at the time of supply of service as determined in accordance with the provisions of this section. Further, Section 13(2) (a) states that the time of supply of services shall be the date of issue of invoice by the supplier.

Further Section 50 of CGST Act stipulates that an interest on delayed payment of tax would be charged from every person who is liable to pay tax in accordance with the provisions of this Act or the rules made there under, but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay, on his own, interest at such rate, not exceeding eighteen *per cent*. The interest shall be calculated in such manner as may be prescribed, from the day succeeding the day on which such tax was due to be paid.

Audit noted from the data for the period 2020-21 that the department issued bills, including GST on monthly basis to the licencees and accordingly GST are being remitted on receipt of license fee alongwith GST on cash basis to the Government account. However, the above mentioned section clearly states that the liability to pay tax on services shall arise at the time of supply of services in accordance with the provision of the GST. GST Investigation team (DGGI) also suggested during discussion with e-finance department that GST is to be collected and remitted on Accrual basis.

The department provided month-wise summary sheets of 'GST demand, collection and deposit', B2B, B2C and RPT90E for the period April 2020 to March 2021. Audit analyzed the data and worked out the demand raised, Collected and GST deposited to the Government Account. The details are as under:

**Table 10.1 Details of the liability on account of GST and interest (₹ in lakh)**

| Month        | Demand/Bill raised    |                       |                                 | Collected & Deposited |        |                                 | To be collected/deposited |            |                                       | Total Tax liability (8+9+10) | Penal Interest @ 18 per cent annually i.e.1.5 per cent per month on Col. no. 11 |
|--------------|-----------------------|-----------------------|---------------------------------|-----------------------|--------|---------------------------------|---------------------------|------------|---------------------------------------|------------------------------|---|
|              | SGST including arrear | CGST including arrear | Interest on licence fee and GST | SGST                  | CGST   | Interest on licence fee and GST | SGST (2-5)                | CGST (3-6) | Interest on licence fee and GST (4-7) |                              |   |
| 1            | 2                     | 3                     | 4                               | 5                     | 6      | 7                               | 8                         | 9          | 10                                    | 11                           | 12  |
| April-2020   | 1390.74               | 1390.87               | 484.91                          | 21.30                 | 21.30  | 0.04                            | 1369.44                   | 1369.57    | 484.87                                | 3223.88                      | 48.35   |
| May-2020     | 1408.88               | 1409.00               | 505.50                          | 30.56                 | 30.56  | 0.18                            | 1378.32                   | 1378.44    | 505.32                                | 3262.08                      | 48.93   |
| June-2020    | 1459.25               | 1459.38               | 562.72                          | 30.42                 | 30.42  | 0.25                            | 1428.83                   | 1428.96    | 562.47                                | 3420.26                      | 51.30   |
| July-2020    | 1511.11               | 1511.24               | 621.80                          | 97.25                 | 97.25  | 4.11                            | 1413.86                   | 1413.99    | 617.69                                | 3445.54                      | 51.68   |
| Augt-2020    | 1526.98               | 1527.12               | 675.70                          | 46.86                 | 46.86  | 0.76                            | 1480.12                   | 1480.26    | 674.94                                | 3635.32                      | 54.52   |
| Sept-2020    | 1564.01               | 1564.15               | 737.37                          | 79.45                 | 79.45  | 2.38                            | 1484.56                   | 1484.7     | 734.99                                | 3704.25                      | 55.56   |
| Octr-2020    | 1567.00               | 1567.14               | 795.89                          | 49.02                 | 49.02  | 1.46                            | 1517.98                   | 1518.12    | 794.43                                | 3830.53                      | 57.45   |
| Novr-2020    | 2475.34               | 2475.49               | 1505.50                         | 46.04                 | 46.04  | 0.83                            | 2429.3                    | 2429.45    | 1504.67                               | 6363.42                      | 95.45   |
| Dec-2020     | 1639.03               | 1639.18               | 869.51                          | 47.85                 | 47.85  | 1.13                            | 1591.18                   | 1591.33    | 868.38                                | 4050.89                      | 60.76   |
| Jan-2021     | 1679.26               | 1679.40               | 864.38                          | 54.15                 | 54.15  | 1.90                            | 1625.11                   | 1625.25    | 862.48                                | 4112.84                      | 61.69   |
| Feb-2021     | 1692.12               | 1692.27               | 921.06                          | 60.64                 | 60.64  | 0.92                            | 1631.48                   | 1631.63    | 920.14                                | 4183.25                      | 62.74   |
| March-2021   | 1690.89               | 1691.04               | 979.32                          | 158.86                | 158.86 | 11.24                           | 1532.03                   | 1532.18    | 968.08                                | 4032.29                      | 60.48   |
| <b>Total</b> |                       |                       |                                 |                       |        |                                 |                           |            |                                       | <b>708.96</b>                |   |

Audit noted from the month-wise data, the GST liability were increased cumulatively, however, the collection against the demand raised from the Licensee were less than 10 per cent of the total demand. Against the total demand of ₹ 43.61 Crore, the department collected ₹ 3.29 Crore as on March-2021. Consequently, the NDMC was required to pay an amount of ₹ 40.32 Crore on account of GST to the government as on 31 March 2021.

Further, Section 50 of the GST Act also prescribed the provision of penal interest on unpaid tax which should not be exceeded 18 per cent. Audit worked out penal interest (1.5 per cent per month x 12 months = 18 per cent annually) of ₹ 7.09 Crore on monthly GST liability during the year 2021-22. Thus, total tax liability is worked out to ₹ 47.41 Crore (₹ 40.32 Crore + ₹ 7.09 Crore) on accrual basis as on March-2021.

The above instance for calculation of GST liability and interest thereon is only illustrative not exhaustive. As the department did not provide the complete details for the period 2019-20 and 2021-22, the audit could not comment on the GST liability for aforementioned period. The department takes necessary action to settle the outstanding due on priority under intimation to audit.

The Department accepted the audit observation and replied (January-2023) that the matter regarding reconciliation of previous data i.e. before January-2022 on cash basis with that of as mentioned in Balance sheet on accrual basis, is under process with Directorate General of GST Intelligence (DGGI). The department further stated that it has adopted RCM<sup>61</sup> procedure w.e.f. 1 December 2022 with

61 Reverse Charge Mechanism-Item 6A was applicable w.e.f. 25 January 2018 for renting of immovable properties and liability of paying tax would be vested on the recipients i.e. the licensees of NDMC.

prior approval of the Competent Authority and prior to this the GST data from January-2022 to November-2022 has been provided on accrual basis in pursuance of M.O.M dated 9 September 2022. Thus the department has not confirmed the action taken on previous liability of GST of ₹ 47.40 Crore and to start depositing of GST on accrual basis.

### 10.6.2 Difference in arrears demand in CGST and SGST.

As per schedule of rates of GST as laid down in the GST Act 2017, GST would be charged as CGST and SGST at the rate of 9 per cent each.

During scrutiny of summary sheets for the year 2020-21, it was observed that there is a regular variation of arrears demand of CGST and SGST for each month which has been reflected in the Table 10.2 below:

**Table 10.2 Difference in arrears demand (in ₹ )**

| Month        | CGST              | SGST              | Different     |
|--------------|-------------------|-------------------|---------------|
| April-20     | 130475373         | 130462095         | 13278         |
| May-20       | 132771199         | 132758995         | 12204         |
| June-20      | 137795864         | 137782586         | 13278         |
| July-20      | 142969842         | 142956564         | 13278         |
| August-20    | 144449746         | 144435555         | 14191         |
| September-20 | 148145925         | 148131734         | 14191         |
| October-20   | 148446109         | 148431918         | 14191         |
| November-20  | 239349443         | 239335252         | 14191         |
| December-20  | 156001510         | 155987319         | 14191         |
| January-21   | 158646781         | 158632590         | 14191         |
| February-21  | 161478822         | 161464034         | 14788         |
| March-21     | 161339485         | 161324697         | 14788         |
| <b>Total</b> | <b>1861870099</b> | <b>1861703339</b> | <b>166760</b> |

The variation in arrear demand between CGST and SGST is worked out to ₹ 1.67 Lakh. Thus, the fact that the department is not segregated the shares of CGST and SGST appropriately. Reconciliation of figures is required under intimation of audit.

The Department replied (January-2023) that difference in arrears demand between CGST and SGST was due to the adoption of Payment Priority Method. The reply of the department is not reasonable as Payment Priority Method is not applicable on CGST and SGST being equal parts of GST and deducted simultaneously.

### 10.6.3 Difference in number of licensees and amount of GST shown in B2B & B2C and RPT90E

In the process of collection and remittance of GST, NDMC prepares various statements like B2B, B2C, RPT90E and summary sheet. These statements deal with the following matters:-

- (i) B2B statement is prepared on monthly basis. It is a form of transaction between businesses, such as one involving a manufacturer and wholesaler or a wholesaler and a retailer.
- (ii) B2C statement is prepared on monthly basis in respect of Business to Consumers transactions.
- (iii) RPT90E statements are prepared on monthly basis and depicted entire demand and collection relating to licence fee and GST in term of current and previous liabilities of both B2B and B2C transactions.

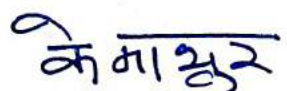
During course of audit of GST relating to the Estate-I department of NDMC, it was observed that data reflects in B2B and B2C statements did not match with the consolidated data of RPT90E statement, which is shown in the Table 10.3 below:

**Table 10.3 data of RPT90E statement (in ₹)**

| S. No. | Month        | Total No of Licen-<br>cees as per B2B<br>and B2C | Total no of<br>License as<br>per RPT90E | Difference<br>in Unit | Amount of GST<br>as per B2B and<br>B2C | Amount of<br>GST as per<br>RPT90E | Difference     |
|--------|--------------|--|---|-----------------------|--|-----------------------------------|----------------|
| 1      | 2            | 3  | 4                                       | 5 (3-4)               | 6                                      | 7                                 | 8 (6-7)        |
| 1      | April-20     | 1169   | 1785                                    | -616                  | 4303022                                | 4266096                           | 36926          |
| 2      | May-20       | 1473   | 1478                                    | -5                    | 6190166                                | 6130332                           | 59834          |
| 3      | June-20      | 1714   | 1729                                    | -15                   | 6133036                                | 6109428                           | 23608          |
| 4      | Jully-20     | 1972   | 1991                                    | -19                   | 19967004                               | 19861966                          | 105038         |
| 5      | August-20    | 1910   | 1933                                    | -23                   | 9522563                                | 9450421                           | 72142          |
| 6      | September-20 | 2046   | 2070                                    | -24                   | 16167462                               | 16129898                          | 37564          |
| 7      | October-20   | 2151   | 2177                                    | -26                   | 9994372                                | 9314932                           | 679440         |
| 8      | November-20  | 1549   | 2016                                    | -467                  | 9533896                                | 9292920                           | 240976         |
| 9      | December-20  | 2272   | 2268                                    | 4                     | 9721844                                | 9684634                           | 37210          |
| 0      | January-21   | 2229   | 2273                                    | -44                   | 11418950                               | 11022162                          | 396788         |
| 1      | February-21  | 2268   | 2315                                    | -47                   | 12241660                               | 12221454                          | 20206          |
| 2      | March-21     | 2347   | 2394                                    | -47                   | 32923944                               | 32897154                          | 26790          |
|        |              |  |   |                       | <b>148117919</b>                       | <b>146381397</b>                  | <b>1736522</b> |

It is clear from the table that the number of licensees in B2B & B2C are not matched with the RPT90E, which vary ranging from (+) 4 to (-) 616 during each month of the year 2020-2021.

Further, the amount collected on account of GST from the licensees shown in B2B and B2C statements also did not match with the consolidated statement of RPT90E. The total difference is ₹ 17.36 lakh during the year 2020-21. The figures shown in both the statements should be matched with the corresponding figures. The Department replied (January-2023) that as and when the credit/debit/IUT details i.e. payment received/cheque dishonored in respect of specific month and information received after a gap of some time, it will have impact in the month in which it pertains. However, the department did not provide reconciliation statements in support of its reply.

  
 (Kartikaye Mathur)  
 Chief Auditor

New Delhi

Dated:

27 DEC 2023

**Chapter-4 (Annexure- I)  
(Refer Para 4.5.3.4)**

**Non revalidation of Performance Guarantee**

| Sl. No. | Agreement No., date and agency                               | Name of work  | Stipulated date of start | Stipulated date of completion | Amount and Date of expiry of validity (₹)   | Period for which performance guarantee remained invalid  |
|---------|--|---|--------------------------|-------------------------------|---|--|
| 1       | 2  | 3   | 4                        | 5                             | 6   | 7  |
| 1.      | 2/EE(BM-PK)/2017-2018<br>M/s N.S. Associates                 | Construction of 188 Type-II Flats (10 storied tower) at Aliganj, New Delhi  | 08.04.2017               | 07.01.2019                    | 2,01,63,357<br>Valid upto<br>07.12.2020   | The work is still in progress after 07.12.2020 and validity is required to be extended   |
| 2.      | 92/EE(BM-PK)/2018-2019<br>M/s K.K. Constructions             | Improvement to School in BM-PK division.<br><b>Sub Head:</b> Construction of rain water harvesting pits in Navyug School, Jor Bagh and N.P. Co. Ed. Day Boarding School at Hanuman Road, New Delhi. | 25.10.2018               | 24.12.2018                    | 40,858<br>valid upto<br>26.02.2019  | The work completed on 19.03.2021 without revalidation of bank guarantee beyond 26.02.2019  |
| 3.      | 08/EE(RIP)/2016-2017<br>M/s Meterro Waste Handling Pvt. Ltd. | Collection, Transportation and Dumping of construction and demolition (C&D) waste from NDMC area on PPP Model" awarded to M/s Meterro Waste Handling Pvt. Ltd.                                      | 18.01.2017               | 17.01.2024                    | 18,00,000<br>valid upto<br>31.12.2020.<br>Further, Bank<br>guarantee was<br>revalidated w.e.f.<br>31.03.2021 to<br>31.03.2022 | Work was executed without revalidation of bank guarantee for the period 01.04.2020 to 30.03.2021. (12 months) Further, Bank guarantee was revalidated w.e.f. 31.03.2021 to 31.03.2022<br>Work is in progress and there is no bank guarantee for the period 01.04.2022 to 17.01.2024 plus 30 days which is in violation of RFP clause and letter of intent clause as the completion period of work is 17.01.2024. |
| 4.      | 96/EE(BM-III)/2019-20<br>M/s Sabur Alam                      | A/R & M/O Building in BM-111 Division during 2019-2020 (AM-16)<br>Sub Head: Distemping & Painting etc. in Aadiya Sadan Housing Complex, Ashoka Road New Delhi                                       | 28.08.2019               | 27.02.2020                    | 24,500<br>Valid upto<br>26.08.2020  | Since 26.08.2020 the work is in progress without any performance guarantee.  |
| 5.      | 22/EE(BM-III)/2019-20<br>M/s Vijay Tyagi                     | Special Repair (S/R) of Roads in NDMC area during 2018-19<br>Sub Head: Fabrication and fixing MS Railing at various locations in NDMC area.   | 09.08.2019               | 08.08.2020                    | 11,86,508<br>Valid for different<br>ranges of period<br>w.e.f. 28.12.2019<br>to 03.08.2020                                    | The work is still in progress and the contractor has not been asked to extend the validity period as required.   |



| Sl. No. | Agreement No., date and agency  | Name of work  | Stipulated date of start | Stipulated date of completion | Amount and Date of expiry of validity (₹)                              | Period for which performance guarantee remained invalid  |
|---------|---|---|--------------------------|-------------------------------|--|--|
| 1       | 2   | 3   | 4                        | 5                             | 6  | 7  |
| 6.      | 71/EE(BM-III)/2018-2019<br>M/s Shaima Const. Co.  | A/R & M/O Building in BM-III Division during 2018-2019<br>Sub Head: Distempingering & Painting of Type - V officer flats of Palika Sadan and Palika Nikunj Housing complex at HCM Lane. | 01.03.2019               | 31.01.2021                    | 22,300<br>Valid upto<br>25.07.2019                                     | The work was completed on 30.01.2021 and the Performance Guarantee was not extended as required.   |
| 7.      | 53/EE(BM-III)/2016-2017<br>M/s J.R. Project and Construction Company                    | Improvement of Palika Parking<br>Sub Head: Construction of fountain around the Charkha Museum at the terrace of Palika Parking  | 24.08.2016               | 23.09.2016                    | 50,500<br>Valid upto<br>22.11.2016                                     | The work was completed on 23.01.2017 and the Performance Guarantee was not extended as required.   |
| 8.      | 31/EE/BM-I/2020-2021<br>Dated 10.02.2021 M/s Shivnandan Consulting & supplies Pvt. Ltd. | Improvement/Construction with Additional Toilet Block for student at N. P Co.- ed. Primary School, R.K. Ashram Marg, New Delhi  | 06.01.2021               | 05.05.2021                    | 1,58,973<br>(FDR 10 Nos.)<br>Valid upto<br>13.01.2021 to<br>08.01.2022 | Work is still in progress and contractor has not been asked to extend the validity period of FDRs deposited as Performance Bank Guarantee. |
| 9.      | 28/EE(SM) of 2018-19 signed 08.02.2019 M/s Deepak Allied Traders & Engineers            | Deposit Work (NBCC)<br>SH:- Shifting of 600mm dia and 900mm dia sewer line in Netaji Nagar, New Delhi.  | 24.01.2019               | 23.07.2019                    | 34,82,964<br>(Bank Guarantee valid upto<br>23.08.2019)                 | Work is still in progress and contractor has not been asked to extend the validity period of FDRs deposited as Performance Bank Guarantee. |

