

**DEVELOPMENT OF LAND BY
THE DELHI DEVELOPMENT
AUTHORITY**

MINISTRY OF URBAN DEVELOPMENT

**PUBLIC ACCOUNTS
COMMITTEE
2007-2008**

FIFTY-FIFTH REPORT

FOURTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

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PUBLIC ACCOUNTS COMMITTEE
(2007-2008)

(FOURTEENTH LOK SABHA)

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DEVELOPMENT AUTHORITY

MINISTRY OF URBAN DEVELOPMENT



Presented to Lok Sabha on 30 August, 2007

Laid in Rajya Sabha on 30 August, 2007

LOK SABHA SECRETARIAT
NEW DELHI

August, 2007/Sravana, 1929 (Saka)

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INTRODUCTION

I, the Chairman, Public Accounts Committee, as authorised by the Committee, do present this 55th Report relating to “Development of Land by the Delhi Development Authority” on Chapter II of Report of the Comptroller and Auditor General of India for the year ended March 2005, No. 2 of 2006 (Performance of Audit), Union Government (Civil – Autonomous Bodies).

2. The Report of the Comptroller and Auditor General of India for the year ended March 2005, No. 2 of 2006 (Performance of Audit), Union Government (Civil – Autonomous Bodies) was laid on the Table of the House on 19th May, 2006.

3. The Committee took the evidence of the representatives of the Ministry of Urban Development and Delhi Development Authority on the subject at their sittings held on 12th June, 2006 and 19th July, 2006. The Committee considered and finalised this Report at their sitting held on 7th August, 2007. Minutes of the sittings form Annexures to the Report.

4. The Committee would like to express their thanks to the Officers of the Ministry of Urban Development and Delhi Development Authority for the cooperation extended by them in furnishing information and tendering evidence before the Committee.

5. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of the Comptroller and Auditor General of India.

6. The Committee also place on record their appreciation for the invaluable assistance rendered to them by the officials of Lok Sabha Secretariat attached with the Committee.

NEW DELHI;
16 August, 2007

25 Sravana, 1929 (Saka)

PROF. VIJAY KUMAR MALHOTRA,
*Chairman,
Public Accounts Committee.*

REPORT

DEVELOPMENT OF LAND BY THE DELHI DEVELOPMENT AUTHORITY

PART I – Background Analysis

I. Introductory

1. The Delhi Development Authority (DDA) was established in 1957 to promote the planned development of Delhi. During the period from 2000-01 to 2004-05, DDA spent Rs. 2,061.56 crore on development of land under various developmental schemes. The specific works undertaken under these schemes included construction of master plan roads, development of green belts, leveling and dressing of land, construction of storm water drains, internal drains and water supply lines, construction of connected underground water tanks and pump houses and maintenance works.

Organisational set-up of Delhi Development Authority

2. The DDA is headed by the Lt. Governor of Delhi as its Chairman. Day to day administration of the Authority is vested in the Vice-Chairman who is assisted by the Member (Finance) and the Member (Engineering). Land acquisition matters are handled by the Commissioner (Lands) assisted by the Director (Land Management) while planning for the various developmental schemes is done by the Commissioner (Planning) assisted by zone-wise Directors (Planning). Execution of the schemes is through the six zonal Chief Engineers who function under the administrative control of the Member (Engineering). The Chief Engineers are assisted by Superintending Engineers at the circle and Executive Engineers at the divisional levels.

Audit Review

3. This Report is based on Chapter II of Report No. 2 of 2006 (Performance Audit) of the Comptroller & Auditor General of India relating to “Development of Land by the Delhi Development Authority” (*Appendix-I*). The audit methodology involved scrutiny of records relating to execution of the six selected schemes in Dwarka and Rohini during the period from 2000-01 to 2004-05 in the respective zones along with those at the headquarters of the DDA.

4. Audit examination of the execution of the six developmental schemes involving total expenditure of Rs. 605 crore undertaken in Dwarka and Rohini viz. (i) Development of 1769.88 hectares of land for housing colonies at Pappan Kalan in Dwarka Phase-I; (ii) Construction of master plan road in Dwarka Phase I; (iii) Maintenance of parks and plantation activities in the north zone; (iv) Development of 224.90 hectares of land for residential colonies in Dwarka Phase II; (v) Construction of master plan road in Dwarka Phase II; and (vi) Development of 472.40 hectares of land for housing colonies in Sectors 23, 24 and 25 in Rohini revealed mismatch in budget allocation and expenditure, lack of financial control over expenditure, non-adherence to codal provisions in award of works, award of works without ensuring availability of structural drawings, materials

and clear sites, inadmissible payments due to non-adherence to specifications, non-recovery of outstanding amount from the defaulting contractor, poor planning and co-ordination of works, inadequate quality control and weak internal audit and lack of co-ordination with other concerned civic and public utility agencies. The highlights of the Audit review are as follows:

- (i) Expenditure of Rs. 19.56 crore was incurred in anticipation of administrative approval and expenditure sanction, which was irregular;
- (ii) Lack of adequate scrutiny of tender rates and comparison with rates accepted for similar works during the same time resulted in additional expenditure of Rs. 7.43 crore;
- (iii) DDA failed to adhere to codal provisions relating to ensuring availability of drawings, design and materials as well as clear site before award of works resulted in delay in completion of works ranging up to over three years as well as cost escalation of Rs. 7.29 crore; and
- (iv) Construction of command tanks and water reservoirs was not linked with the actual availability of water so as to enable their utilization. Consequently, expenditure of Rs. 33.78 crore incurred on construction of these tanks and reservoirs was rendered idle due to lack of water.

II. Financial Management and Control

(a) Lack of Financial control over expenditure

5. Section 2.1 of CPWD Works Manual, which is followed by DDA for awarding of works *inter alia* stipulate that no expenditure should be incurred without prior administrative approval and sanction of the competent Authority and award or execution of works should be based on technical sanction accorded by the competent technical authority. Audit examination revealed that an expenditure of Rs. 19.56 crore was incurred by DDA in the following cases in February 2001 in anticipation of administrative approval and expenditure sanction thereby undermining financial control:—

Sl. No.	Name of work	Date of award of work	Tendered amount (Rupees in crore)	Date of administrative approval & expenditure sanction	Expenditure incurred before administrative approval & expenditure sanction (Rupees in crore)
1	2	3	4	5	6
1.	Strengthening of the existing two lanes carriage way, construction of additional four lanes, service road, foot path, drainage, X-drainage work and fixing of kerb stones, etc. at Dwarka Project, Phase-II, Group-I	February 2001	33.81	November 2001	6.10

1	2	3	4	5	6
2.	Strengthening of the existing two lanes carriage way, construction of additional four lanes, service road, foot path, drainage, X-drainage work and fixing of kerb stones, etc. at Dwarka Project, Phase-I, Group-III	February 2001	24.50	November 2001	4.45
3.	Strengthening of the existing two lanes carriage way, construction of additional four lanes, service road, foot path, drainage, X-drainage work and fixing of kerb stones, etc. at Dwarka Project, Phase-I, Group-I	February 2001	29.91	November 2001	3.83
4.	Strengthening of the existing two lanes carriage way, construction of additional four lanes, service road, foot path, drainage, X-drainage work and fixing of kerb stones, etc. at Dwarka Project, Phase-I, Group-II	February 2001	25.98	November 2001	5.18
Total					19.56

6. Audit scrutiny of records indicate that execution of these works was held up due to unresolved funding issues with the Delhi Government and there were delays ranging from 10 months to over three years in completing these works along with cost escalation.

7. Explaining the factual position with respect to the aforesaid Audit observation, a representative of DDA stated during evidence as under:—

“Generally, we stick to the system of administrative approval and expenditure sanction. That is the general rule. We generally stick to the CPWD manual. There is a circular of the Engineering Member and we stick to that. But in urgent issues, and the CPWD manual allows that, for example providing services for infrastructure where such budgets are involved and immediately they have to be taken up, with the approval of the competent authority whether the Lt. Governor or the Vice-Chairman, those issues are immediately taken up. Thereafter, immediately we take steps to take the approval of the competent authority and take the administrative approval and expenditure sanction and complete the process.”