**Chapter 4 (Annexure- II)**  
**(Refer Para 4.5.4.3)**

**Acceptance of tender below/above Permissible Limit of variation of Justified rates**

| I. No. | Agreement No., date and agency                             | Name of Work  | Justified Cost (₹) | Tendered/ Accepted amount (₹) | Percentage of variation |
|--------|--|---|--------------------|-------------------------------|-------------------------|
| 1      | 2  | 3   | 4                  | 5                             | 6                       |
| 1.     | 02/EE(C-III)/AB/2018-2019<br>M/s B.L. Goel & Company       | Construction of 120 Nos. of Type-II Flat at Sec-VII, Pushp Vihar, Saket   | 54,39,33,812       | 41,45,07,482                  | 23.80% below            |
| 2.     | 02/EE(C-III)/AB/2020-2021<br>M/s B.L. Goel & Company       | 160 Nos. Type-III Flats at Sector-VI, Pushp Vihar, Saket, New Delhi (Composite Work)  | 87,37,70,240       | 68,49,11,150                  | 21.61% below            |
| 3.     | 52/EE(BM-PK)/2020-2021<br>M/s Shiv Naresh Sports Pvt. Ltd. | Providing laying/ installation of new synthetic hockey surface (Turf) and PoP up sprinkler system at Shivaji Stadium  | 3,39,09,286        | 2,16,00,215                   | 36.30% below            |
| 4.     | 40/EE(BM-PK)/2017-2018<br>M/s Vicky Enterprises            | Improvement to Palika Kendra Building.<br><b>Sub Head:</b> Providing and fixing double storey glass toughened glass and other misc work at various floor of Palika Kendra.  | 1,83,685           | 1,46,158                      | 20.53% below            |
| 5.     | 92/EE(BM-PK)/2018-2019<br>M/s K.K. Constructions           | Construction of rain water harvesting pits in Navyug School Jor Bagh and N.P Co Ed. Day Boarding school at Hanuman Road New Delhi   | 13,22,767          | 8,13,105                      | 38.53% below            |
| 6.     | 97/EE(BM-PK)/2019-2020<br>M/s Nandini Enterprises          | Improvement to secondary school in NDMC.<br><b>Sub –Head:</b> Providing water proofing and new mudhaska on terrace and repair to plaster of ceiling of Hanuman lane school.   | 18,04,683          | 8,70,218                      | 51.78% below            |
| 7.     | 27/EE(BM-PK)/2017-2018<br>M/s Varun Narula                 | Development of Jor Bagh Market  | 32,82,468          | 27,44,143                     | 16.40% below            |
| 8.     | 86/EE(BM-III)/2019-2020<br>M/s Confoss Construction        | Improvement of Vidyut Bhawan : Renovation/ modification of Block-A, B, C Vidyut Bhawan Office Complex at Dr. APJ Kalam Road (Composite Work).   | 22,92,10,410       | 19,84,50,373                  | 13.42% below            |
| 9.     | 03/EE(BM-III)/2020-2021<br>M/s Swati Associates            | A/R & M/O building in BM-III Division during 2019-2020  | 18,46,366          | 5,79,151                      | 69.99% below            |
| 10.    | 01/EE(BM-III)/2015-2016<br>M/s Shivaji Construction Co.    | Repair and Maintenance of Building in BM-III Division during 2015-2016 (Special Repair)<br>SH:- Replacement of damaged red stone slab of footpath. Providing and Fixing Concertina and dustbin at Talkatora Garden. | 37,88,453          | 27,58,495                     | 27.19% below            |
| 11.    | 46/EE(BM-III)/2020-2021<br>Dated NIL<br>M/s Vijay Tyagi    | Improvement to Palika Bazar<br>SH:- Upgradation of Palika Bazar Shopping Complex.   | 1,05,09,975        | 71,53,598                     | 31.94% below            |
| 12.    | 96/EE(BM-III)/2019-20<br>M/s SaburAlam                     | A/R & M/O Building in BM-111 Division during 2019-2020 (AM-16)<br>Sub Head: Distempereing & Painting etc. in Aadiya Sadan Housing Complex, Ashoka Road New Delhi  | 17,80,218          | 4,81,665                      | 72.94% below            |

| I. No. | Agreement No., date and agency  | Name of Work  | Justified Cost (₹) | Tendered/ Accepted amount (₹) | Percentage of variation |
|--------|---|---|--------------------|-------------------------------|-------------------------|
| 1      | 2   | 3   | 4                  | 5                             | 6                       |
| 13.    | 22/EE(BM-III)/2019-2020<br>M/s Vijay Tyagi  | <b>Special Repair (S/R) of Roads in NDMC area during 2018-19</b> Sub Head: Fabrication and fixing MS Railing at various locations in NDMC area.   | 3,72,14,693        | 2,34,73,318                   | 36.92% below            |
| 14.    | 53/EE(BM-III)/2016-2017<br>M/s J.R. Project and Construction Company                    | <b>Improvement of Palika Parking</b><br>Sub Head: Construction of fountain around the Charkha Museum at the terrace of Palika Parking   | 11,65,826          | 10,09,783                     | 13.39% below            |
| 15.    | 03/EE(SP)/2016-17<br>M/s S.S Engineering Corporation                                    | Public Private Partnership (PPP) Project to develop additional water resource by installing STPs 100 KLD to 500 KLD (10 Nos.) in three group infrastructure (Construction of Sewerage Treatment Plant) in NDMC Area and run for 12 years <b>(Group-I)</b> i.e. Sanjay Park lake 300 KLD, Park in between Satya Sadanand Railway line around Kushak Nallah 500 KLD, Near Junction of Ring Road and Shanti path at Motibagh 100 KLD and Subhash Park at Netaji Nagar 100 KLD      | 17,79,12,000       | 11,52,00,000                  | 54.43% below            |
| 16.    | 01/EE(SP)/2016-17<br>M/s Ecosystem resource Management Pvt. Ltd.                        | Public Private Partnership (PPP) Project to develop additional water resources by installing STPs 100 KLD to 500 KLD (10 Nos.) in three group infrastructure (Construction of Sewerage Treatment Plant) in NDMC Area and run for 12 years <b>(Group-II)</b> i.e. Nehru park 500 KLD, Developed Rose garden at Shanti Path towards Nyayamarg 300 KLD, Rose Garden at Shanti Path towards Nitimarg 100 KLD, Gole Market in between Junction of Peshwa road and RK Ashram 200 KLD) | 18,82,58,400       | 14,65,20,000                  | 28.49% below            |
| 17.    | 02/EE(SP)/2016-17<br>M/s Ecosystem resource Management Pvt. Ltd.                        | Public Private Partnership (PPP) Project to develop additional water resources by installing STPs 100 KLD to 500 KLD (10 Nos.) in three group infrastructure (Construction of Sewerage Treatment Plant) in NDMC Area and run for 12 years <b>(Group-III)</b> i.e. Lodhi garden 500 KLD, Bharti Nagar 500 KLD  | 17,11,44,000       | 11,16,00,000                  | 53.35% below            |
| 18.    | 31/EE/BM-I/2020-2021 Dated 10.02.2021<br>M/s Shivnandan Consulting & supplies Pvt. Ltd. | Improvement/Construction with Additional Toilet Block for student at N. P Co.- ed. Primary School, R.K. Ashram Marg, New Delhi  | 47,91,598          | 28,00,366                     | 41.55% below            |
| 19.    | 25/EE/BM-I/AB/2020-2021 Dated 18.01.2021<br>M/s Swati Associates                        | Improvement to ESS under BM-I Division, Replacement of flush doors shutters rolling shutters, ceramic glazed tiles and other miscellaneous repair works in various ESS under Jaffery Square Service Centre.   | 19,62,107          | 11,51,472                     | 51.52% below            |
| 20.    | 49/EE/BM-I/AB/2019-2020 Dated 27.12.2019<br>M/s Verma Global Infratech Pvt. Ltd.        | MLA/LAD's fund scheme : Providing and fixing Poly Fibre Gazebo Rajahunder BM-I Division   | 9,80,626           | 8,85,015                      | 10.22% below            |
| 21.    | 01/EE (BM-I)/AB/2019-20 dt. 27.05.2019<br>M/s R.K. Jain & Sons HSPL                     | Mechanized House Keeping works in various NDMC Buildings (Group-B)<br>SH:- Mechanized House Keeping Works in Markets (Palika Bazar, Yashwant Place, Chanakya Bhawan etc. of NDMC area.  | 9,01,25,685        | 6,96,24,000                   | 22.74% below            |

| I. No. | Agreement No., date and agency   | Name of Work  | Justified Cost (₹) | Tendered/ Accepted amount (₹) | Percentage of variation |
|--------|--|---|--------------------|-------------------------------|-------------------------|
| 1      | 2  | 3   | 4                  | 5                             | 6                       |
| 22.    | 72/EE (BM-I)/AB/2017-18 dt. 15.03.2018 M/s Satish Chand and Rajesh Kumar Pvt. Ltd. | Redevelopment of Babu Samaj Sewa Kendra– Panchkua Road, New Delhi.  | 29,26,17,480       | 24,66,00,633                  | 15.72% below            |
| 23.    | 28/EE(SM) of 2018-19 signed 08.02.2019 M/s Deepak Allied Traders &Engineers        | Deposit Work (NBCC) SH:- Shifting of 600mm dia and 900mm dia sewer line in Netaji Nagar, New Delhi.   | 6,96,59,274        | 9,62,27,596                   | 27.61% below            |
| 24.    | 15/EE(SM) of 2017-18 signed on 10.07.2017 M/s Jain Const.                          | Augmentation of Sewerage in various colonies in NDMC Area New Delhi. Sub Head : Re-Construction of damage manhole and sewerage line at Andha Mahavidyalya , Panchkua Road. New Delhi. | 16,45,189          | 9,41,708                      | 43.14% below            |
| 25.    | 01/EE (C-I)2018-2019 dt. 12.06.2018 M/s A. K. Mehta & Co.                          | Construction of Skill Development Centre at Moti Bagh, New Delhi  | 21,43,49,377       | 16,00,79,357                  | 25.32% below            |

**Chapter-4 (Annexure-III)**  
**(Refer para 4.5.5.2)**

**DETAILS OF TECHNICAL & ADMINISTRATIVE PERSONNEL TO BE EMPLOYED FOR THE WORK**

| Sl. No. | Designation      | Total number | Number available for this work | Name                | Qualification | Professional experience and details of work carried out | How these would be involved in this work | Marks obtained as per uploaded documents |
|---------|------------------|--------------|--------------------------------|---------------------|---------------|---|--|--|
| 1       | 2                | 3            | 4                              | 5                   | 6             | 7   | 8  | 9  |
| 1       | Director         | 7            | 1                              | Mr.Devender Rawat   | BE( C)        | 28 Years  | Directly                                 | .60                                      |
| 2       | Project Manager  | 7            | 1                              | Mr. Naresh Partap   | BE( C)        | 25 Years  | Directly                                 | .60                                      |
| 3       | Billing Engineer | 5            | 1                              | Mr. Tarique Azimi   | DCE           | 18 Years  | Directly                                 | .40                                      |
| 4       | Civil Engineer   | 25           | 1                              | Mr. Taslim          | DCE           | 10 Years  | Directly                                 | .40                                      |
| 5       | --               | --           | --                             | --                  | --            | --  | --                                       | --                                       |
| 6       | --               | --           | --                             | --                  | --            | --  | --                                       | --                                       |
| 7       | Accounts         | 20           | 1                              | Mr Sanjay Kumar Jha | B.Com         | 10 Years  | Directly                                 | --                                       |
| 8       | Store Keeper     | 40           | 1                              | Mr. Arun Sharma     | Intermediate  | 08 Years  | Directly                                 | --                                       |
| 9*      | Foreman          | 15           | 1                              | Mr. Dinesh          | Intermediate  | 12 Years  | Directly                                 | .20                                      |
| 10*     | Supervisor       | 55           | 2                              | Mr. Rajesh          | BA            | 10 Years  | Directly                                 | .20                                      |
|         | <b>Total</b>     |              | <b>9</b>                       |                     |               |   |  | <b>2.40</b>                              |

(Form G<sup>1</sup> uploaded at the time of bidding)

### Chapter-4 (Annexure- IV)

(Refer para 4.5.5.2)

#### DETAILS OF TECHNICAL & ADMINISTRATIVE PERSONNEL TO BE EMPLOYED THE WORK (FORM G' submitted physically after opening of Technical Bids)

| Sl. No. | Designation                    | Total number | Number available for this work | Name                | Qualification | Professional experience and details of work carried out | How these would be involved in this work | Marks obtained as per revised documents |
|---------|--------------------------------|--------------|--------------------------------|---------------------|---------------|---|--|---|
| 1       | 2                              | 3            | 4                              | 5                   | 6             | 7   | 8  | 9                                       |
| 1       | Director                       | 7            | 1                              | Mr.Devender Rawat   | BE( C)        | 28 Years  | Directly                                 | 0.60                                    |
| 2       | Project Manager                | 7            | 1                              | Mr. Naresh Partap   | BE( C)        | 25 Years  | Directly                                 | 0.60                                    |
| 3       | Deputy Project Manager         | 15           | 1                              | Mr Abdus Sami       | BE ( C)       | 27 Years  | Directly                                 | 0.60                                    |
| 4       | Deputy Project Manager (Elect) | 5            | 1                              | Mr. Maqood Ahmed    | DEE           | 34Years   | Directly                                 | 0.60                                    |
| 5       | Project Site Engineer          | 25           | 2                              | Hasnain Mujtaba     | B Tech ( C)   | 13Years   | Directly                                 | 0.60                                    |
| 6       | Billing Engineer               | 5            | 1                              | Mr. Tarique Azimi   | DCE           | 20 Years  | Directly                                 | .0.40                                   |
| 7       | Civil Engineer                 | 25           | 1                              | Mr. Taslim          | DCE           | 10 Years  | Directly                                 | 0.40                                    |
| 8       | Project Site Engineer (Elect)  | 5            | 1                              | Mr. Vishyai Ram     | DEE           | 23 Years  | Directly                                 | 0.40                                    |
| 9       | Surveyor                       | 3            | 1                              | Mr. Ram Sahai       | DCE           | 23 Years  | Directly                                 | 0.40                                    |
| 10      | Accounts                       | 20           | 1                              | Mr Sanjay Kumar Jha | B.Com         | 10 Years  | Directly                                 | 0                                       |
| 11      | Store Keeper                   | 40           | 1                              | Mr. Arun Sharma     | Intermediate  | 08 Years  | Directly                                 | 0                                       |
| 12      | Foreman                        | 15           | 1                              | Mr. Dinesh          | Intermediate  | 12 Years  | Directly                                 | 0.20                                    |
| 13      | Supervisor                     | 55           | 2                              | Mr. Rajesh          | BA            | 10 Years  | Directly                                 | 0.20                                    |
|         | <b>Total</b>                   |              |                                |                     |               |   |  | <b>5.00</b>                             |

**Chapter-4 (Annexure-V)**  
**(Refer Para 4.5.6.3)**  
**Non- withholding of GST amount from RA Bills**

| Sl. No. | Agreement No., date and agency   | Name of Work  | Amount of GST Paid (₹) |
|---------|--|---|------------------------|
| 1       | 2  | 3   | 4                      |
| 1.      | 02/EE(C-III)/AB/2018-2019 M/s B.L. Goel & Company  | Construction of 120 Nos. of Type-II Flat at Sec-VII, Pushp Vihar, Saket   | 26533767               |
| 2.      | 02/EE(C-III)/AB/2020-2021 M/s B.L. Goel & Company  | 160 Nos. Type-III Flats at Sector-VI, Pushp Vihar, Saket, New Delhi (Composite Work)  | 1097976                |
| 3.      | 2/EE(BM-PK)/2017-2018 M/s N.S. Associates  | Construction of 188 Type-II Flats (10 storied tower) at Aliganj, New Delhi  | 2007902                |
| 4.      | 08/EE(RIP)/2016-2017 M/s Meterro Waste Handling Pvt. Ltd.  | Collection, Transportation and Dumping of construction and demolition (C&D) waste from NDMC area on PPP Model" awarded to M/s Meterro Waste Handling Pvt. Ltd.  | 35231430               |
| 5.      | 86/EE(BM-III)/2019-2020 M/s Confoss Construction   | Improvement of Vidyut Bhawan : Renovation/ modification of Block-A, B, C Vidyut Bhawan Office Complex at Dr. APJ Kalam Road (Composite Work).   | 13183443               |
| 6.      | 01/EE (BM-I)/AB/2019-20 dt. 27.05.2019 M/s R.K. Jain & Sons HSPL   | Mechanized House Keeping works in various NDMC Buildings (Group-B)<br>SH: Mechanized House Keeping Works in Markets (Palika Bazar, Yashwant Place, Chanakya Bhawan etc. of NDMC area.   | 474848                 |
| 7.      | 03/EE(SP/2016-17 M/s S.S Engineering Corporation (Proprietary firm) and M/s CXL Titon Electronics Pvt. Ltd. and M/s Euro Marketing India (a Proprietorship firm) | Public Private Partnership (PPP) Project to develop additional water resources by installing STPs100KLD to 500 KLD (10 Nos.) in three group infrastructure (Construction of Sewerage Treatment Plant) in NDMC Area and run for 12 years <b>(Group-I)</b>  | 6004477                |
| 8.      | 01/EE(SP/2016-17 M/s Ecosystem resource Management Pvt. Ltd.   | Public Private Partnership (PPP) Project to develop additional water resources by installing STPs100KLD to 500 KLD (10 Nos.) in three group infrastructure (Construction of Sewerage Treatment Plant)in NDMC Area and run for 12 years <b>(Group-II)</b>  | 8694692                |
| 9.      | 02/EE(SP/2016-17 M/s Ecosystem resource Management Pvt. Ltd.   | Public Private Partnership (PPP) Project to develop additional water resources by installing STPs100KLD to 500 KLD (10 Nos.) in three group infrastructure( Construction of Sewerage Treatment Plant)in NDMC Area and run for 12 years <b>(Group-III)</b> | 2860162                |
|         |  | <b>Total</b>  | <b>96088697</b>        |