8. The Committee desired to know the conditions /circumstances under which the aforesaid works were deemed as 'urgent' by DDA. The Ministry in a note stated as under:—

“It has been stated by DDA that as a matter of fact, the powers to incur emergent expenditure are contained in Rule 17 of the DDA Budget and Accounts Rules which states that “Inevitable expenditure”, which cannot be met by re-appropriation, may be incurred with the previous approval of the Authority, and in emergencies, under the orders of the Vice-Chairman, a report of which shall be made to the Authority in its next meeting.”

9. Asked to state compelling reasons that led DDA to take up the afore-stated works as an exception without the usual practice of obtaining administrative approval and expenditure sanction, the Ministry of Urban Development stated in a note as under:—

“DDA has informed that it was the duty of PWD, Delhi Administration to construct almost all the Master Plan Roads. It was observed that the Delhi Government was not able to build infrastructure works of roads to keep pace with the development of housing being done by the DDA. As such, in its Authority Resolution No.43/92, it was decided that DDA may take up construction of roads 30-m and above. Accordingly, DDA took up the construction of Master Plan Roads in Dwarka. The matter was discussed *vide* agenda item No. 34/2000 in the Authority meeting held on 28.3.2000. It was decided in the meeting that DDA should take up development of 45 mt. and 60 mt.wide roads in Dwarka to its full section. Lt. Governor, Delhi *vide* his U.O. Note No. 40(1) 2000-RM/1482/1957—67 dated 30.8.2000 ordered DDA to immediately award the works and construct 30 mt. and above roads in Dwarka. He further ordered that the works must be taken up by September 2000. The works, were therefore, taken up on emergent basis. Vice-Chairman, DDA accorded permission to incur expenditure of Rs. 20 crore on the Master Plan Roads keeping in view the Lt. Governor's orders as well as the need to provide infrastructure to the general public who had been allotted houses and were facing difficulties.”

The Ministry added:—

“...such anticipatory approval to start work in urgent situations is provided for in the relevant manuals being followed in DDA. The VC, DDA is competent to grant such anticipatory permission and Estimates Approval Committee is competent to grant A/A and E/S. In this case, the decision to grant anticipatory approval was in pursuance of orders of Lt. Governor, Delhi to start the work in a time-bound manner.”

10. Explaining it further, a representative of DDA stated during evidence as under:—

“An approval was taken in anticipation from the Finance Member as well as the Vice-Chairman, DDA. The final administrative approval and expenditure sanction was given by the Vice-Chairman on 5.11.2001. It was only for initial start of the work that the administrative approval was taken.”

11. In this regard, the Committee desired to know the time frame if any, fixed for obtaining Administrative Approval and Expenditure Sanction once a work has been started on anticipatory approval. The Ministry in a note stated as under:—

“No time limit has been prescribed by which Administrative Approval (A/A) and Expenditure Sanction (E/S) has to be obtained, once the anticipation approval of the works is given. The scrutiny of estimate required to grant A/A and E/S takes some time, as it has to pass through various channels at Finance & Administrative wings of DDA. The CPWD Manual Volume-II, which is being followed by DDA, states that action to obtain AA & ES should be taken by the concerned Engineering Wing as early as possible. A/A & E/S consists of approval of administrative necessity and financial concurrence. The administrative necessity was concurred by the Vice-Chairman, DDA. The financial concurrence of Rs. 20 crore was also taken from Finance Department of DDA. Such cases are subsequently got regularized by obtaining regular A/A & E/S of the competent authority as early as possible.”

12. Asked whether steps have been taken now to regulate the system of anticipatory approval so as to prevent its possible misuse, the Ministry submitted in a note as under:—

“... in case of urgency or emergency the works can be executed in absence of any or all the formalities. Such cases are subsequently got regularized by obtaining regular A/A & E/S of the competent authority as early as possible as such eventualities cannot be ruled out.”

13. In a note furnished to the Committee the Ministry have informed that DDA has taken up a total of 30 works without obtaining administrative approval during last 5 years details of which are given at *Appendix-II*. It was further stated that after receipt of the Audit Report in September 2005 in the Ministry the works relating to Development of Common Wealth Games Village, Remodeling of Suraj Mal Stadium at Nangloi and Development of Park on land between Sainik Vihar and Shakti Vihar have been taken in anticipation of Administrative Approval and Expenditure Sanction.