**Chapter-4 (Annexure-VI)**  
**(Refer para 4.5.6.4)**  
**Less deduction of Income Tax**

| Sl. No. | Agreement No., date and agency   | Name of Work  | Gross work done (₹)                        | Income tax @ 2 percent of gross work done (₹) | Income tax deducted (₹) | Less deduction of Income tax (₹) |
|---------|--|---|--|---|-------------------------|----------------------------------|
| 1       | 2  | 3   | 4  | 5   | 6                       | 7                                |
| 1.      | 02/EE(C-III)/AB/2018-2019<br>M/s B.L. Goel & Company                                     | Construction of 120 Nos. of Type-II Flat at Sec-VII, Pushp Vihar, Saket   | 24,76,48,495 upto 24 <sup>th</sup> RA Bill | 49,52,970                                     | 44,22,295               | 530675                           |
| 2.      | 02/EE(C-III)/AB/2020-2021<br>M/s B.L. Goel & Company                                     | 160 Nos. Type-III Flats at Sector-VI, Pushp Vihar, Saket, New Delhi (Composite Work)  | 1,02,47,778 upto 1 <sup>st</sup> RA Bill   | 2,04,955                                      | 1,82,996                | 21959                            |
| 3.      | 2/EE(BM-PK)/2017-2018<br>M/s N.S. Associates   | Construction of 188 Type-II Flats (10 storied tower) at Aliganj, New Delhi  | 27,71,12,242 upto 25 <sup>th</sup> RA Bill | 55,42,248                                     | 49,48,436               | 593412                           |
| 4.      | 52/EE(BM-PK)/2020-2021<br>M/s Shiv Naresh Sports Pvt. Ltd.                               | Providing laying/ installation of new synthetic hockey surface (Turf) and PoP up sprinkler system at Shivaji Stadium                        | 1,01,13,141 upto 1st RA Bill               | 2,02,263                                      | Rs.1,80,592             | 21671                            |
| 5.      | 86/EE(BM-III)/2019-2020<br>M/s Confoss Construction                                      | Improvement of VidyutBhawan : Renovation/modification of Block-A, B, C Vidyut Bhawan Office Complex at Dr. APJ Kalam Road (Composite Work). | 12,30,45,467 upto 14 <sup>th</sup> RA Bill | 2460909                                       | 2143944                 | 316965                           |
| 6.      | 46/EE(BM-III)/2020-2021 Dated NIL<br>M/s Vijay Tyagi                                     | Improvement to Palika Bazar   | 17,83,779 Upto 1st RA Bill                 | 35676   | 31853                   | 3823                             |
| 7.      | 03/EE(BM-111)/2020-21<br>M/s Swati Associates  | A/R & M/O Building in BM-111 Division during 2019-2020  | 5,86,009 1st & Final Bill                  | 11720   | 10464                   | 1256                             |
| 8.      | 96/EE(BM-III)/2019-20<br>M/s Sabur Alam  | A/R & M/O Building in BM-111 Division during 2019-2020 (AM-16)  | 2,31,052 Upto 1st RA Bill                  | 4620  | 4126                    | 494                              |
| 9.      | 22/EE(BM-III)/2019-20<br>M/s Vijay Tyagi   | Special Repair (S/R) of Roads in NDMC area during 2018-19   | 2,26,72,605 upto 8 <sup>th</sup> RA Bill   | 453452  | 404808                  | 48644                            |
| 10.     | 71/EE(BM-III)/2018-19<br>M/s Shaima Const. Co.   | A/R & M/O Building in BM-III Division during 2018-2019  | 5,25,946 upto 1st & Final Bill             | 10519   | 9392                    | 1127                             |
| 11.     | 31/EE(BM-I)/2020-2021 Dated 10.02.2021<br>M/s Shivnandan Consulting & Supplies Pvt. Ltd. | Improvement/Construction with Additional Toilet Block for student at N. P Co.- ed. Primary School, R.K. Ashram Marg, New Delhi              | 15,36,774 upto 2 <sup>nd</sup> RA Bill     | 30,735  | 26,013                  | 4722                             |



| Sl. No. | Agreement No., date and agency  | Name of Work  | Gross work done (₹)   | Income tax @ 2 percent of gross work done (₹) | Income tax deducted (₹) | Less deduction of Income tax (₹) |
|---------|---|---|---|---|-------------------------|----------------------------------|
| 1       | 2   | 3   | 4   | 5   | 6                       | 7                                |
| 12.     | 25/EE/BM-I/AB/2020-2021 Dt.18.01.2021<br>M/s Swati Associates                     | Improvement to ESS under BM-I Division, Replacement of flush doors shutters rolling shutters, ceramic glazed tiles and other miscellaneous repair works in various ESS under Jaffery Square Service Centre. | 5,92,389 upto 1st RA Bill                                   | 11,848  | 10,578                  | 1270                             |
| 13.     | 49/EE/BM-I/AB/2019-2020 Dt.27.12.2019<br>M/s Verma Global Infratech Pvt. Ltd.     | MLA/LAD's fund scheme : Providing and fixing Poly Fibre Gazebo Rajahunder BM-I Division   | 8,82,517 upto 1st RA Bill                                   | 17,650  | 15,759                  | 1891                             |
| 14.     | 01/EE (BM-I)/AB/2019-20 dt.27.05.2019 M/s R.K. Jain & Sons HSPL                   | Mechanized House Keeping works in various NDMC Buildings (Group-B)<br>SH: Mechanized House Keeping Works in Markets (Palika Bazar, Yashwant Place, Chanakya Bhawan etc. of NDMC area.                       | 5,80,86,941 upto 23 <sup>rd</sup> RA Bill                   | 1,16,17,38                                    | 1,10,64,18              | 55320                            |
| 15.     | 72/EE (BM-I)/AB/2017-18 dt.15.03.2018 M/s Satish Chand and Rajesh Kumar Pvt. Ltd. | Redevelopment of Babu Samaj Sewa Kendra- Panchkuia Road, New Delhi.   | 5,34,,12,913 upto 7 <sup>th</sup> RA Bill                   | 10,68,258                                     | 9,53,102                | 114456                           |
| 16.     | 28/EE(SM) of 2018-19 signed 08.02.2019<br>M/s Deepak Allied Traders & Engineers   | Deposit Work (NBCC)<br>SH:- Shifting of 600mm dia and 900mm dia sewer line in Netaji Nagar, New Delhi.  | 9,84,11,382 upto 11 <sup>th</sup> RA Bill                   | 19,68,228                                     | 17,57,346               | 210882                           |
| 17.     | 01/EE (C-I)2018-2019 dt. 12.06.2018<br>M/s A. K. Mehta & Co.                      | Construction of Skill Development Centre at Moti Bagh, New Delhi  | 7,30,76,984 upto 11 <sup>th</sup> RA Bill                   | 14,61,540                                     | 13,04,946               | 156594                           |
| 18.     | 01/EE (C-I)2018-2019 dt. 12.06.2018<br>M/s A. K. Mehta & Co.                      | Construction of Skill Development Centre at Moti Bagh, New Delhi  | 1,40,22,855 upto 11 <sup>th</sup> RA Bill (Secured Advance) | 2,80,457                                      | NIL                     | 280457                           |
|         | Total   |   |   |   |                         | 2365625                          |

**Chapter-4 (Annexure- VII)**  
**(Refer para 4.5.6.5)**

**Less recovery on account of Labour Cess**

| Sl. No. | Agreement No., date and agency                             | Name of Work   | Gross work done (₹)                              | Amount to be deducted (₹) | Amount deducted (₹) | Less deduction (₹) |
|---------|--|--|--|---------------------------|---------------------|--------------------|
| 1       | 2  | 3  | 4  | 5                         | 6                   | 7                  |
| 1.      | 02/EE(C-III)/AB/2018-2019<br>M/s B.L. Goel & Company       | Construction of 120 Nos. of Type-II Flat at Sec-VII, Pushp Vihar, Saket  | 24,76,48,495<br>(upto 24 <sup>th</sup> RA Bills) | 24,76,485                 | 22,11,148           | 265337             |
| 2.      | 02/EE(C-III)/AB/2020-2021<br>M/s B.L. Goel & Company       | 160 Nos. Type-III Flats at Sector-VI, Pushp Vihar, Saket, New Delhi (Composite Work)   | 1,02,47,778<br>1st RA Bills                      | 1,02,478                  | 91,498              | 10980              |
| 3.      | 2/EE(BM-PK)/2017-2018<br>M/s N.S. Associates               | Construction of 188 Type-II Flats (10 storied tower) at Aliganj, New Delhi   | 27,71,12,442<br>Upto 25 <sup>th</sup> RA Bills   | 27,71,124                 | 24,74,218           | 296906             |
| 4.      | 52/EE(BM-PK)/2020-2021<br>M/s Shiv Naresh Sports Pvt. Ltd. | Providing laying/ installation of new synthetic hockey surface (Turf) and PoP up sprinkler system at Shivaji Stadium   | 1,01,13,141<br>Upto 1st RA Bill                  | 1,01,131                  | 90,296              | 10835              |
| 5.      | 97/EE(BM-PK)/2019-2020<br>M/s Nandini Enterprises          | Improvement to secondary school in NDMC.<br><b>Sub –Head:</b><br>Providing water proofing and new mudhaska on terrace and repair to plaster of ceiling of Hanuman lane school. | 8,46,119<br>upto 1st & Final Bill                | 8,461                     | 7538                | 923                |
| 6.      | 86/EE(BM-III)/2019-2020<br>M/s Confoss Construction        | Less deduction of Labour Welfare Cess due to wrong basis for calculation ₹ 158464/-  | 12,30,45,467<br>upto 14 <sup>th</sup> RA Bill    | 1230455                   | 1071991             | 158464             |
| 7.      | 46/EE(BM-III)/2020-2021 Dated NIL<br>M/s Vijay Tyagi       | Improvement to Palika Bazar  | 17,83,779<br>upto 1st RA Bill                    | 17838                     | 15927               | 1911               |
| 8.      | 03/EE/BM-111/2020-21<br>M/s Swati Associates               | A/R & M/O Building in BM-111 Division during 2019-2020   | 5,86,009<br>1st & Final Bill                     | 5860                      | 5232                | 628                |
| 9.      | 96/EE(BM-III)/2019-20<br>M/s Sabur Alam                    | A/R & M/O Building in BM-111 Division during 2019-2020 (AM-16)   | 2,31,052<br>Upto 1st RA Bill                     | 2310                      | 2063                | 247                |
| 10.     | 22/EE(BM-III)/2019-20<br>M/s Vijay Tyagi                   | Special Repair (S/R) of Roads in NDMC area during 2018-19  | 2,26,72,605<br>upto 8 <sup>th</sup> RA Bill      | 226726                    | 202434              | 23992              |
| 11.     | 71/EE(BM-III)/2018-19<br>M/s Shaima Const. Co.             | A/R & M/O Building in BM-III Division during 2018-2019   | 5,25,946<br>upto 1st & Final Bill                | 5259                      | 4696                | 563                |

| Sl. No. | Agreement No., date and agency  | Name of Work  | Gross work done (₹)                       | Amount to be deducted (₹) | Amount deducted (₹) | Less deduction (₹) |
|---------|---|---|---|---------------------------|---------------------|--------------------|
| 1       | 2   | 3   | 4   | 5                         | 6                   | 7                  |
| 12.     | 02/EE/SP/2018-19 dt. 12.03.2019<br>M/s Gypsum Structural India Pvt. Ltd.                | Rehabilitation of old Sewar SH:- Desilting and rehabilitation of 84 inch dia brick barrel Sewar Line from K.G. Marg to C-Hexagaon and Shahjahan Road to on the basis of July 2015, Market rate Q-Point.     | 23,45,34,295 upto 5 <sup>th</sup> bill    | 23,45,343                 | 20,93,966           | 251377             |
| 13.     | 31/EE/BM-I/2020-2021 Dated 10.02.2021<br>M/s Shivnandan Consulting & supplies Pvt. Ltd. | Improvement/Construction with Additional Toilet Block for student at N. P Co.- ed. Primary School, R.K. Ashram Marg, New Delhi  | 15,36,774 Upto 2 <sup>nd</sup> RA Bill    | 24,76,485                 | 22,11,148           | 265337             |
| 14.     | 25/EE/BM-I/AB/2020-2021 Dated 18.01.2021<br>M/s Swati Associates                        | Improvement to ESS under BM-I Division, Replacement of flush doors shutters rolling shutters, ceramic glazed tiles and other miscellaneous repair works in various ESS under Jaffery Square Service Centre. | 5,92,389 (Upto 1st RA Bill)               | 5,924                     | 5,289               | 635                |
| 15.     | 49/EE/BM-I/AB/2019-2020 Dated 27.12.2019<br>M/s Verma Global Infratech Pvt. Ltd.        | MLA/LAD's fund scheme : Providing and fixing Poly Fibre Gazebo Rajahunder BM-I Division   | 8,82,517 upto 1st and Final Bill          | 8,825                     | 7,880               | 945                |
| 16.     | 01/EE (BM-I)/AB/2019-20 dt. 27.05.2019<br>M/s R.K. Jain & Sons HSPL                     | Mechanized House Keeping works in various NDMC Buildings (Group-B)<br>SH:- Mechanized House Keeping Works in Markets (Palika Bazar, Yashwant Place, Chanakya Bhawan etc. of NDMC area.                      | 5,80,86,941 upto 23 <sup>rd</sup> RA Bill | 5,80,869                  | 5,53,209            | 27660              |
| 17.     | 72/EE (BM-I)/AB/2017-18 dt. 15.03.2018<br>M/s Satish Chand and Rajesh Kumar Pvt. Ltd.   | Redevelopment of Babu Samaj Sewa Kendra- Panchkuia Road, New Delhi.   | 5,34,12,913 upto 7 <sup>th</sup> RA Bill  | 5,34,129                  | 4,76,901            | 57228              |
| 18.     | 28/EE(SM) of 2018-19 signed 08.02.2019<br>M/s Deepak Allied Traders & Engineers         | Deposit Work (NBCC)<br>SH:- Shifting of 600mm dia and 900mm dia sewer line in Netaji Nagar, New Delhi.  | 9,84,11,382 1 <sup>th</sup> RA Bill       | 9,84,114                  | 8,78,673            | 105441             |
| 19.     | 01/EE (C-I)2018-2019 dt. 12.06.2018<br>M/s A. K. Mehta & Co.                            | Construction of Skill Development Centre at Moti Bagh, New Delhi  | 7,30,76,984 upto 11 <sup>th</sup> RA Bill | 7,30,770                  | 6,52,473            | 78297              |
|         | Total   |   |   |                           |                     | <b>1557706</b>     |

**Chapter-4 (Annexure-VIII)**  
**(Refer para 4.5.7.1)**

**Payment without obtaining labour license from the contractor**

| Sl. No.  | Agreement No., date and agency  | Name of Work  | RA Bill/Final Bill                | Amount Paid (₹)  |
|----------|---|---|-----------------------------------|------------------|
| <b>1</b> | <b>2</b>  | <b>3</b>  | <b>4</b>                          | <b>5</b>         |
| 1.       | 02/EE(C-III)/AB/2018-2019 M/s B.L. Goel & Company                                     | Construction of 120 Nos. of Type-II Flat at Sec-VII, Pushp Vihar, Saket   | upto 7 <sup>th</sup> RA           | 95520384         |
| 2.       | 02/EE(C-III)/AB/2020-2021 M/s B.L. Goel & Company                                     | 160 Nos. Type-III Flats at Sector-VI, Pushp Vihar, Saket, New Delhi (Composite Work)  | 1st RA                            | 10247778         |
| 3.       | 52/EE(BM-PK)/2020-2021 M/s Shiv Naresh Sports Pvt. Ltd.                               | Providing laying/ installation of new synthetic hockey surface (Turf) and PoP up sprinkler system at Shivaji Stadium  | upto 1 <sup>st</sup> RA           | 10113141         |
| 4.       | 03/EE/BM-111/2020-21 M/s Swati Associates   | A/R & M/O Building in BM-111 Division during 2019-2020  | 1st & Final Bill                  | 5 86009          |
| 5.       | 01/EE/BM-111/2015-2016 Dated 05.04.2016 M/s Shivaji Construction Co.                  | Repair and Maintenance of Building in BM-III Division during 2015-2016 (Special Repair)   | upto 2 <sup>nd</sup> & Final Bill | 3077316          |
| 6.       | 46/EE/BM-III/2020-2021 Dated NIL M/s Vijay Tyagi                                      | Improvement to Palika Bazar   | upto 1st RA Bill                  | 1783779          |
| 7.       | 22/EE(BM-III)/2019-20 M/s Vijay Tyagi   | Special Repair (S/R) of Roads in NDMC area during 2018-19   | Upto 8 <sup>th</sup> RA Bill      | 22672605         |
| 8.       | 71/EE(BM-III)/2018-19 M/s Shaima Construction Co.                                     | A/R & M/O Building in BM-III Division during 2018-2019  | upto 1st & Final Bill             | 525946           |
| 9.       | 53/EE(BM-III)/2016-2017 M/s J.R. Project and Construction Company                     | Improvement of Palika Parking<br>Sub Head: Construction of fountain around the Charakha Museum at the terrace of Palika Parking   | upto Final Bill                   | 1198125          |
| 10.      | 31/EE/BM-I/2020-2021 Dated 10.02.2021 M/s Shivanandan Consulting & supplies Pvt. Ltd. | Improvement/Construction with Additional Toilet Block for student at N. P Co.- ed. Primary School, R.K. Ashram Marg, New Delhi  | Upto 2 <sup>nd</sup> RA Bill      | 1536774          |
| 11.      | 25/EE/BM-I/AB/2020-2021 Dated 18.01.2021 M/s Swati Associates                         | Improvement to ESS under BM-I Division, Replacement of flush doors shutters rolling shutters, ceramic glazed tiles and other miscellaneous repair works in various ESS under Jaffery Square Service Centre. | Upto 1st RA                       | 592389           |
| 12.      | 49/EE/BM-I/AB/2019-2020 Dated 27.12.2019 M/s Verma Global Imfratech Pvt. Ltd.         | MLA/LAD's fund scheme : Providing and fixing Poly Fibre Gazebo Rajahunder BM-I Division   | upto 1st RA Bill                  | 882517           |
| 13.      | 72/EE (BM-I)/AB/2017-18 dt. 15.03.2018 M/s Satish Chand and Rajesh Kumar Pvt. Ltd.    | Redevelopment of Babu Samaj Sewa Kendra– Panchkuia Road, New Delhi.   | upto 7 <sup>th</sup> RA           | 53412913         |
| 14.      | 15/EE(SM) of 2017-18 signed on 10.07.2017 M/s Jain Const.                             | Augmentation of Sewerage in various colonies in NDMC Area New Delhi.<br>Sub Head : Re-Construction of damage manhole and sewerage line at Andha Mahavidyalya, Panchkuia Road. New Delhi.                    | upto Final Bill                   | 1129648          |
| 15.      | 01/EE (C-I)2018-2019 dt. 12.06.2018 M/s A. K. Mehta & Co.                             | Construction of Skill Development Centre at Moti Bagh, New Delhi  | upto 2 <sup>nd</sup> RA Bill      | 23948238         |
|          |   | <b>Total</b>  |                                   | <b>110760250</b> |