(b) Construction of Master Plan Roads by DDA

14. The Public Works Department, Government of NCT of Delhi are responsible for construction of Master Plan roads in Delhi. In Dwarka project, however, construction of such roads was taken up by DDA in anticipation of Administrative Approval and Expenditure Sanction on the grounds of urgency of work and the need to keep pace with fast moving development activities. This construction of Master Plan roads was one of the major contributory reasons for incurring excess expenditure of Rs. 1.27 crore and Rs. 2.34 crore in 2001-2002 and 2004-2005 respectively for the development of 472.40 hectares of land in Sectors 23, 24 and 25 Rohini and of Rs. 84 lakh in respect of development of land at Dwarka Phase-I during 2000-01.

15. Asked about the reasons for constructing Master Plan roads by DDA, which do not come under their jurisdiction, a representative of DDA stated during evidence as under:—

“Normally the Master Plan roads are to be developed by the PWD in Delhi. It was observed that PWD, Delhi was not coming up with the same

pace of progress as the housing in Dwarka was coming up. So, the hon. Lt. Governor decided that the Master Plan roads should be taken up by DDA on urgent basis. If you kindly permit, I will just read out the instruction given by the hon. Lt. Governor in this regard. I quote: "I had asked DDA to immediately award and construct the roads in Dwarka of the width of 30 metres and above. That work must also begin on the ground in September 2000". These are the instructions signed by the hon. Lt. Governor himself who also happens to be the Chairman of DDA. This was the first time in the history of DDA that the Master Plan roads were taken up by DDA on the specific instruction of the hon. Lt. Governor."

16. In this regard, the Secretary, Ministry of Urban Development during evidence explained as under:—

"Construction of roads in Delhi is taken up by many agencies. In the NDMC areas, it is done by NDMC. In the MCD areas, it is done by MCD. Some other roads, which are State Highways and certain width roads are maintained and constructed by Delhi PWD. Some roads, which are Master Plan roads, about them there is now a resolution of DDA that they will be constructed by DDA."

17. Citing the reasons for construction of the Master Plan roads in Dwarka project, the Ministry submitted in a note as under:—

"About 7000 houses were constructed in various sectors of Dwarka. The land was allotted to various group housing societies who had started constructing residential buildings. People were hesitant in shifting to Dwarka in the absence of infrastructure like approach roads etc. This issue was brought by the public as well as by DDA to the notice of Lt. Governor of Delhi, who finally ordered construction of Master Plan roads."

18. Explaining it further, the Secretary, Ministry of Urban Development during evidence deposed as under:—

"During the years 1999 and 2000 there were no roads and there were a lot of public complaints. People were allotted houses. So, that DDA thought as to how to mitigate their grievances. So, Master Plan roads were proposed for access to this sub city. It was thought that Delhi PWD will construct these roads. But these roads could not be constructed and there was a lot of resentment in the residents of Dwarka. So, it was decided with the approval of the hon. Lt. Governor that DDA will construct these roads. With this background, under the constant public pressure, the hon. Lt. Governor asked us that we should go ahead with the construction of these roads. One of the issues raised was that Administrative Approval & Expenditure Sanction was not properly obtained. These were compelling circumstances and later on Estimates Approval Committee had approved these estimates. The expenditure, which has been made by the DDA, was spread over couple of years and it was for definite projects and programmes."

19. In this regard, the Vice-Chairman, DDA during evidence deposed as under:—

“The project was getting delayed because the State PWD was not constructing the roads. Several meetings took place with Chief Secretary, Secretary, PWD and Lt. Governor and finally, it was decided in the interest of the project that DDA will go ahead and will try to recoup this money, but the State Government and the State PWD did not have enough resources and funds. So, we have not got that money. It was also decided that the cost of these roads would be put on the development cost. So, these costs have been loaded on the project and recovered by DDA.”

20. The witness added:—

“We are loading this cost on the overall development cost. So the cost of development of roads is already being loaded. So there is no loss to the DDA. Since Delhi Government was not constructing these roads in time, it was decided that in our colonies where roads are the impediments, we would construct these Master Plan roads.”

21. Asked to explain as to why the residents of the colonies have to bear the increased burden because of the failure of the Delhi Government to fulfil their responsibility to construct the roads, the Secretary, Urban Development stated as under:—

“It is not correct entirely to say that the whole amount of road construction is loaded to the individual residents living there. It is a part of the infrastructure development, the cost of which is also built into total land value that is put up by DDA. The difficulty, at that time, was that if they had waited and continued to discuss it, it would have taken longer.”

22. On being enquired whether DDA have recovered the money spent on these Master Plan road constructions, a representative of DDA replied during evidence as under:—

“...the issue has been taken up with the PWD time and again. But because of the urgency of the work we have been finishing it and we have been writing and the issue is in a stalemate and a final decision has not been taken.”

23. The Secretary, Urban Development supplemented as under:—

“...efforts were made to get reimbursed this amount from the Government of NCT of Delhi, but this money was not forthcoming. They had their own resource constraint and I am not commenting on that, but the facts available to me as on date are these. I am afraid that in the situation of Delhi, it will continue. Some roads will be maintained by Delhi PWD as per their budget provisions and in areas which are being developed by DDA, DDA will have to upgrade them because they are not only for providing residences also for providing infrastructure, and I think, they must bear the cost. How much should go into infrastructure and how much should be passed on to the consumers is a separate matter which they need to look into, but

the infrastructure must be provided by DDA because the cost of the land is recovered by them in setting up a colony. I think, they will examine the other aspect of procedure etc. as to why it was done in anticipation and all that.”

He further stated:—

“After all, DDA also gets money from the public, and that money was spent in upgradation of the infrastructure. This was a policy decision taken by the Lt. Governor as Head of the State, and also as the Chairman of the DDA.”

24. In a post evidence reply, Ministry have informed the Committee that DDA have also constructed Master Plan roads for Narela Sub-City and Rohini Sub-City in the interests of the residents and have also taken up some Master Plan roads in trans-Yamuna areas.

III. Award of Works

(a) Award of works at higher rates without adequate justification

25. In DDA the works are awarded in accordance with the provisions of the sections 14 to 19 of CPWD Works Manual. Tenders for works are to be scrutinized by the Division concerned and its recommendations for acceptance of a tender and award of the work submitted to the zonal Chief Engineer for approval. Works valued at more than Rs. 2.50 crore have to be submitted by the Chief Engineer to the Works Advisory Board for approval. Scrutiny of the tenders includes an assessment of the rates offered and it is incumbent upon the divisional officers concerned to ensure that the rates recommended for approval are fair as well as consistent with that approved for similar works at the same time.

26. Audit scrutiny of award of three works relating to strengthening of roads revealed that works were awarded at rates higher than that of a similar work awarded at the same time in Dwarka Phase I, Group I, as tabulated below:

Sl. No.	Name of Work	Estimated cost (Rupees in crore)	Tendered amount after negotiation (Rupees in crore)	Percentage awarded above estimated cost	Percentage awarded above estimated cost in Dwarka Phase-I Group-I	Percentage difference between work awarded and that in Dwarka Phase-I Group-I	Cost difference (Rupees in crore)
1	2	3	4	5	6	7	8
1.	Strengthening of roads at Dwarka Phase-II Group-I	30.33	33.81	11.46	1.30	10.16	3.08

1	2	3	4	5	6	7	8
2.	Strengthening of roads at Dwarka Phase-I Group-III	22.28	24.50	9.98	1.30	8.68	1.93
3.	Strengthening of roads at Dwarka Phase-I Group-II	23.25	25.98	11.72	1.30	10.42	2.42

According to Audit award of above works at higher rates resulted in an additional expenditure of Rs. 7.43 crore and undue benefit to the contractor.