**Chapter-4 (Annexure-IX)  
(Refer Para 4.5.7.2)**

**Non-withholding of amount for non-achieving of work milestones**

| Sl. No. | Agreement No., date and agency                       | Name of Work   | Tendered Value/Cost (₹) | Stipulated Dates of start and completion with total period | Description of milestone Physical and value (₹ in crore)     | Time allowed and Stipulated date of completion (As per milestone) | Time allowed and Stipulated date of completion (As per milestone) | Mile stone achieved/not achieved                             | Amount not withheld @ 1% of tender value (₹) |
|---------|--|--|-------------------------|--|--|---|---|--|--|
| 1       | 2  | 3  | 4                       | 5  | 6  | 7   | 8   | 9  | 10   |
| 1.      | 02/EE(C-III)/AB/2018-2019<br>M/s B.L. Goel & Company | Construction of 120 Nos. of Type-II Flat at Sec-VII, Pushp Vihar, Saket  | 41,45,7,482             | 19.09.2018<br>18.09.2020<br>24 months                      | 1/8th (12.5%)<br>3/8th (37.5%)<br>3/4th (75%)<br>Full (100%) | 1/4 (25%)<br>1/2 (50%)<br>3/4 (75%)<br>Full (100%)                | (18.03.2019)<br>(18.09.2019)<br>(18.03.2020)<br>(18.09.2020)      | Not achieved<br>Not achieved<br>Not achieved<br>Not achieved | 16580299                                     |
| 2.      | 02/EE(C-III)/AB/2020-2021<br>M/s B.L. Goel & Company | 160 Nos. Type-III Flats at Sector-VI, Pushp Vihar, Saket, New Delhi (Composite Work)   | 68,49,11,150            | 02.03.2021<br>01.03.2023<br>24 months                      | 1/8th (12.5%)<br>3/8th (37.5%)<br>3/4th (75%)<br>Full (100%) | 1/4 (25%)<br>1/2 (50%)<br>3/4 (75%)<br>Full (100%)                | (02.09.2021)<br>(02.03.2022)<br>(02.09.2022)<br>(02.03.2023)      | Not achieved<br>NA<br>NA<br>NA                               | 6849111                                      |
| 3.      | 2/EE(BM-PK)/2017-2018<br>M/s N.S. Associates         | Construction of 188 Type-II Flats (10 storied tower) at Aliganj, New Delhi   | 40,32,67,137            | 08.4.2017<br>07.1.2019<br>21 month                         | 1/8th (12.5%)<br>3/8th (37.5%)<br>3/4th (75%)<br>Full (100%) | 1/4 (25%)<br>1/2 (50%)<br>3/4 (75%)<br>Full (100%)                | (15.09.2017)<br>(22.02.2018)<br>(29.07.2018)<br>(07.01.2019)      | Not achieved<br>Not achieved<br>Not achieved<br>Not achieved | 16130685                                     |
| 4.      | 86/EE(BM-III)/2019-2020                              | Improvement of Vidyut Bhawan : Renovation/modification of Block-A, B, C Vidyut Bhawan Office Complex at Dr. APJ Kalam Road (Composite Work).           | 19,84,50,373            | 13.01.2020<br>12.07.2020<br>6 months                       | 1/8th (12.5%)<br>3/8th (37.5%)<br>3/4th (75%)<br>Full (100%) | 1/4 (25%)<br>1/2 (50%)<br>3/4 (75%)<br>Full (100%)                | 28.02.2020<br>12.04.2020<br>28.05.2020<br>12.07.2020              | Not achieved<br>Not achieved<br>Not achieved<br>Not achieved | 7938014                                      |
| 5.      | 46/EE(BM-III)/2020-2021<br>Dated NIL                 | Improvement to Palika Bazar  | 7153597                 | 05.11.2020<br>04.11.2021<br>12 months                      | 1/8th (12.5%)<br>3/8th (37.5%)<br>3/4th (75%)<br>Full (100%) | 1/4 (25%)<br>1/2 (50%)<br>3/4 (75%)<br>Full (100%)                | 04.02.2021<br>04.05.2021<br>04.08.2021<br>04.11.2021              | Not achieved<br>Not achieved<br>Not achieved<br>Not achieved | 286143                                       |
| 6.      | 96/EE(BM-III)/2019-20<br>M/s Sabur Alam              | A/R & M/O Building in BM-III Division during 2019-2020 Sub Head: Dis-tempering & Painting etc. in Aaditya Sadan Housing Complex, Ashoka Road New Delhi | 4,81,665                | 28.08.2019<br>27.02.2020<br>6 months                       | 1/8th (12.5%)<br>3/8th (37.5%)<br>3/4th (75%)<br>Full (100%) | 1/4 (25%)<br>1/2 (50%)<br>3/4 (75%)<br>Full (100%)                | 12.10.2019<br>27.11.2019<br>12.01.2020<br>27.02.2020              | Not achieved<br>Not achieved<br>Not achieved<br>Not achieved | 19266  |

| Sl. No.      | Agreement No., date and agency  | Name of Work  | Tendered Value/Cost (₹) | Stipulated Dates of start and completion with total period | Description of milestone Physical and value (₹ in crore)     | Time allowed and Stipulated date of completion (As per milestone) | Time allowed and Stipulated date of completion (As per milestone) | Mile stone achieved/ not achieved   | Amount not withheld @ 1% of tender value (₹) |
|--------------|---|---|-------------------------|--|--|---|---|---|--|
| 1            | 2   | 3   | 4                       | 5  | 6  | 7   | 8   | 9   | 10   |
| 7.           | 72/EE (BM1)/AB/2017-18 dt. 15.03.2018 M/s Satish Chand and Rajesh Kumar Pvt. Ltd. | Redevelopment of Bapu Samaj Sewa Kendra- Panchkuia Road, New Delhi. | 24,54,00,633            | 22.02.2018<br>21.08.2019<br>18 months                      | 1/8th (12.5%)<br>3/8th (37.5%)<br>3/4th (75%)<br>Full (100%) | 1/4 (25%)<br>1/2 (50%)<br>3/4 (75%)<br>Full (100%)                | 06.07.2018<br>21.11.2018<br>07.04.2019<br>21.08.2019              | Not achieved<br>Not achieved<br>Not achieved<br>Not achieved<br>(9816025-2454006) | 7362019                                      |
| 8.           | 01/EE (C-1)2018-2019 dt. 12.06.2018 M/s A. K. Mehta & Co.                         | Construction of Skill Development Centre at Moti Bagh, New Delhi    | 16,00,79,357            | 07.06.2018<br>06.09.2019<br>15 month                       | 1/8th (12.5%)<br>3/8th (37.5%)<br>3/4th (75%)<br>Full (100%) | 1/4 (25%)<br>1/2 (50%)<br>3/4 (75%)<br>Full (100%)                | (30.09.2018)<br>(22.01.2019)<br>(17.05.2019)<br>(06.09.2019)      | Not achieved<br>Not achieved<br>Not achieved<br>Not achieved                      | 6403174                                      |
| <b>Total</b> |   |   |                         |  |  |   |   |   | <b>61568711</b>                              |

**Chapter-4 (Annexure-X)**  
**(Refer Para 4.5.7.3)**

**Non- recovery on account of non deployment of Technical and Administrative staff**

| Sl. No. | Agreement No., date and agency                       | Name of Work   | Rate of Recovery as per schedule "F" per month (₹) | Technical staff not deployed by contractor during the period | Total period (Months) | Recovery on account of non deployment/ delayed submission of details (₹) (Col. 5 × Col. 7) |
|---------|--|--|--|--|-----------------------|--|
| 1       | 2  | 3  | 4  | 5  | 6                     | 7  |
| 1.      | 02/EE(C-III)/AB/2018-2019<br>M/s B.L. Goel & Company | Construction of 120 Nos. of Type-II Flat at Sec-VII, Pushp Vihar, Saket  | 275000   | 05.10.2018 to 31.01.2022                                     | 39                    | 10725000   |
| 2.      | 02/EE(C-III)/AB/2020-2021<br>M/s B.L. Goel & Company | 160 Nos. Type-III Flats at Sector-VI, Pushp Vihar, Saket, New Delhi (Composite Work)   | 275000   | 03.02.2021 to 29.10.2021                                     | 8                     | 2200000  |
| 3.      | 27/EE(BM-PK)/2017-2018<br>M/s Varun Narula           | Development of Jor Bagh Market   | 15000  | Non deployment till date of completion                       | Lump sum              | 15000  |
| 4.      | 86/EE(BM-III)/2019-2020<br>M/s Confoss Construction  | Improvement of Vidyut Bhawan : Renovation/modification of Block-A, B, C Vidyut Bhawan Office Complex at Dr. APJ Kalam Road (Composite Work).   | 180000   | 13.01.2020 to 31.12.2021                                     | 24                    | 4320000  |
| 5.      | 03/EE(BM-III)/2019-2020<br>M/s Swati Associates      | A/R & M/O Building in BM-III Division during 2019-2020 SH: Distemping & Painting work in various flats at Golf link Sadan Housing Complex.   | 15000  | 19.05.2020 to 31.08.2020                                     | 3.5                   | 51000  |
| 6.      | 01/EE/BM-111/2015-2016 Dated 05.04.2016              | Repair and Maintenance of Building in BM-III Division during 2015 -2016 (Special Repair)<br>SH:- Replacement of damaged red stone slab of footpath. Providing and Fixing Concertina and dustbin at Talkatora Garden. | 15000  | 10.03.2016 to 18.07.2016                                     | 4                     | 60000  |

| Sl. No.      | Agreement No., date and agency   | Name of Work  | Rate of Recovery as per schedule "F" per month (₹) | Technical staff not deployed by contractor during the period | Total period (Months) | Recovery on account of non deployment/ delayed submission of details (₹) (Col. 5 × Col. 7) |
|--------------|--|---|--|--|-----------------------|--|
| 1            | 2  | 3   | 4  | 5  | 6                     | 7  |
| 7.           | 4 6 / E E / B M - III/2020-2021 Dated NIL M/s Vijay Tyagi                        | Improvement to Palika Bazar SH:- Upgradation of Palika Bazar Shopping Complex.  | 15000  | 06.11.2020 to 14.02.2022                                     | 15                    | 225000   |
| 8.           | 2 2 / E E / B M - III/2019-2020 M/s Vijay Tyagi                                  | Special Repair (S/R) of Roads in NDMC area during 2018-19 Sub Head: Fabrication and fixing MS Railing at various locations in NDMC area.  | 30000  | 09.08.2019 to 20.04.2021                                     | 20.33                 | 610000   |
| 9.           | 5 3 / E E ( B M - III)/2016-2017 M/s J.R. Project and Construction Company       | Improvement of Palika Parking Sub Head: Construction of fountain around the Charkha Museum at the terrace of Palika Parking   | 15000  | 23.08.2016 to 23.01.2017                                     | 5                     | 75000  |
| 10.          | 2 5 / E E / B M - I / A B / 2 0 2 0 - 2021 Dated 18.01.2021 M/s Swati Associates | Improvement to ESS under BM-I Division, Replacement of flush doors shutters rolling shutters, ceramic glazed tiles and other miscellaneous repair works in various ESS under Jaffery Square Service Centre. | 30000  | 09.12.2020 to 08.09.2021                                     | 9                     | 270000   |
| 11.          | 2 1 / E E / B M - I / A B / 2 0 1 6 - 2017 dated 03.06.2016 M/s R.K. Jain & Sons | Other Charges (Sanitation Work/Maintenance work of Mohan Singh Place.   | 30000  | 15.06.2016 to 14.06.2019                                     | 36                    | 1080000  |
| 12.          | 15/EE(SM) 12.of 2017-18 signed on 10.07.2017 M/s Jain Const.                     | Augmentation of Sewerage in various colonies in NDMC Area New Delhi. Sub Head : Re-Construction of damage manhole and sewerage line at Andha Mahavidyalya, Panchkuia Road. New Delhi.                       | 15000  | 06.07.2017 to 19.12.2017                                     | 5.5                   | 82500  |
| <b>Total</b> |  |   |  |  |                       | <b>19713500</b>  |



**Chapter-4 (Annexure-XI)**  
**(Refer Para 4.5.7.9)**

**Items Executed which are not covered under nature and scope of work**

| S.No. | Particulars  | Bill of Quantity | Part rate         | Rate              | Amount (₹) |
|-------|--|------------------|-------------------|-------------------|------------|
| E-6   | Providing and Fixing Machine cut/egg shell polished, granite stone wall lining.  | 96.39            | 4500.00/Sq.mtr.   | 6363.72/Sq.mtr.   | 433755.00  |
| E-7   | Providing and laying vitrified tiles   | 46.41            | 2500.00/Sq.mtr.   | 3397.94/Sq.mtr.   | 116025.00  |
| E-8   | Providing and fixing pre-coated galvanized iron profile sheets   | 66.32            | 350.00/Sq.mtr.    | 401.19/Sq.mtr.    | 23212.00   |
| E-9   | Providing and fixing pre-coated galvanized iron profile sheets roofing accessories   | 13.00            | 500.00/mtr.       | 607.21/mtr.       | 6500.00    |
| E-10  | Providing and Fixing concertina coil fencing with punched tape concertina coil 600 mm dia 10 meter open able length heaving 50 nos rounds per 6 meter length upto 3 meter of wall with existing angle iron Y shaped placed 2.4 mm or 3 mm apart and with 9 horizontal R.B.T. rein forced barbed wire | 220.00           | 160.00/mtr.       | 185.87/mtr.       | 35200.00   |
| E-12  | Designs supply and installation and fixing tenstile structure for gazebo with fabric   | 1.00             | 275000.00/each    | 355620.82/each    | 275000.00  |
| E-14  | Dismantling stone slab flooring laid in cement mortar  | 197.19           | 79.71/Sq.mtr.     | 79.71/Sq.mtr.     | 15718.01   |
| E-15  | Extra for fixing marble/granite stone or and above corresponding   | 23.54            | 160.00/mtr.       | 194.07/mtr.       | 3766.40    |
| E-16  | Re-laying of Kota stone slab flooring  | 47.67            | 500.00/Sq.mtr.    | 571.46/Sq.mtr.    | 23835.00   |
| E-19  | Kota stone slab flooring 20 mm   | 65.45            | 675.00/ Sq.mtr.   | 844.14/ Sq.mtr.   | 44178.75   |
| E-20  | Kota stone slab 20 mm thick in riser of steps  | 23.18            | 725.00/ Sq.mtr.   | 902.52/ Sq.mtr.   | 16805.50   |
| E-21  | Providing and fixing 18 mm thick gang saw cut, mirror policed, pre-moulded and pre-policed, machine cut or kitchen platform, vanity counters, window sillis  | 111.33           | 1950.00/ Sq.mtr.  | 2443.24/ Sq.mtr.  | 217093.50  |
| E-26  | Providing and fixing M.S. hinges and pivot to M.S. door shutters as per designs  | 10               | 800.00/each       | 1032.34/each      | 8000.00    |
| E-27  | Providing and laying vitrified floors tiles and different size   | 50.53            | 2400.00/ Sq.mtr.  | 3195.80/ Sq.mtr.  | 121272.00  |
| E-28  | Providing and fixing premium quality wall tiles confirming to IS 15622   | 20.28            | 3100.00/ Sq.mtr.  | 4127.51/ Sq.mtr.  | 62868.00   |
| E-29  | Providing and fixing premium quality wall tiles confirming to IS 15622   | 2.88             | 11700.00/ Sq.mtr. | 15562.62/ Sq.mtr. | 33696.00   |
| E-30  | Providing and fixing Doctor aqua guard Nrich HDRO+UV+MTDS water purifier 15 ltr capacity for domestic purpose  | 1.00             | 20000.00/each     | 24728.34/each     | 20000.00   |
| E-31  | Providing and fixing doors frames section 62x62 mm to 62 mm with factory made door shutters  | 1.00             | 57000.00/each     | 74758.21/each     | 57000.00   |