27. Explaining their position on the Audit observation, DDA stated (December 2005) that though the names of the works were similar, the actual site condition, scope and quantum of work differed in all the cases. It was added that the contractor had inadvertently quoted a rebate of 14.1 *per cent* on the quoted rates. Moreover, rates received in one case should not be construed to form an opinion about the prevailing market rates in other cases. However, Audit contended that all the works were at Dwarka and related to Master Plan roads comprising of roads, bridges and culverts and were awarded in the same month. Audit compared the detailed schedule of items and confirmed that the nature of the items of work were identical in all the cases. In fact, the number of items was less in those works for which higher rates had been awarded. Further, the number of bridges required etc. should have been clearly quantifiable and in case more earthworks was to be done, this would have been accounted for through increase in the quantum or scope of the specific item of work.

28. Explaining the circumstances leading to award of works at higher rates, the representative of DDA stated during evidence as under:—

“...there was an inadvertent rebate of 14.1 per cent given by the contractor, about which he wrote to DDA later on. That had affected the quotation. Overall, it may be in the same locality, but the two rates cannot be similar....out of four works, in three works, M/s. Unitech Ltd. was the same contractor....M/s. Unitech was repeatedly asked to reduce the rates and they placed on record that in the first tender, their rates were inadvertently quoted low and they are not prepared to reduce. So, the Works Advisory Board in its fifth meeting accepted the tenders. All the three tenders were considered to be more nearer to the market rate than the first tender.”

29. In this regard, the Secretary, Ministry of Urban Development during evidence deposed as under:—

“...Frankly speaking, in the first tender a rebate of 14 per cent is inexplicable, and this has given rise to subsequent audit objections. I entirely agree

with my colleague that but for this inadvertent rebate the audit objection would not be there.”

30. Giving reasons for quotation of lower rates for the first tender by M/s Unitech, a representative of DDA during evidence stated as under:—

“In the lowest tender which M/s Unitech had quoted, there were three reasons, which we can probably estimate, as to why the tender rates quoted were lower. One, there were approaches available for transportation; and two, the bridge component in that particular tender was around 4.5 per cent, whereas in other tenders, it varied from 8 to 11 per cent. From our technical background, we can say that this component normally costs more than the other things. So, justifications were prepared, the rates were compared with the tenders of NHAI and PWD, and then the Chief Engineer specifically recommended that the rates were reasonable. Negotiations were also conducted, and in one of the tenders, Rs. 73 lakh was reduced, and in another tender, Rs. 2.18 crore was reduced during the negotiations. The Works Advisory Board, as told by the Vice-Chairman, held five meetings and the rates were reduced to a reasonable level. All the works have been completed to the satisfaction of the DDA as well as the third party, that is, the Central Road Research Institute, which verified the quality at various stages.”

31. In a subsequent note furnished to the Committee, the Ministry sought to clarify that no undue benefit was extended to the contractor and explained the DDA’s system of approving tenders as under:—

“Tenders are examined by concerned Executive Engineers/Superintending Engineers/Chief Engineers. Detailed justification of each item is prepared based on procedure laid down in para 18.12.6.1 of CPWD Works Manual 2003. The market rates of all items are also fixed by a Committee of SE Planning & Field. These tenders are further examined by Finance, Chief Engineer (QC), Chief Engineer (HQ) and the concerned Chief Engineer. The Works Advisory Board chaired by VC, DDA and consisting of Finance Member, Engineer Member, Chief Accounts Officer, Chief Engineer (QC), Chief Engineer (concerned) discusses the tenders thoroughly. The rates of these tenders were compared with NHAI, & PWD road tenders and were found to be lower. In view of the fact that the rates received were lower than justified rates as well prevailing market trends, tenders were negotiated, rates to the extent of Rs. 0.73 crore and Rs. 2.18 crore were reduced and thereafter accepted.”

32. Asked why DDA was not able to award the subsequent works at the same rate quoted by the M/s Unitech for the first work, the Ministry stated in a note as under:—

“DDA has also informed that the rates quoted by the contractors for all the groups were within the justified rate.”

33. When asked as to why DDA did not go for fresh tendering or re-tendering when the contractor refused to reduce the rates, the Secretary, Ministry of Urban Development during evidence stated as under:—

“In each of the tenders, seven tender papers were sold. In one case four and in one case five tenders were received. Tenders were received and they are roughly 1.3 per cent, 11 per cent, 9 per cent or 11 per cent above the estimated cost. After reduction, they have come down to 11.46, 9.98, and 11.72. It is a matter of subjective judgment whether you should go for re-tendering or you should accept it. If there was only one tender or two tenders, then probably re-tendering could have been done. To take the work forward it is a call which has to be made by the officers.”