| S.No. | Particulars  | Bill of Quantity | Part rate         | Rate              | Amount (₹) |
|-------|--|------------------|-------------------|-------------------|------------|
| E-32  | Providing and fixing designer colored class (sand witch type) in UPVC door, window, ventilators shutters and partition etc. complete as per the architectural drawing with tough and glass both 5 mm thickness of saint gobain | 20.00            | 2700.00/Sft.      | 3546.05/Sft.      | 540000.00  |
| E-33  | Providing and fixing designer colored satin class in S. S. frame/wooden frame with toughed glass both 5 mm thickness of saint gobain   | 2.00             | 70000.00/each     | 92930.08/each     | 140000.00  |
| E-34  | Providing and fixing S.S. railing made of halo tube, channels, plates etc. with 8 mm thick toughened glass   | 30.80            | 6000.00/mtr.      | 7865.32/mtr.      | 184800.00  |
| E-35  | Providing and fixing box type decorative cupboard of depth upto 530 mm with 10 mm thick HDMR Board   | 55.27            | 46500.00/ Sq.mtr. | 62451.21/ Sq.mtr. | 2570055.00 |
| E-36  | Providing and placing window sun control glass film  | 3.96             | 1300.00/ Sq.mtr.  | 1744.19/ Sq.mtr.  | 5148.00    |
| E-37  | Providing and fixing 12 mm thick toughened glass of approved make (saint gobain, AIS, MODI or equivalent ) with characteristics of any size with hold at top and bottom by S.S. 304 grid.                                      | 29.73            | 7400.00/ Sq.mtr.  | 9661.21/ Sq.mtr.  | 220002.00  |
| E-38  | Providing and fixing 12 mm thick frame less toughened glass door shutter or approved brand and manufacture   | 9.15             | 2600.00/ Sq.mtr.  | 3359.39/ Sq.mtr.  | 23790.00   |
| E-39  | Providing and installing S.S. table made of 75X25 mm frame, 40 X40 vertical leg, 25X13 mm tie bar , 1.5 thick CNC laser cutting jali UPVC board at top fixed on 25X25 mm brassing tube   | 2.00             | 15000.00/each     | 20963.57/each     | 30000.00   |
| E-40  | Providing and installing S.S. table made of 75X25 mm frame, 40 X40 vertical leg, 25X13 mm tie bar , 1.5 thick CNC laser cutting jali UPVC board at top fixed on 25X25 mm brassing tube   | 2.00             | 26000.00/each     | 34114.18/each     | 52000.00   |
| E-41  | Providing and fixing wooden vertical roller blind of vista or equivalent make of approved pattern heavy facilities of folding, locking arrangement etc. (wooden vista 50 mm shade AL-014)                                      | 33.30            | 7100.00/ Sq.mtr.  | 9448.75/ Sq.mtr.  | 236430.00  |
| E-42  | Providing and fixing wooden frame made of teak wood and decorative teak wood board of 18 mm thickness size of board 1.3 mm X 0.61 m  | 4.00             | 14000.00/each     | 18492.98/each     | 56000.00   |
| E-43  | Providing and installation designer wooden console table made of white ash wood and 18 mm thick ply top finished size of board 1.23 mm X 0.75 m  | 1.00             | 48000.00/each     | 63172.24/each     | 48000.00   |

| S.No. | Particulars  | Bill of Quantity | Part rate         | Rate              | Amount (₹) |
|-------|--|------------------|-------------------|-------------------|------------|
| E-44  | Providing and installation designer wooden chair made of teak wood. Sheet of chair consisting of High quality foam and designer cloth and remaining surface of chair with finished with melamine police rubber block at leg etc. | 2.00             | 10000.00/each     | 13737.18/each     | 20000.00   |
| E-45  | Providing and installation of designer wooden couch made of teak wood. Consisting of High quality foam and designer cloth and remaining surface of chair with finished with melamine police rubber block at leg etc.             | 1.00             | 25000.00/each     | 35087.87/each     | 25000.00   |
| E-46  | Supply, Installation, Testing and Commissioning of drinking water cooler including provision of RO with chiller cooling capacity 80 ltr per hours (make USHA and equivalent) including all necessary fitting                     | 2.00             | 115000.00/each    | 152974.20/each    | 230000.00  |
| E-47  | Providing and fixing jet pump  | 2.00             | 29500.00/each     | 39358.01/each     | 59000.00   |
| E-48  | Providing and fixing electric pump 1 HP  | 4.00             | 11500.00/each     | 15250.50/each     | 460000.00  |
| E-50  | Random rubble machinery with hard stone in foundation and plinth including leveling up   | 3.82             | 2788.85/C.mtr.    | 2890.71/C.mtr.    | 10653.41   |
| E-51  | Providing and fixing designer hand made stain glass painting with (OCEANSIDE COMPATIBLE FUSIBLE GLASS ) including S. S. frame  | 2.00             | 80000.00/each     | 107320.64/each    | 160000.00  |
| E-52  | Supply, Installation, Testing and Commissioning of drinking fountain with two level drinking water fountain one higher level four adults and one is four kinds   | 1.00             | 271693.00/each    | 362257.89/each    | 271693.00  |
| E-53  | Providing and fixing metallic door handle of approved make and quality with necessary fitting in glass doors etc.  | 5.00             | 2081.00/Set       | 2775.12/Set       | 10405.00   |
| E-54  | Removing and fixing aluminum doors, windows and fixed glazing including repair of existing aluminum frames, replacement of rubber bidding  | 14.00            | 13687.00/ Sq.mtr. | 18429.64/ Sq.mtr. | 191618.00  |
| E-55  | Providing and fixing designs S.S. gate with frame 35X35X5 mm with locking arrangement Godrej make  | 3.00             | 35000.00/ Sq.mtr. | 52579.01/ Sq.mtr. | 105000.00  |
| E-56  | Providing and fixing glass per gola made of 14 mm thick glass (8 mm plain + 5 mm thick reflective toughened laminated glass)   | 1.00             | 430000/each       | 563400/each       | 430000.00  |
| E-57  | Providing and placing wooden table teak wood with 75 mm thick top fixed over MS designer frame with PU coating   | 1.00             | 91000.00/each     | 121981/each       | 91000.00   |

| S.No. | Particulars   | Bill of Quantity | Part rate         | Rate              | Amount (₹)          |
|-------|---|------------------|-------------------|-------------------|---------------------|
| E-58  | Providing and fixing wooden chair of teak wood and finished with fabric cover foam with high density  | 4.00             | 21000.00/each     | 30838/each        | 84000.00            |
| E-59  | Providing and fixing 19.52 mm thick laminated toughed glass in existed structure of approved make (AIS/MODI/ FLOAT/ SAINT GOBIN) including all necessary S.S. spider fittings   | 1.00             | 39000.00/each     | 52602.48/each     | 39000.00            |
| E-60  | Providing and fixing horizontal awning projected type (fixed or circular shape of diction or equivalent make of approved imported fabric, fixed aluminum frame and accessories etc. complete including cutting and fixing | 142.38           | 1100.00/Sft.      | 1390.78/Sft.      | 156618.00           |
| E-61  | Providing and fixing box type cup board of depth upto 530 mm with 18 mm thick HDMR board of approved brand inside back side shutters and drawers/shelves etc.   | 16.53            | 30000.00/ Sq.mtr. | 39471.24/ Sq.mtr. | 495900.00           |
| E-62  | Providing and fixing mirror of superior glass (of approved quality) and of required shape and size with teak wood moulded frame approved make and shade including LED mirror touch light with 6mm thick water proof ply   | 4.00             | 15500.00/each     | 21544.87/each     | 62000.00            |
| E-63  | Providing and fixing mirror of superior glass (of approved quality) and of required shape and size with teak wood moulded frame of approved make and shade with 6 mm thick water proof ply                                | 6.70             | 11940.30/each     | 19599.38/each     | 80000.01            |
| E-64  | Providing and fixing Thin Rim table top basin of size 813X510 mm of Axor make including painting of fitting and brackets, cutting and making good the walls wherever required etc. complete                               | 2.00             | 35000.00/each     | 46702.97/each     | 70000.00            |
| E-65  | Providing and fixing CP Brass Pop up, waste for basin of Jaquar make etc. complete  | 2.00             | 1600.00/each      | 2273.50/each      | 3200.00             |
|       | <b>Total</b>  |                  |                   |                   | <b>86,75,237.58</b> |

### Chapter-4 (Annexure-XII) (Refer Para 4.5.8) Procedural Lapses

| Sl. No. | Agreement No. & Agency                                     | Name of work   | Tendered Amount (₹) | Criteria   | Nature of irregularities  |
|---------|--|--|---------------------|--|---|
| 1       | 02/EE(C-III)/AB/2018-2019<br>M/s B.L. Goel & Company       | Construction of 120 Nos. of Type-II Flat at Sec-VII, Pushp Vihar, Saket  | 41,45,07,482        | Section 2.5.1 (d) and (e) of CPWD Works Manual 2014 stipulates that in the 'Design and Scope' column of the estimate, it shall be specifically mentioned that, 'under normal use and maintenance, the building is expected to have an economic life of various types of buildings. | Economic Life of the building has not been mentioned in the design and scope column of the Detailed Estimate as required .  |
| 2       | 02/EE(C-III)/AB/2020-2021<br>M/s B.L. Goel & Company       | 160 Nos. Type-III Flats at Sector-VI, Pushp Vihar, Saket, New Delhi (Composite Work)   | 68,49,11,150        | Do   | Do  |
| 3       | 02/EE(C-III)/AB/2018-2019<br>3M/s B.L. Goel & Company      | Construction of 120 Nos. of Type-II Flat at Sec-VII, Pushp Vihar, Saket  | 41,45,07,482        | Section 7.10.2 (1) of CPWD Works Manual, 2014 stipulates that the Executive Engineer should test check 10% of the measurement recorded by his subordinates at least every alternate bill for works .   | RA bills had been paid without test check of measurement by AE/EE Details of RA bills not test checked by AE&EE 7 <sup>th</sup> , 8 <sup>th</sup> , 9 <sup>th</sup> , 11 <sup>th</sup> , 13 <sup>th</sup> , 14 <sup>th</sup> , 16 <sup>th</sup> , 18 <sup>th</sup> , 21 <sup>st</sup> , 22 <sup>nd</sup> , 24 <sup>th</sup> |
| 4       | 2/EE(BM-PK)/2017-2018<br>M/s N.S. Associates               | Construction of 188 Type-II Flats (10 storied tower) at Aliganj, New Delhi   | 40,32,67,137        | Do   | 4 <sup>th</sup> , 5 <sup>th</sup> and 7 <sup>th</sup> By EE   |
| 5       | 52/EE(BM-PK)/2020-2021<br>M/s Shiv Naresh Sports Pvt. Ltd. | Providing laying/ installation of new synthetic hockey surface (Turf) and PoP up sprinkler system at Shivaji Stadium   | 2,16,00,215         | Do   | 1st RA Bill by EE   |
| 6       | 40/EE(BM-PK)/2017-2018<br>M/s Vicky Enterprises            | Improvement to Palika Kendra Building.<br><b>Sub Head:</b> Providing and fixing double storey glass toughened glass and other misc work at various floor of Palika Kendra. | 14,65,158           | Do   | 1st and Final Bill by EE  |
| 7       | 22/EE(BM-III)/2019-20                                      | Special Repair (S/R) of Roads in NDMC area during 2018-19  | 2,34,73,338         | Do   | 1 <sup>st</sup> , 2 <sup>nd</sup> , 3 <sup>rd</sup> , 4 <sup>th</sup> , 5 <sup>th</sup> by AE   |

| Sl. No. | Agreement No. & Agency   | Name of work  | Tendered Amount (₹) | Criteria   | Nature of irregularities  |
|---------|--|---|---------------------|--|---|
| 1       | 2  | 3   | 4                   | 5  | 6   |
| 8       | 53/EE(BM-III)/2016-2017<br>M/s J.R. Project and Construction Company                       | Improvement of Palika Parking<br>Sub Head: Construction of fountain around the Charkha Museum at the terrace of Palika Parking  | 10,09,783           | Do   | 1 <sup>st</sup> and 2 <sup>nd</sup> by EE   |
| 9       | 02/EE(C-III)/AB/2018-2019<br>M/s B.L. Goel & Company                                       | Construction of 120 Nos. of Type-II Flat at Sec-VII, Pushp Vihar, Saket   | 41,45,07,482        | Section 53.7 (ix) of CPWD Works Manual 2014 stipulates, "It will be incumbent upon the Executive Engineer to keep a watch over regular testing of materials before making payment at the stage of each running bill. For this purpose, a proforma as given in Annexure III, is prescribed. | Proforma of mandatory test report was not found enclosed with running bills as required.  |
| 10      | 46/EE/BM-III/2020-2021 Dated<br>NIL M/s Vijay Tyagi  | Improvement to Palika Bazar<br>Upgradation of Palika Bazar  | 71,53,598           | Do   | Do  |
| 11      | 15/EE(SM) of 2017-18<br>signed on 10.07.2017<br>M/s Jain Const.                            | Augmentation of Sewerage in various colonies in NDMC Area New Delhi.<br>Sub Head: Re-Construction of damage man-hole and sewerage line at Andha Mahavidyalaya, Panchkuia Road, New Delhi. | 9,41,708            | Do   | Do  |
| 12      | 71/EE(BM-III)/2018-19<br>M/s Shaima Const. Co.   | A/R & M/O Building in BM-III Division during 2018-2019<br>Sub Head: Distemping & Painting of Type -V officer flats of Palika Sadan and Palika Nikunj Housing complex at HCM Lane.         | 4,31,227            | Do   | An extra work of <b>Vitrified Tiles</b> 47.65 square meters for ₹ 26,957/- was executed without test for water absorbing capacity.  |
| 13      | 53/EE(BM-III)/2016-2017<br>M/s J.R. Project and Construction Company                       | Improvement of Palika Parking<br>Sub Head: Construction of fountain around the Charkha Museum at the terrace of Palika Parking  | 10,09,783           | Do   | In absence of above Performa it could neither be verified whether the mandatory tests of <b>Insulation test of PVC seethed copper conductor</b> was done or not.  |
| 14      | 31/EE/BM-I/2020-2021<br>Dated 10.02.2021<br>M/s Shivnandan Consulting & supplies Pvt. Ltd. | Improvement/Construction with Additional Toilet Block for student at N. P Co.-ed. Primary School, R.K. Ashram Marg, New Delhi   | 28,00,366           | Section 16.10 of CPWD Works Manual 2014 stipulates that Fire work is a specialized item/job which is covered under Sl. No. 31 of Annexure-II (list of specialized items/jobs for electrical works)   | Detailed Estimate for execution of fire work have been prepared by Assistant Engineer (Civil) instead of Assistant Engineer (Electrical) as the fireworks are covered under electrical items a specialized item/job |

| Sl. No. | Agreement No. & Agency   | Name of work   | Tendered Amount (₹) | Criteria   | Nature of irregularities   |
|---------|--|--|---------------------|--|--|
| 1       | 2  | 3  | 4                   | 5  | 6  |
| 15      | 02/EE(C-III)/AB/2020-2021<br>M/s B. L. Goel & Company                | 160 Nos. Type-III Flats at Sector-VI, Pushp Vihar, Saket, New Delhi (Composite Work)   | 68,49,11,150        | Do   | Do   |
| 16      | 2/EE(BM-PK)/2017-2018<br>M/s N.S. Associates                         | Construction of 188 Type-II Flats (10 storied tower) at Aliganj, New Delhi   | 40,32,67,137        | Clause 38 of General Conditions of Contract stipulates that after completion of the work and also at <b>any intermediate stage</b> in the event of Non reconciliation of materials issued theoretical quantity of materials used in the work shall be calculated | Theoretical consumption statement for cement, steel, G.I. Pipe etc. has not been prepared and enclosed upto the 25 <sup>th</sup> RA bills as required.                               |
| 17      | 2/EE(BM-PK)/2017-2018<br>M/s N.S. Associates                         | Construction of 188 Type-II Flats (10 storied tower) at Aliganj, New Delhi   | 40,32,67,137        | Section 29.4 of CPWD Works Manual 2014 stipulates that EoT can be granted without application. Executive Engineer grants extension of time provisionally even when the contractor does not apply for extension of time in order to keep the contract alive       | Work in progress and provisional extension of time after 31.03.2021 not granted till the date of audit.  |
| 18      | 46/EE/BM-III/2020-2021 Dated<br>NIL                                  | Improvement to Palika Bazar  | 7153598             | Do   | Work in progress but provisional EoT not granted till date of audit.   |
| 19      | 03/EE/BM-111/2020-21<br>M/s Swati Associates                         | A/R & M/O Building in BM-111 Division during 2019-2020<br>SH:- Distempingering & Painting work in various flats at Golf link Sadan Housing Complex.  | 5,79,151            | Do   | Work Completed on 31.08.2020 but EoT not granted till date of audit. An amount of ₹ 10000/- on account of non-sanction of EoT had been with held.                                    |
| 20      | 01/EE/BM-111/2015-2016 Dated<br>05.04.2016<br>M/s Shivaji Const. Co. | Repair and Maintenance of Building in BM-III Division during 2015-2016 (Special Repair) SH:- Replacement of damaged red stone slab of footpath. Providing and Fixing Concertina and dustbin at Talkatora Garden. | 27,58,495           | Do   | Work Completed on 18.07.2016. but EoT not granted till date of audit. An amount of ₹ 82755/- on account of non-sanction of EoT had been with held from 2 <sup>nd</sup> & final bill. |
| 21      | 96/EE(BM-III)/2019-20<br>M/s Sabur Alam                              | A/R & M/O Building in BM-111 Division during 2019-2020<br>Sub Head: Distempingering & Painting etc. in Aaditya Sadan Housing Complex, Ashoka Road New Delhi  | 4,81,665            | Do   | Work in progress but provisional EoT not granted till date of audit.   |