(b) Award of work without ensuring availability of structural drawing and material

34. As per the CPWD Works Manual, no tender shall be invited unless stipulated material are available or are likely to be received before the work commences and essential architectural and structural drawings together with specifications are ready for being made available to the contractor at the time of invitation of tenders. Audit review revealed that the work of construction of a peripheral storm water drain in sectors 1 and 2 of Dwarka was initially awarded to a contractor, M/s NRB Associates in September 1996 at a cost of Rs. 1.47 crore for completion by October 1997. As the firm failed to complete the work, the contract was rescinded and the remaining work awarded in October 2003 to another contractor at tendered amount of Rs. 96.09 lakh for completion by 17 July 2004. The work was finally completed in September 2005 after lapse of more than one year due to non-availability of structural drawings and non-availability or short supply of steel and cement, which were to be supplied by the department.

35. In their explanation to the Audit observation, the Ministry in a note stated that in 1996-97, while entering into contract with M/s NRB Associates for the work, all the structural drawings were based on construction of RCC box drain with cement concrete (1:1 ½ : 3). However since the said agency could not complete the work, it was decided to assign the balance work, at the risk and cost to another agency namely Sushil Kumar and Company. At this time *i.e.* in 2003, a revised IS code 2000 was already in force. Based on this revised code, the Works Advisory Board gave approval for the remaining work to be taken up based on using M-25 Grade as mandatory requirement as per revised concrete code IS 456-2000. As a result of this revised code being made applicable to the balance work, it became necessary to get structural design/drawings revised. This resulted in some delay to the work. Moreover during this period, there was a steep rise in the prices of steel and cement, which also resulted in shortage in the availability of these materials resulting in delay in execution of the work. The work has been completed on 15.9.2005.

36. Audit however, contended that the IS Code was revised in July 2000 whereas the remaining work was awarded in October 2003 and hence, the structural drawings should have been prepared as per the revised IS code before the award of the work to the contractor. Moreover, it was incumbent upon the DDA to ensure availability of the materials before commencement of the work.

37. In a subsequent note, the Ministry have submitted that the Central Road Research Institute (CRRRI), a Government body, was engaged as consultants for design, who supplied the tentative and final drawings for the project. The works were delayed due to reasons beyond the control of the DDA only part of site was not available and accordingly only part of the work was held up due to hindrance beyond control, while the work was in progress in the rest of the available site.

38. Asked why DDA had failed to prepare the structural drawings as per the revised Code for awarding the remaining work in October 2003 even though the new IS Code for RCC works was revised way back in July 2000, the Ministry in a note stated as under: —

“The original work was awarded initially in 1996 and as per the CPWD Manual, NIT for the balance work was also prepared on the basis of the original NIT. In the case of any work which is carried out at the risk and cost of the original agency, the items of work remain the same as given in the original NIT. Though the IS Code was prevailing in the year 2000, the provision of M-25 concrete was not taken in the NIT for the balance work, due to the above reasons. It was, however, the WAB that while approving the tender directed to implement the provision given in the IS Code 456/2000.”

39. Pointing out the failure of the contractor to complete the contracted work, the Committee enquired about the precautions taken by DDA while awarding a work to the lowest tenderer so that the quality and timeframe of the work are not compromised. In response, the Ministry replied in a note as under:—

“Before awarding the work to the lowest tenderer his financial and technical capability to execute the work is examined. The quality of work is not compromised at any stage, because of the lowest rate quoted by the tenderer. Once a contractor backs out after tendering or refuses to carry out the work, action is taken by DDA to forfeit the Earnest Money as well as to debar the agency for further tendering.”

40. The Committee desired to know whether time and cost overruns incurred in the completion of the work and if so what action was taken against the first contractor who had failed to complete the work within the stipulated time. In response, the Ministry stated in a note as under:—

“It has been indicated by DDA that the balance work was completed in Sept., 2005. The cost overrun is approx. Rs. 28.03 lakh. 10% penalty on the estimated cost was imposed on the original agency for not completing the work within the stipulated time. Besides the agency was debarred from further tendering for DDA works.”