| Sl. No. | Agreement No. & Agency   | Name of work  | Tendered Amount (₹) | Criteria  | Nature of irregularities  |
|---------|--|---|---------------------|---|---|
| 1       | 2  | 3   | 4                   | 5   | 6   |
| 22      | 53/EE(BM-III)/2016-2017<br>M/s J.R. Project and Construction Company | Improvement of Palika Parking<br>Sub Head: Construction of fountain around the Charakha Museum at the terrace of Palika Parking       | 10,09,783           | Do  | Work Completed on 23.01.2017 but EoT not granted till date of audit. An amount of ₹ 60587/- on account of non-sanction of EoT had been with held from RA bills  |
| 23      | 2/EE(BM-PK)/2017-2018<br>M/s N.S. Associates                         | Construction of 188 Type-II Flats (10 storied tower) at Aliganj, New Delhi  | 40,32,67,137        | Clause 1A of General Conditions of Contract (GCC), stipulates that the security deposit as deducted above can be released against bank guarantee issued by a scheduled bank, on its accumulations to a minimum of Rs. 5 lac subject to the condition that amount of such bank guarantee, except last one, shall not be less than Rs. 5 lac. Provided further that the validity of bank guarantee including the one given against the earnest money shall be in conformity with provisions contained in clause 17 which shall be extended from time to time depending upon extension of contract granted under provisions of clause 2 and clause 5 | A Bank Guarantee for ₹50,00,000/- bearing No.1F-BG04811900001 dated 11.10.2019 issued by Corporation Bank was deposited by the contractor against release of Security Deposit of ₹50,00,000/- (deducted from the RA bills) and the BG was valid up to 31.12.2020. The bank Guarantee should be valid up to the date of completion plus minimum 60 days. Further, it was seen that the work was in progress and the BG had not been revalidated as required. |
| 24      | 52/EE(BM-PK)/2020-2021<br>M/s Shiv Naresh Sports Pvt. Ltd.           | Providing laying/ installation of new synthetic hockey surface (Turf) and PoP up sprinkler system at Shivaji Stadium                  | 2,16,00,215         | Section 5.17.2 of CPWD Works Manual 2019 stipulates that before the work is declared as completed in all respect for release of final payment, the work shall be inspected by the T/S Authority. The final completion certificate shall be recorded by both the executed Engineer and T/S Authority (in case both authorities are different)  | Final completion certificate has not been found recorded by TS Authority.   |
| 25      | 03/EE/BM-111/2020-<br>M/s Swati Associates                           | A/R & M/O Building in BM-111 Division during 2019-2020 Distemping & Painting work in various flats at Golf link Sadan Housing Complex | 5,79,151            | Do  | Do  |



| Sl. No. | Agreement No. & Agency   | Name of work   | Tendered Amount (₹) | Criteria  | Nature of irregularities   |
|---------|--|--|---------------------|---|--|
| 1       | 2  | 3  | 4                   | 5   | 6  |
| 26      | 52/EE(BM-PK)/2020-2021<br>M/s Shiv Naresh Sports Pvt. Ltd.           | Providing laying/ installation of new synthetic hockey surface (Turf) and PoP up sprinkler system at Shivaji Stadium   | 2,16,00,215         | Sl. No. 3.1 at Page 133 of Additional Conditions in approved NIT, stipulates that the contractor shall provide written warranty to the effect that Synthetic Hockey Surface fully comply with all the requirement of FIH both in terms of quality of material and its laying, Joining and fixing for a period of seven (7) years.   | Performance guarantee had not been obtained from the contractor as required.   |
| 27      | 53/EE(BM-III)/2016-2017<br>M/s J.R. Project and Construction Company | Improvement of Palika Parking<br>Sub Head: Construction of fountain around the Charakha Museum at the terrace of Palika Parking  | 10,09,783           | Do  | Class II, III and IV contractors registered with NDMC (Sl. Nos. 1 to 5 of CST) had been considered as exempted from uploading the experience of similar works and declared as technically qualified (without uploading the experience of similar works). |
| 28.     | 02/EE(SP)/2018-2019<br>M/s Gypsum Structural India Pvt. Ltd.         | Rehabilitation of Sewar<br>SH:- De-silting and rehabilitation of 84 inch dia brick barrel Sewar Line from K.G. Marg to C-Hexagon and Shahjahan Road to on the basis of July 2015, Market rate Q-Point. | 22,98,08,000        | Section 20.2.3 of CPWD Works Manual 2014 stipulates that Finance Officer to the Chief Engineer shall be responsible to coordinate the processing of tender in his branch as well as with SE (P) so as to keep a clause watch on validity of tender so that tenders are decided in time and suitable action is taken before expiry of its validity.<br>Section 20.3.2 (4) of CPWD Works Manual 2014 stipulates that in case of tender where the validity period has already expired, decision to accept the same should be taken only after the validity period is extended by the tenderer. | Bid was valid upto 23.12.2018 and Letter of acceptance was issued on 09.01.2019 without extension of bid validity as required.   |

| Sl. No. | Agreement No. & Agency  | Name of work  | Tendered Amount (₹) | Criteria  | Nature of irregularities   |
|---------|---|---|---------------------|---|--|
| 1       | 2   | 3   | 4                   | 5   | 6  |
| 29.     | 01/EE (BM-I)/AB/2019-20 dt. 27.05.2019<br>M/s R.K. Jain & Sons<br>HSPL                | Name of Work Mechanized House Keeping works in various NDMC Buildings (Group-B) SH:Mechanized House Keeping Works in Markets (Palika Bazar, Yashwant Place, Chanakya Bhawan etc. of NDMC area.      | 6, 96 ,24,000       | Do  | Bid was valid upto 28.02.2019 (Extended) and Letter of acceptance was issued on 06.03.2019 without extension of bid validity as required.  |
| 30      | 72/EE (BM-I)/AB/2017-18 dt. 15.03.2018<br>M/s Satish Chand and Rajesh Kumar Pvt. Ltd. | Redevelopment of Bapu Samaj Sewa Kendra- Panchkuia Road, New Delhi.   | 24,66,00,633        | Do  | Bid was valid upto 28.01.2018 and Letter of acceptance was issued on 07.02.2018 without extension of bid validity as required.   |
| 31.     | 52/EE(BM-PK)/2020-2021<br>M/s Shiv Naresh Sports Pvt. Ltd.                            | Providing laying/ installation of new synthetic hockey surface (Turf) and PoP up sprinkler system at Shivaji Stadium  | 2, 16,00,215        | Do  | Bid was valid upto 30.10.2020 and Letter of acceptance was issued on 30.11.2020 without extension of bid validity as required.   |
| 32.     | 02/EE/SP/2018-19 dt. 12.03.2019<br>M/s Gypsum Structural India Pvt. Ltd.              | Rehabilitation of Sewar SH:- De-silting and rehabilitation of 84 inch dia brick barrel Sewar Line from K.G. Marg to C-Hexagon and Shahjahan Road to on the basis of July 2015, Market rate Q-Point. | 22,98,08,000        | Sr. No. 18 of Section 20 A of CPWD Works Manual 2014 stipulates that the bids for the work shall remain open for acceptance 90 days from the date of opening of technical bid in case bids are invited on 2 bid/envelop system. | Tenders were called in two bid system and NIT approving authority had allowed the bids to remain open for acceptance for a period of 180 days from the date of opening bids instead of 90 days |
| 33.     | 72/EE (BM-I)/AB/2017-18 dt. 15.03.2018<br>M/s Satish Chand and Rajesh Kumar Pvt. Ltd. | Redevelopment of Bapu Samaj Sewa Kendra- Panchkuia Road, New Delhi.   | 24,66,00,633        | Do  | Tenders were called in two bid system and NIT approving authority had allowed the bids to remain open for acceptance for a period of 120 days from the date of opening bids instead of 90 days |
| 34      | 36/EE(SM) of 2016-17 signed 07.12.2016<br>M/s Metro Waste Handling Pvt. Ltd.          | Hiring Operating and Maintenance of 2 Nos. Jetting cum Suction Cleaning Machines with Water Re-cycling Technology (For Seven Years)   | 24,24,94,560        | Do  | Tenders were called in two bid system and NIT approving authority had allowed the bids to remain open for acceptance for a period of 180 days from the date of opening bids instead of 90 days |

| Sl. No. | Agreement No. & Agency   | Name of work   | Tendered Amount (₹) | Criteria   | Nature of irregularities   |
|---------|--|--|---------------------|--|--|
| 1       | 2  | 3  | 4                   | 5  | 6  |
| 35.     | Do   | Do   | Do                  | Section 32.5 of CPWD Works Manual 2014, Grant of mobilization advance to the contractors for executing <b>capital intensive</b> works in respect of certain specialized and capital-intensive works with estimate cost put to tender ₹ <b>2.00 crores and above</b> , provision of mobilization advance may be kept in the tender documents.   | An amount of ₹ 1,96,549/- (0.10% of A/A & E/S amount of ₹ 19,65,49,500/-) as mobilization advance has been included in the Detailed Estimate prepared for appointment of consultant. The mobilization advances was not to be provisioned in detailed estimate work being non-capital intensive. Secondly, estimated cost put to tender (for appointment of consultant) was ₹ 28,09,675/-which is less than ₹ 2.00 crore, the provision of mobilization advance is irregular. |
| 36.     | Do   | Do   | Do                  | Section 21.1 of CPWD Works Manual stipulates that the successful tenderer, hereafter referred to as the contractor shall deposit an amount equal to 5% of tendered amount and accepted value of work.  | Consultant was asked to deposit @2% (instead of 5%) of 26,00,000/- (work awarded amount) i.e. ₹ 52,000/- as Performance Security which shows that undue benefit had been allowed to the agency, which is irregular and in violation of codal provisions.   |
| 37      | No.01/EE (C-1)/2018-2019 dt. 12.06.2018<br>M/s A. K. Mehta & Co. | Construction of Skill Development Centre at Moti Bagh, New Delhi | 16,00,79,357        | Section 15.1 (3) of CPWD works Manual, 2014, stipulates that tender documents of work comprising of "A set of drawings referred to in the schedule of quantities of work" should be prepared and approved by an authority who is empowered to approve the Notice Inviting Tenders (NIT) before it is issued. Schedule "F" of the contract agreement also shows that the portion of architectural design were available | Architect drawing and the working structural drawing was issued on 31.08.2018 and 08.10.2018 respectively which shows that there is a contradiction between the contents of NIT issued on 09.01.2018 and the ground reality. The approval of NIT, without availability of a set of drawings and mentioning in schedule F, that the drawings were available, was irregular.   |

| Sl. No. | Agreement No. & Agency   | Name of work  | Tendered Amount (₹) | Criteria  | Nature of irregularities   |
|---------|--|---|---------------------|---|--|
| 1       | 2  | 3   | 4                   | 5   | 6  |
| 38      | 01/EE/BM-111/2015-2016 Dated 05.04.2016<br>M/s Shivaji Const. Co.                        | Repair and Maintenance of Building in BM-III Division during 2015-2016 (Special Repair)<br>SH:- Replacement of damaged red stone slab of footpath. Providing and Fixing Concertina and dustbin at Talkatora Garden. | 27,58,495           | -   | NIT put up for approval on 09.06.2015 but it was approved on 12.10.2015 after 4 months 3 days<br>The delay in approval of Draft NIT has resulted in delay in execution of work.  |
| 39      | 46/EE/BM-III/2020-2021 Dated<br>NIL<br>M/s Vijay Tyagi                                   | Improvement to Palika Bazar<br>SH:- Upgradation of Palika Bazar Shopping Complex.   | 71,53,598           | -   | NIT put up for approval on 03.01.2020 but it was approved on 27.05.2020<br>Time Taken 4 months 24 days. The delay in approval of Draft NIT has resulted in delay in execution of work  |
| 40      | 31/EE/BM-1/2020-2021 Dated 10.02.2021<br>M/s Shivanandan Consulting & supplies Pvt. Ltd. | Improvement/Construction with Additional Toilet Block for student at N. P Co.-ed. Primary School, R.K. Ashram Marg, New Delhi   | 49,00,888           | In terms of Section 5.2 of CPWD works Manual, 2019 and Schedule "F" of NIT, the PG was required to be deposited within 7 days of issue of the letter of intent and maximum another 7 days with interest chargeable on per day basis. In terms of Section 5.1.7 of CPWD works Manual, 2019, If contractor fails to furnish the prescribed performance guarantee within the prescribed period, the earnest money is absolutely forfeited to the President automatically without any notice. | The contractor had deposited PG after elapse of 17 days from issue of letter of Acceptance which shows the contractor had failed to deposit PG in due time and EMD amounting to ₹98,018/- was not forfeited which resulted in loss of revenue and irregular award of work. |
| 41      | 03/EE/BM-111/2020-21<br>M/s Swati Associates   | A/R & M/O Building in BM-111 Division during 2019-2020<br>SH:- Distemping & Painting work in various flats at Golf link Sadan Housing Complex.  | 19,88,844           | -do-  | The contractor had deposited PG after elapse of 60 days from issue of letter of Acceptance which shows the contractor had failed to deposit PG in due time and EMD amounting to ₹39,777/- was not forfeited which resulted in loss of revenue and irregular award of work. |

**Chapter-5 (Annexure-I)**  
**(Refer Para 5.2)**  
**List of 54 Contracts**

| Sl. No. | Name of Work  | Contract Agreement No. | Amounts (₹) |
|---------|---|------------------------|-------------|
| 1       | Replacement of 33KV outdoor switchgear with indoor GIS switchgear at 33KV ESS Tilak Marg, 33KV ESS Nehru Park & augmentation of 33KV ESS Kidwai Nagar(W).   | 02/2018-19/EE(C-VI)E   | 144965302   |
| 2       | SITC of 33KV GIS & other Electrical equipments at 33KV ESS at Delhi Police Headquarter, Jai Singh Road, New Delhi <b>(Deposit Work)</b>   | 05/2018-19/EE(C-VI)E   | 135985925   |
| 3       | Establishing additional 33KV ESS at AIIMS Sub Head: SITC of 33 KV GIS, 33/11 KV, 16/20 MVA Power Transformer & other Electrical Equipments for Establishing additional 33KV Substation at AIIMS, New Delhi.(Deposit Work)                                       | 01/2021-22/EE(C-VI)E   | 97886057    |
| 4       | Providing Additional 33/11KV, 16/20MVA Power Transformer at ESS Trauma Centre for release of Electric Load At Safdarjung Hospital. SH: SITC of 33KV GIS, 16/20 Power Transformer & other electrical equipments at 33KV ESS Trauma Centre (AIIMS) (Deposit Work) | 02/EE(C-VI)E/2017-18   | 78310501    |
| 5       | Supply, Installation, Testing & Commissioning of 66/11KV, 16/20MVA Power Transformers & 33/11KV, 16/20MVA Power Transformer at various ESS of NDMC area.  | 01/EE(C-VI)E/2017-18   | 51100000    |
| 6       | Establishing 33KV ESS at Delhi Police Headquarter, Jai Singh Road, New Delhi. SH: SITC of 33/11KV, 16/20MVA Power Transformers at 33KV ESS Delhi Police Headquarter, Jai Singh Road, New Delhi. (Deposit Work)  | 06/2018-19/EE(C-VI)E   | 36895469    |
| 7       | Laying of 33KV, 400 sq.mm/3C, XLPE cables in & outside NDMC area.   | 01/2018-19/EE(C-VI)E   | 26386795    |
| 8       | "CAMC of Providing Facade Lighting on Palika Kendra Building, Sansad Marg, New Delhi"   | 01/2021-22/EE(C-IV)E   | 7200000     |
| 9       | "Providing Electric connection to J.J. Clusters in D/N and D/S Division of NDMC area SH: Erection of bus bar chamber including earthing in J.J. Cluster located in 02 Nos. J.J. Clusters in D/N and D/S Division of NDMC area".                                 | 06/EE(E)C-I/2017-18    | 5343810     |
| 10      | Installation of Solar Panel on the top of Roof in the School Buildings of Delhi under Samagra Shiksha Abhiyan.  | 04/EE(E)C-III/2021-22  | 4147605     |
| 11      | Repair & Maintenance- Civic Amenities. S.H.- Comprehensive Annual Maintenance and Service contract of 04 Nos. Lifts installed at Shivaji Stadium.   | 01/EE(E)C-III/2021-22  | 3811346     |
| 12      | Renovation/Modification of Block A,B & C, Vidyut Bhawan Complex, Dr. A.P.J Abdul Kalam Road, New Delhi. SH- STC of Video conferencing & IP Telephony Solution.(Deposit Work)  | 05/2021-22/EE(C-III)E  | 51137710    |
| 13      | Supply of 11 kV grade (earthed), HT, XLPE insulated, Aluminium conductor, Armoured cable of size: 400 sq.mm/ 3C (ISI marked).   | 11/EE(S-I)/2018-19     | 44547449    |
| 14      | Purchase of vertical rack type, prewired, automatic CT& VT test machine to test CTs upto 3200/5 Amp & 1 Amp & VTs upto 11 KV.   | 13/EE(S-I)/2017-18     | 8601750     |
| 15      | Supply of 11 kV grade (earthed), HT, XLPE insulated, Aluminium conductor, Armoured cable of size: 400 sq.mm/ 3C (ISI marked).   | 03/EE(S-I)/2019-20     | 44062380    |
| 16      | Supply of Energy Efficient Individual Control & Monitoring of Individual LED Street Light fittings of Nominal 3000K CCT (Warm Light).   | 14/EE(S-I)/2018-19     | 324372492   |
| 17      | Supply of HT 11KV,350MVA single bus bar Indoor VCB Switchgear panel Board with its separate Control & Relay panels.   | 01/EE(S-I)/2021-22     | 95385331    |

| Sl. No. | Name of Work   | Contract Agreement No.  | Amounts (₹) |
|---------|--|-------------------------|-------------|
| 18      | Purchase of LED Lamps of 3 or 4 Watt power consumption, 3000K (warm light), witha lamp chain having distance between each lamp holder 40 cm to 45 cm, for providing temporary lighting arrangement on the eve of National Festival at Palika Kendra, New Delhi.  | 10/EE(S-I)/2018-19      | 3752000     |
| 19      | Supply of 11 kV grade (earthed), HT, XLPE insulated, Aluminium conductor, Armoured cable of size: 400 sq.mm/ 3C (ISI marked).  | 02/EE(S-I)/2021-22      | 33752718    |
| 20      | Supply of Energy Efficient Individual Control & Monitoring of Individual LED Street Light fittings of Nominal 3000K CCT (Warm Light).  | 06/EE(S-I)/2018-19      | 256126080   |
| 21      | Supply of HT 11KV, 350MVA single bus bar VCB Switchgear panels (Indoor type).  | 05/EE(S-I)/2020-21      | 203780766   |
| 22      | Purchase of HT 11KV, 350MVA single bus bar VCB Switchgear panels (Indoor type) and 11KV motorized 3 way RMUs with metering (compatible for SCADA/ DMS) to establish Rate Contract for a period upto one year, in order to meet timelines of DERC stipulated for providing service connection to consumers. | 01/EE(S-I)/2020-21      | 39802000    |
| 23      | Supply of Energy Efficient LED flood light fittings of nominal 3000K CCT having rating of 400-410 watt, 230-240 watt & 150-160 watt, Intelligent Control System/ CCMS and Software for High Masts in NDMC area.  | 01/EE(S-I)/2018-19      | 35762620    |
| 24      | Supply of HT 11KV, 350MVA single bus bar VCB Switchgear panels (Indoor type).  | 12/EE(S-I)/2018-19      | 41159320    |
| 25      | “Supply of 02 Nos. 10 Position fully automatic Test Benches with reference Standard meter of accuracy 0.02 for conducting acceptance and routine tests on electronic energy meters & smart meters”   | 02/EE(S-I)/2019-20      | 14136400    |
| 26      | Purchase of 1.1 KV grade, aluminium conductor, XLPE insulated, armoured cable of Size 16 sq.mm/4C (Qty. 294344 Mtrs.)  | 02/EE(S-II)/2019-20     | 34558929    |
| 27      | Purchase of Octagonal Street Light Poles of height 06 mtrs& 08 meter with single overhang & double overhang peacock type brackets & accessories  | 02/EE(S-II)/2020-21     | 103349387   |
| 28      | Purchase of 1.1 Kv Grade LV cable, Aluminium Conductor, FRLS XLPE insulated, Armoured, size 400sq.mm/3.5C as per IS:7098(part-I)/1988  | 01/EE(S-II)2021-22      | 11800000    |
| 29      | Purchase of HRC Fuse Base:-250 Amps, 400 Amps and 630 Amps, 500V AC Rating Conforming to IS: 13703   | 05/EE(S-II)/2020-21     | 9227600     |
| 30      | Purchase of Decorative Cast Iron Poles of 4 mtr. height  | 03/EE(S-II)/2019-20     | 3915240     |
| 31      | Providing CCTV Camera systems in NDMC Schools, NDMC aided and Navyug schools   | 10/EE(E) BM-II 2019-20  | 12631941    |
| 32      | CAMC of 08 Nos (S+7)passenger lift Kone make installed at Babu Dham Residential Complex Chankya puri New Delhi   | 33/EE(E) BM-II /2021-22 | 6857206     |
| 33      | Replacement of 02 Nos lift of Thyssenkrupp make and OTIS make installed at CPH, Moti Bagh New Delhi and CAMC for a period of 7 years after installation of lift  | 13/EE(E) BM-II /2021-22 | 3967370     |
| 34      | Annual Rate contract for providing IEI in various municipal buildings in NDMC area under BM-II(E) Division   | 11/EE(E) BM-II 1/2018   | 3823822     |
| 35      | Procurement of material for various Enquiries under BM-II Division   | 1/EE(E) BM-II /2017-18  | 975718      |
| 36      | CAMC for grid connectivity roof top solar power system   | 38/ EE(E) BM-I/2020-21  | 8804004     |
| 37      | Repairing and servicing of 2 no. chiller yard make and comprehensive AMC contract of 2 Nos.  | 2/ EE(E) BM-I/2019-20   | 8422320     |

| Sl. No.      | Name of Work  | Contract Agreement No.              | Amounts (₹)                                |
|--------------|---|-------------------------------------|--|
| 38           | CAMC for carrier make water cooled centrifugal chilling no-1& 3 insalled at Palika Bazar.   | 72/ EE(E) BM-I/2017-18              | 7944000                                    |
| 39           | Comprehensive AMC of carrier make water cooled centrifugal chilling unit no-2 installed at Palika Bazar New Delhi.  | 70/ EE(E) BM-I/2017-18              | 3972000                                    |
| 40           | Annual service Contract for pdg. IEL works in various bldg in North of rajpath  | 57/ EE(E) BM-I/2017-18              | 3569331                                    |
| 41           | AMC of OTIS make lifts installed at pragatibhawan   | 21/ EE(E) BM-I/2020-21              | 996653                                     |
| 42           | SITC of 5 star rating of AC of various capacity at Palika Kendra building   | 39/ EE(E) BM-I/20-21                | 994171                                     |
| 43           | Purchase of various size H.S. type jointing kits for M/N area   | 10/EE(M/N)/2021-22<br>dt.25.02.2022 | 2147010                                    |
| 44           | Procurement of spare parts for 11 KV HT Panels of SSG Crompton Greaves, BHEL &Biecco Mage   | 16/ EE(M/S)/2021-22                 | 2461456                                    |
| 45           | Supply of Schneider make 11 KV RM-VI Ring main unit at USS Delhi Public Library, Sarojini Naga  | 3/EE(M/S)/2020-21                   | 975000                                     |
| 46           | Procurement of Spares in r/o 33 KV ABB make GIS panels installed in NDMC Area and spares required for repairing of faulty ABB make 33 KV GIS panel for 220 KV incomer at ESS H.C. Mathur Lane.  | 05/EE(E)/M-33KV/2018-19             | 22120387                                   |
| 47           | Repairing of 50 MVA 66/33 KV Power Transformer at Electric Sub Station Vidyut Bhawan.   | 08/EE(E)/M-33KV/2018-19             | 8749250                                    |
| 48           | AMC for 33 KV ABB make GIS Panels installed in NDMC Area for 5th Year.  | 01/EE(E)/M-33KV/2021-22             | 2970000                                    |
| 49           | Supplying of Zero Pressure Cylinder of 66 KV GIS Breaker HOLEC-Make at ESS School Lane.   | 04/EE(E)/M-33KV/2019-20             | 2942669                                    |
| 50           | Operation of Audio Visual Equipments Installed at Convention Centre (Block-B), NDCC Phase-II.   | 06/EE(E)C-V/2015-16                 | 8996324                                    |
| 51           | CAMC of Elevators/Lifts (14 Nos.) at NDCC, Phase-II, Block-C.   | 01/EE(E)C-V/2019-20                 | 8906551                                    |
| 52           | Providing Mechanized Facility Management Services at NDCC, Phase-II Building, Block-C.  | 02/EE(E)C-V/2019-20                 | 132709962                                  |
| 53           | Providing Mechanized Facility Management Services at NDCC, Phase-II Building, Block-C.  | 07/EE(E)C-V/2015-16                 | 86601833                                   |
| 54           | Cartage, Installation, Testing & Commissioning of 1600 KVA rating Distribution Trasnformer-03 Nos. , 1000 KVA rating Distribution Transformer 4 Nos. LT ACB panels in two tier formation-46 Nos., P& F bus ducting and providing earthing system at various E/S/S in Maintenance North area of NDMC | 06/2019-20/EE(C-II)E                | 17332107                                   |
| <b>TOTAL</b> |   |                                     | <b>2311134067</b><br><b>(₹ 231.11 Cr.)</b> |

**Chapter-5 (Annexure-II)**  
**(Refer Para 5.5.10.1)**  
**Delay in processing of Tender and award of Contract**

| Sl. No.                     | Contract Details (Sl. No. of Annexure-I) | Accepted tender amount (₹ in Crore) | Date of issue of NIT | Date of award of work | Time taken (Col.6- Col.5)       |
|-----------------------------|--|-------------------------------------|----------------------|-----------------------|---------------------------------|
| 1                           | 2  | 4                                   | 5                    | 6                     | 7                               |
| 1                           | 21                                       | 20.38                               | 06.03.2020           | 19.01.2021            | 10 months 13 days               |
| 2                           | 1  | 14.50                               | 23.03.2017           | 24.04.2018            | 1 year 1 months 1 day           |
| 3                           | 2  | 13.60                               | 20.06.2018           | 20.02.2019            | 8 months                        |
| 4                           | 27                                       | 10.33                               | 29.12.2018           | 27.08.2020.           | 1 year 7 months 22 days         |
| 5.                          | 3  | 9.79                                | 03.10.2019           | 27.04.2022            | <b>1 years 9 months 20 days</b> |
| 6.                          | 17                                       | 9.54                                | 31.08.2020           | 31.05.2021            | 9 months                        |
| 7.                          | 4  | 7.83                                | 13.07.2016           | 08.11.2017            | 1 year 3 months 25 days         |
| 8                           | 15                                       | 4.41                                | 02.11.2018           | 06.01.2020.           | 1 year 2 months 4 days          |
| 9                           | 22                                       | 3.98                                | 04.02.2019           | 19.05.2020            | 1 year 3 months 15 days         |
| 10                          | 6  | 3.69                                | 20.06.2018           | 01.03.2019            | 8 months 11 days                |
| 11                          | 26                                       | 3.46                                | 23.10.2018           | 11.06.2019            | 7 months 18 days                |
| 12                          | 54                                       | 1.73                                | 12.10.2018           | 27.12.2019            | 1 year 2 months 15 days         |
| 13                          | 31                                       | 1.26                                | 24.05.2019           | 16.12.2019            | <b>6 months 12 days</b>         |
| 14                          | 14                                       | 0.86                                | 29.08.2016           | 27.10.2017            | 1 year 2 months 15 days         |
| 15                          | 10                                       | 0.41                                | 02.07.2021           | 18.01.2022            | 6 months 16 days                |
| 16                          | 33                                       | 0.40                                | 26.06.2020           | 22.06.2021            | 11 months 26 days               |
| <b>Total Contract Value</b> |  | <b>106.17</b>                       |                      |                       |                                 |



**Chapter-5 (Annexure-III)**  
**(Refer Para 5.5.10.2)**

**Total Time Taken from opening of Technical bid to award the contract**

| Sl. No. | AM No. | Contract Details (Sl. No. of Annexure-I) | Accepted tender amount (Rs. in Crore) | Date of opening of Technical Bid | Date of award of work | Time taken (Col.5-Col.4)      |
|---------|--------|--|---------------------------------------|----------------------------------|-----------------------|-------------------------------|
| 1       |        | 2  | 3                                     | 4                                | 5                     | 6                             |
| 1       | 3      | 1  | 14.5                                  | 04.05.2017                       | 24.04.2018            | 11 months 20 days             |
| 2       | 10     | 2  | 13.6                                  | 21.08.2018                       | 20.02.2019            | 6 months                      |
| 3       | 4      | 3  | 9.79                                  | 22.11.2019                       | 23.07.2021            | <b>1 year 8 months 2 days</b> |
| 4       | 16     | 17                                       | 9.54                                  | 04.11.2020                       | 31.05.2021            | 6 months 26 days              |
| 5       | 2      | 4  | 7.83                                  | 02.09.2016                       | 08.11.2017            | 1 year 2 months 6 days        |
| 6       | 11     | 6  | 3.69                                  | 06.08.2018                       | 01.03.2019            | 6 months 25 days              |
| 7       | 25     | 26                                       | 3.46                                  | 22.11.2018                       | 11.06.2019            | 6 months 19 days              |
| 8       | 53     | 54                                       | 1.73                                  | 30.10.2018                       | 27.12.2019            | 1 year 1 month 27 days        |
| 9       | 44     | 47                                       | 0.87                                  | 06.03.2017                       | 09.10.2018            | 1 year 7 months 3 days        |
| 10      | 20     | 14                                       | 0.86                                  | 29.08.2016                       | 27.10.2017            | 1 year 1 month 26 days        |
| 11      | 5      | 9  | 0.53                                  | 18.11.2016                       | 19.06.2017            | 7 months 2 days               |
| 12      | 9      | 10                                       | 0.41                                  | 28.07.2021                       | 18.01.2022            | <b>5 months 21 days</b>       |
| 13      | 30     | 33                                       | 0.40                                  | 08.12.2020                       | 22.06.2021            | 6 months 14 days              |

**Chapter-5 (Annexure-IV)  
(Refer Para 5.5.10.3)**

**Total Time taken from AA&ES to Award of Work**

| Sl. No | Name of work (Sl. No. of Annexure-I) | Contract Agreement No.    | Accepted tender amount (₹ in Crore) | Date of App. Of PE/ AA&ES | Date of award of work | Time Taken (Col.6 – Col. 5) |
|--------|--------------------------------------|---------------------------|-------------------------------------|---------------------------|-----------------------|-----------------------------|
| 1      | 2                                    | 3                         | 4                                   | 5                         | 6                     | 7                           |
| 1.     | 2                                    | 05/EE (E)C-VI/2018-2019   | 13.60                               | 16.01.2017                | 20.02.2019            | 2 year 1 month 4 days       |
| 2      | 17                                   | 01/EE/(S)I/2021-2022      | 9.54                                | 24.04.2014                | 31.05.2021            | 7 year 1 month 7 days       |
| 3.     | 4                                    | 02/EE(E) C-VI/2017-18     | 7.83                                | 22.06.2016                | 08.11.2017            | 1 year 4 month 16 days      |
| 4      | 5                                    | 1/EE/(C-VI)/2017-18       | 5.11                                | 09.07.2014                | 23.03.2017            | 2 year 8 months 14 days     |
| 5      | 12                                   | 05/2021-22/EE(C-III)E     | 5.11                                | 06.12.2020                | 04.12.2021            | 11 months 28 days           |
| 6      | 6                                    | 6/EE(E) C-VI 2018-19.     | 3.69                                | 30.11.2016                | 01.03.2019            | 2 year 3 month 1 days       |
| 7      | 23                                   | 01/EE(S-I)/2018-19(E)     | 3.58                                | 20.06.2017                | 24.04.2018            | 10 months 4 days            |
| 8      | 26                                   | 02/EE(S-II)/2019-20(E)    | 3.46                                | 20.06.2017                | 11.06.2019            | 1 year 11 month 21 days     |
| 9      | 19                                   | 02/DP/EE/(S)I/2021-22     | 3.38                                | 04.08.2016                | 24.12.2021            | 5 year 4 month 20 days      |
| 10     | 54                                   | 6/EE (E)C-II/2019-20      | 1.73                                | 17.12.2008                | 27.12.2019            | 11 years 10 days            |
| 11     | 31                                   | 10/EE (E) BM-II/2019-20   | 1.26                                | 06.11.2018                | 16.12.2019            | 1 year 1 month 10 days      |
| 12     | 14                                   | 13/EE(S-I)/2017-18        | 0.86                                | 23.03.2015                | 27.10.2017            | 2 year 7 months 4 days      |
| 13     | 10                                   | 04/EE (E) C-III/2021-2022 | 0.41                                | 24.12.2019                | 18.01.2022            | 2 year 24 days              |

**Chapter-5 (Annexure-V)  
(Refer Para 5.5.10.4)**

**Delay in completion of work**

| Sl. No. | Name of work (Sl. No. of Annexure-I) | Contract Agreement No. | Accepted tender amount (₹ in Cr.) | Date of AA&ES | Date of NIT | Date of award of work | SDOC       | Actual date of completion | Delay in Completion of work (Col.9-Col. 8) |
|---------|--------------------------------------|------------------------|-----------------------------------|---------------|-------------|-----------------------|------------|---------------------------|--|
| 1       | 2                                    | 3                      | 4                                 | 5             | 6           | 7                     | 8          | 9                         | 10   |
| 1       | 2                                    | 05/EE(E)C-V1/2018-19   | 13.60                             | 16.01.2017    | 19.06.2018  | 20.02.2019            | 25.12.2019 | 24.11.2020                | 11 months                                  |
| 2.      | 17                                   | 01/EE(S)/2021-22       | 9.54                              | 24.04.2014    | 28.08.2020  | 31.05.2021            | 29.10.2021 | 04.02.2022                | 3 months 6 days                            |
| 3.      | 53                                   | 7/EE(E)C-V / 2015-16   | 8.66                              | 15.12.2015*   | 10.08.2015  | 11.01.2016            | 10.01.2019 | 10.02.2020                | 13 months                                  |
| 4       | 4                                    | 02/EE(E) C-VI/2017-18  | 7.83                              | 22.06.2016    | 11.07.2016  | 08.11.2017            | 16.05.2018 | 26.02.2019                | 9 months 16 days                           |
| 5       | 5                                    | 1/EE/(C-VI)/2017-18    | 5.11                              | 09.07.2014    | 10.10.2016  | 23.03.2017            | 28.12.2017 | 20.02.2018                | 1 month 24 days                            |
| 6.      | 24                                   | 12/EE(E)/S-I/2018-19   | 4.12                              | 00.00.2016    | 05.10.2018  | 07.01.2019            | 26.05.2019 | 09.07.2019                | 1 months 13 days                           |
| 7.      | 23                                   | 01/EE(S-I)/2018-19     | 3.58                              | 20.06.2017    | 09.11.2017  | 24.04.2018            | 07.07.2018 | 18.01.2019                | 6 months 11 days                           |
| 8.      | 26                                   | 02/EE(S-II)/2019-20    | 3.46                              | 20.06.2017    | 22.10.2018  | 11.06.2019            | 10.10.2019 | 21.09.2020                | 11 months 1 days                           |
| 9.      | 31                                   | 10/EE (E)BM-II/2019-20 | 1.26                              | 06.11.2018    | 22.05.2019  | 16.12.2019            | 13.03.2020 | 30.01.2021                | 10 months 17 days                          |
| 10      | 14                                   | 13/EE(S-I)/2017-18     | 0.86                              | 23.03.2015    | 05.08.2016  | 27.10.2017            | 11.12.2017 | 22.02.2018                | 2 months 11 days                           |
| 11      | 30                                   | 03/EE/(S-II)/2019-20   | 0.39                              | 24.04.2014    | 05.03.2019  | 14.06.2019            | 09.09.2019 | 23.02.2021                | 17 months 14 days                          |

**\*ex-post facto**

**Chapter-5 (Annexure-VI)  
(Refer Para 5.5.11)  
PROCEDURAL LAPSES**

| Sl. No. | Contract details (Sl. No. of Annexure-I) | Tendered Amount (₹ in Crore) | Nature of Irregularity  | Criteria   | Audit Remarks  |
|---------|--|------------------------------|---|--|--|
| 1       | 3  | 9.79                         | <b>Floating of Tender without availability of Site.</b>                   | Section 4.10 of CPWD Works Manual 2019 stipulates that before approval of NIT, the availability of site is required.   | NIT was floated on 03.10.2019 whereas the site was handed over to the contractor on 27.04.2022 after approx. 7 months.   |
| 2       | 3  | 9.79                         | <b>Irregular approval of incomplete NIT.</b>                              | Section 15 of CPWD Works Manual 2014 stipulates that the NIT will include Schedule A to F.   | Schedule A to F i.e. penalty rate, time fixed regarding deposit of performance Guarantee Deviation limits, approving Authority, Milestone for completion of work, recovery rate for non employment of technical staff under clause 36 etc. was not found along with the approved NIT.  |
|         | 2  | 13.59                        |   |  |  |
|         | 6  | 3.69                         |   |  |  |
| 3       | 3  | 9.79                         | <b>Delay in signing of Contract Agreement</b>                             | Section 23.1 (6) & 23.2 (2) of CPWD Work Manual-2014 stipulates that <b>no work of any kind should be commenced without prior execution of contract documents</b> . There should be <b>no delay</b> in executing the agreement as soon as a tender has been accepted by the competent authority.           | Date of award of work was 23.07.2021 and the contract agreement was signed on 27.08.2021 with delay of 20 days.<br><br>Work Order was issued to the firm on 16.05.2017 stating to commence the work immediately whereas the contract agreement was signed on 12.03.2018 with the delay of approx. 8 Months.  |
| 4       | 31                                       | 1.26                         | <b>Acceptance of Bid without extension of validity by the contractor.</b> | SOP No. 4/1: E-Tendering of CPWD Work Manual SOP-2019 Para 11(18) read with Section 20.2.3 (1) read with section 20.3.2(4) of CPWD Works Manual 2014 stipulates, "It is ensured that there is no delay in processing of tenders and decisions are taken well in time before expiry of validity of tender." | The validity of bids was up to <b>15.10.2019</b> (90 days from the date of opening the tenders) whereas the tender was accepted on <b>19.11.2019 with the delay of 33 days</b> without obtaining extension of bid validity.<br><br>The validity of bids was up to 22.11.2015 (90 days from the date of opening the tenders) whereas the tender was accepted on 15.12.2015 with the delay of 22 days without obtaining extension of bid validity. |
|         | 53                                       | 8.66                         |   |  |  |
|         | 38                                       | 0.80                         |   |  | The validity of bids was up to 06.07.2017 (30 days from the date of opening the tenders) whereas the tender was accepted on 01.01.2018 with the delay of approx. 6 months without obtaining extension of bid validity.   |
|         | 49                                       | 0.29                         |   |  | Validity of bid was expired on 22.03.2019. The acceptance of contract was approved by the Competent Authority on 28.05.2019 without obtaining extension of validity period.  |

| Sl. No. | Contract details (Sl. No. of Annexure-I) | Tendered Amount (₹ in Crore) | Nature of Irregularity   | Criteria  | Audit Remarks  |
|---------|--|------------------------------|--|---|--|
| 5       | 49                                       | 0.29                         | <b>Issuance of supply order before execution of the Contract Agreement</b>                   | Section 23.1 (6) & 23.2 (2) of CPWD Work Manual-2014 stipulates that no work of any kind should be commenced without prior execution of contract documents.                               | Supply Order was issued on 21.06.2019 whereas; Contract Agreement was executed on 30.08.2019 with the delay of 2 Months 9 days.  |
| 6       | 39                                       | 0.40                         | <b>Excess deduction of Security Deposit</b>  | Section 21.2 (1) & (2) of CPWD Work Manual 2014 stipulates that the security deposit should be deducted @ <b>2.5% of the gross amount</b> of the bill.                                    | The department deducted the security deposit (i.e ₹ 4.69 Lakh) from the running bills of the contractors at the rate of 10% instead of 2.5% resulting in excess deduction of ₹ 3.30 Lakh.  |
| 7       | 17                                       | 9.54                         | <b>Excess validity period of tender</b>  | Section 4.14 (Validity Period of Tenders) of CPWD works Manual 2019 stipulates that the validity period for acceptance of tenders shall be 75 days from date of opening of technical bid. | Validity of tender for acceptance had been kept for a period of 120 days instead of 75 days.   |
|         | 29                                       | 0.92                         |  |   |  |
|         | 36                                       | 0.88                         |  |   |  |
| 8       | 54                                       | 1.73                         | <b>Work awarded despite non uploading of deviation statement along with tender documents</b> | As per page 73 of NIT, tenderers had to submit a Schedule of Deviation Sheet, "The tenderer should mention deviation, if any, in this sheet only".  | Contractor did not submit the deviation sheet as required. Instead submitted undertaking regarding "eligible similar work has/have not been got executed through another contractor on back to back basis". Despite non submission of deviation sheet, the contractor was qualified. |

**CHAPTER-7 (Annexure-I)**  
**(Para 7.6.3.9 (i) Table 7.16)**

**(i) Annual demand of medicines for the year 2020-21 (More than 100 per cent)**

| Sl. No. | Item  | Consumption during 2019-20 | Indented for 2020-21 | Inflated Demand |
|---------|---|----------------------------|----------------------|-----------------|
| 1       | Inj Gentamycin 80 MG/2ML  | 750                        | 2000                 | 167             |
| 2       | Tab Ciprofloxacin 500 MG  | 3200                       | 9000                 | 181             |
| 3       | Tab Ferrous Ascorbate Equivalent to element Iron + Folic Acid 100 MG + 1.5 MG | 77750                      | 450000               | 479             |
| 4       | Tab Alphacalcidol 0.25 MCG  | 200                        | 500                  | 150             |
| 5       | Inj. Metoclopramide 5MG/ML  | 171                        | 1000                 | 485             |
| 6       | Inj. Methylegometrine Maleate 1 ML  | 580                        | 1500                 | 159             |
| 7       | Inj. Tranexamic Acid 5 ML Vial AMP 500 MG/5 ML                                | 70                         | 1000                 | <b>1329</b>     |
| 8       | Tab Montelukast Sodium + Levocetirizine Kid Tablet 4 Mg + 2.5 MG              | 100                        | 300                  | 200             |
| 9       | Tab Ascorbic Acid 500 MG  | 3400                       | 24000                | 606             |
| 10      | Tab Trypsin + Chymotrypsin 100000 AU  | 400                        | 1000                 | 150             |
| 11      | Syp Albendazole (400 MG/10 ML)  | 350                        | 1000                 | 186             |
| 12      | Tab Pantoprazole Sodium 40 MG   | 2000                       | 4000                 | <b>100</b>      |
| 13      | Tab Clotrimazole Vaginal Peassaries 100 MG                                    | 1080                       | 2400                 | 122             |

**(ii) Annual demand of medicines for the year 2021-22 (More than 100 per cent)**

| Sl. No. | Item  | Consumption during 2021-22 | Indented for 2021-22 | Inflated Demand |
|---------|---|----------------------------|----------------------|-----------------|
| 1       | Inj. Amoxicillin + Clavulanic Acid IV 1000MG+200 MG   | 730                        | 3000                 | 311             |
| 2       | Inj. Amikacin (2ML Vial) 250 MG/2ML                   | 30                         | 200                  | 567             |
| 3       | Tab Telmisartan 40 MG                                 | 4500                       | 9000                 | 100             |
| 4       | Tab Telmisartan + Hydrochlorothazide 40 MG + 12.5 MG  | 1000                       | 6000                 | 500             |
| 5       | Tab Azithromycin 500 MG                               | 2460                       | 10000                | 307             |
| 6       | Tab Ofloxacin+ornidazole 200 MG + 500 MG              | 200                        | 2400                 | 1100            |
| 7       | Tab Vildagliptin 50 MG                                | 560                        | 2800                 | 400             |
| 8       | Tab Vildagliptin + Metformin HGL 50 MG + 500 MG       | 7200                       | 15000                | 108             |
| 9       | Tab Cefuroxime 500 MG                                 | 280                        | 9000                 | 3114            |
| 10      | Cap Amoxicillin                                       | 900                        | 9000                 | 900             |
| 11      | Inj. Amoxicillin + Clavulanic Acid IV 500 MG + 100 MG | 100                        | 600                  | 500             |
| 12      | Inj. Toremide 2 ML 10 MG/ML                           | 30                         | 60                   | 100             |
| 13      | Tab Amodycillin Kid DT 125 MG                         | 3000                       | 12000                | 300             |
| 14      | Tab Ursodeoxycholic Acid 150 MG                       | 10000                      | 20000                | <b>100</b>      |
| 15      | Tab Ursodeoxycholic Acid 300 MG                       | 7350                       | 36000                | 390             |

| Sl. No. | Item  | Consumption during 2021-22 | Indented for 2021-22 | Inflated Demand |
|---------|---|----------------------------|----------------------|-----------------|
| 16      | Tab Levocetirizine 5 Mg   | 1800                       | 12000                | 567             |
| 17      | Syrup Ferrous Ascorbate Equivalent to Element Iron (150 ML) 30 MG EI/5ML      | 400                        | 1500                 | 275             |
| 18      | Inj. Hydroxy Progesterone Caproate 1 MI 250 MG                                | 50                         | 100                  | 100             |
| 19      | Inj. Hydroxy Progesterone Caproate 2 MI 500 MG                                | 200                        | 800                  | 300             |
| 20      | Inj. Diclofenac Sodium (3ML) 75 MG/3 ML                                       | 1260                       | 3000                 | 138             |
| 21      | Tab Tranexamic Acid + Mefenamic Acid 500 MG + 250 MG                          | 1800                       | 3600                 | 100             |
| 22      | Tab Tranexamic Acid 500 MG  | 1800                       | 4000                 | 122             |
| 23      | Inj. Tranexamic Acid 5 ML Vial AMP 500 MG/5 ML                                | 240                        | 2800                 | 1067            |
| 24      | Tab Ferrous Ascorbate Equivalent to element Iron + Folic Acid 100 MG + 1.5 MG | 142490                     | 500000               | 251             |
| 25      | Tab Micronised Progesterone Natural 100 MG                                    | 4000                       | 8000                 | 100             |
| 26      | Tab Montelukast Sodium + Levocetirizine Kid Tablet 4 Mg + 2.5 MG              | 400                        | 1000                 | 150             |
| 27      | Salbutamol Inhaler 200 Metered Doses 100 MCG/Dose                             | 60                         | 150                  | 150             |
| 28      | Inhaler Salmeterol Xinafoate + Fluticasone Propionate 120 Metered Doses 9 MCG | 40                         | 150                  | 275             |
| 29      | Cholecalciferol Chewable Tablet 60000 IU                                      | 400                        | 4000                 | 900             |
| 30      | Tab Ibuprofen + Paracetamno 400 MG + 325 MG                                   | 130                        | 40000                | <b>30669</b>    |
| 31      | Povidine Iodine Gargles (50 ML) 2% W/V  | 140                        | 300                  | 114             |
| 32      | Granules Cholecalciferol 60000 IU (1GM)                                       | 4500                       | 10000                | 122             |
| 33      | Liquid Aluminium Hydroxide + Magnesium Hydroxide                              | 440                        | 2000                 | 355             |
| 34      | Tab Serratiopeptidase 10 MG   | 2600                       | 6000                 | 131             |
| 35      | Lignocaine HCL Topical Jelly 2% (30 GM) 2% W/V                                | 820                        | 3000                 | 266             |
| 36      | Hand Sanitizer/Disinfectant (Alcohol Based) 100 ML                            | 1200                       | 12000                | 900             |
| 37      | LOT Povidone Iodine (500 ML) 10% W/W  | 100                        | 300                  | 200             |
| 38      | Dextromethorphan Hydrobromide   | 800                        | 2000                 | 150             |
| 39      | Oint Clotrimazole 1% (15 GM) 1% W/W   | 600                        | 2000                 | 233             |

**CHAPTER-7 (Annexure-II)**  
**(Para 7.6.3.9 (i) Table 7.16)**

**(i) Annual demand of surgical items for the year 2020-21 (More than 100 per cent)**

| Sl. No. | Item                    | Consumption during 2019-20 | Indented for 2020-21 | Inflated Demand |
|---------|-------------------------|----------------------------|----------------------|-----------------|
| 1       | Disp Plastic Sheet      | 100                        | 500                  | 400             |
| 2       | Gloves (unsterile) 6.5" | 6000                       | 15000                | 150             |
| 3       | Surgical Blade          | 100                        | 300                  | 200             |
| 4       | Syringe & Needle 5 Ml   | 16000                      | 35000                | 119             |
| 5       | Needle 24 Gauge         | 500                        | 1500                 | 200             |
| 6       | Face Mask               | 3000                       | 6000                 | <b>100</b>      |
| 7       | Foleys Catheter 18      | 50                         | 600                  | 1100            |
| 8       | Infant Feeding Tube 8   | 140                        | 500                  | 257             |
| 9       | IV Cannula Size 18      | 400                        | 800                  | 100             |
| 10      | IV Cannula Size 20      | 765                        | 1800                 | 135             |
| 11      | IV Canula Size 22       | 100                        | 200                  | 100             |
| 12      | IV Cannula Size 24      | 300                        | 600                  | 100             |
| 13      | IV Cannula Size 26      | 394                        | 800                  | 103             |
| 14      | LP Needle 25            | 100                        | 300                  | 200             |
| 15      | Proctoclysis - Enema    | 200                        | 3000                 | <b>1400</b>     |

**(ii) Annual demand of surgical items for the year 2021-22 (More than 100 per cent)**

| Sl. No. | Item                                    | Consumption during 2021-22 | Indented for 2021-22 | Inflated Demand |
|---------|---|----------------------------|----------------------|-----------------|
| 1       | Cord Clamp                              | 700                        | 1500                 | 114             |
| 2       | B.T. Set                                | 30                         | 80                   | 167             |
| 3       | Disp Cut Sheet                          | 500                        | 1500                 | 200             |
| 4       | Disp Drape Sheet                        | 274                        | 1500                 | 447             |
| 5       | Disp Plastic Sheet                      | 250                        | 500                  | <b>100</b>      |
| 6       | Disp Gloves Size 6" to 7.5" (Sterile)   | 15500                      | 57000                | 268             |
| 7       | Disp Gloves Size 6" to 7.5" (unsterile) | 18000                      | 67000                | 272             |
| 8       | Disp Syringe & Needle 10 ml             | 4000                       | 15000                | 275             |
| 9       | Disp Syringe & Needle 1 ml              | 3200                       | 15000                | 369             |
| 10      | Disp Syringe & Needle 2 ml              | 16000                      | 40000                | 150             |
| 11      | Disp Syringe & Needle 5 ml              | 10000                      | 45000                | 350             |
| 12      | Disp Needle 24 & 26 Gauge               | 400                        | 4000                 | <b>900</b>      |
| 13      | Disp Urine Bag                          | 215                        | 700                  | 226             |
| 14      | Face Mask (Disp)                        | 17300                      | 55000                | 218             |
| 15      | IV Cannula Size 22 & 22                 | 500                        | 2500                 | 400             |
| 16      | IV Set adult                            | 1055                       | 2500                 | 137             |
| 17      | Oxygen (O2) Mask Adult                  | 188                        | 1100                 | 485             |
| 18      | Oxygen (O2) Mask Peadiatrics            | 30                         | 150                  | 400             |
| 19      | Suction Catcher 8                       | 264                        | 900                  | 241             |
| 20      | Tega Drum Adult                         | 300                        | 1000                 | 233             |
| 21      | Disp Peadiatrics Sheets                 | 1330                       | 3000                 | 126             |
| 22      | Proctoclysis - Enema                    | 400                        | 2000                 | 400             |
| 23      | N-95 Mask                               | 2195                       | 20000                | 811             |
| 24      | Diapers Neonatal                        | 6560                       | 14000                | 113             |



## ERRATA

### CHAPTER - 3

(D) Recoveries at the instance of Audit :-

| Sl. No. | Department         | Brief Particulars of recoveries  | Amount recovered (₹ in Lakh)   |                   |
|---------|--------------------|--|--|-------------------|
| 1.      | Welfare Department | Excess payment of ₹4.83 Lakh on account of cost of balloons, medicines etc.<br>(Para 9.3.3.2-Table 9.7 & 9.8 of AAR-2022)                      | 482863 + 11167+ 1260<br>(Table 9.7 total) + (Table 9.8 Sl.No.1) + (Table 9.8 Sl.No.6)  | 495290            |
| 2.      |                    | Reimbursement of medical claim of ₹27,118/- to hospitals over and above the package rate/entitled rate<br>(Para 9.3.3.3-Table 9.8 of AAR-2022) | 2070 + 8462 + 1000+ 1300 + 1860<br>(Table 9.8 Sl.No.2) + (Table 9.8 Sl.No.3) + (Table 9.8 Sl.No.4) + (Table 9.8 Sl.No.5) + (Table 9.8 Sl.No.7) | 14692             |
|         |                    |  | <b>Total</b>   | 509982            |
|         |                    |  | <b>Say</b>   | <b>₹5.10 Lakh</b> |



NDMC

नई दिल्ली नगरपालिका परिषद

# NEW DELHI MUNICIPAL COUNCIL

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