41. Enquired whether there was any lapse on the part of concerned DDA officials which led to failure in revision of the structural drawings as per the new Code for RCC works and if so, whether responsibility has been fixed for the same, the Ministry in a note submitted that no action was called for by DDA against any official.

(c) Award of works without ensuring availability of clear sites

42. Section 15.2.1.3 of the CPWD Works Manual provides *inter-alia* that availability of clear site; funds and approval of local bodies should be ensured before approval of the Notice Inviting Tenders (NIT). The purpose of these provisions is to ensure that works once awarded are executed without any hindrance or delay, which may entail escalation in costs. Audit however, found that in five cases of works relating to Dwarka Project, there was failure on the part of DDA to ensure clear site and removal of all hindrances before award of works and ineffective co-ordination with the civic agencies . The details of these works are as under:—

(i) Strengthening of the existing two lanes carriage way, construction of additional four lane service road, footpath, drainage works and certain bridges and culverts at Dwarka Phase-II, Group-I

43. This work was awarded to a firm in February 2001 at its tendered amount of Rs.33.81 crore for completion by 10 February 2002. The work was actually completed on 29 December 2003. The delay was on account of hindrances due to IOC pipeline running below the site, electric duct sewer work in progress, shifting of electric pole and MTNL cable non-availability of drawing of a bridge and stoppage of work due to VVIP visit. However the concerned Chief Engineer had assured the Works Advisory Board at the time of its approval in November 2000 that the site was available for the work. A sum of Rs.1.87 crore was paid to the contractor on account of these delays under clause 10CC of the agreement.

44. Commenting on the Audit findings, DDA stated that a clear site is not always available and work is often commenced on available portions of the site and action initiated simultaneously to clear the hindrances. The total period of hindrance works out to 1486 days while the work was delayed by 700 days (Appx.) indicating that in spite of the hindrances, the progress of work was accelerated. The cost of escalation is payable even otherwise during the stipulated period of the contract. Out of Rs. 1.87 crore as mentioned by the audit, a sum of Rs.1.06 crore would have been paid even if the work had been completed during the stipulated period as this amount had to be paid due to cost escalation during the stipulated period of the contract. Further hindrances that are not attributable to the Agency and were beyond control of DDA, related to a pipeline of I.O.C. from Mathura to Jalandhar, which was passing below the site of the bridge and being a very sensitive zone, the work on both the sides of the line was not allowed. Ultimately the alignment of bridge was shifted resulting in delay in completion of work.

45. In their vetted comments, Audit had pointed out that existence of the pipe and the need to change the alignment of the works would have been apparent had there been a proper site survey before commencement of the work. Moreover, delay was also caused by other hindrances, which could have been avoided or minimized with better co-ordination and pursuance with other utility service providers. Further, the cost escalation mentioned by the department was hypothetical and was on account of rise in the cost of labour and materials and it in no way justifies delays caused by such poor planning and co-ordination.

46. In a further note submitted to the Committee, the Ministry explained their position as under:—

“Before call of tender, the site surveys were conducted and that IOCL pipeline was running across Dwarka, was known. It was expected that the issue would be resolved before award of work during execution. However, it took little longer time to settle the issue with Indian Oil Corporation.”

47. The Ministry have maintained that in real terms, the DDA did not suffer any loss as pointed out by the Audit. Had the work been awarded after getting all the hindrances cleared, this would have resulted in delayed start of work by about two to four years and in such circumstances, DDA would have to pay a higher cost for the whole of the work which could have been much more than the escalation paid at present. The higher increased cost on this account would have resulted in higher cost structure not only in respect of this work but for the other construction works/projects also since such other works could not have been possible for want of approach to the construction site of such works. DDA has therefore argued that it has saved considerable amount by taking up these works in time.

(ii) Strengthening of the existing two lanes carriage way and construction of additional four lanes, service road, footpath, drainage works, bridges, culverts etc. at Dwarka Project Phase-I, Group-III

48. Audit examination revealed that the above work was awarded to a firm in February 2001 at the tendered amount of Rs. 24.50 crore for completion by 12 February 2002. However the work was actually completed on 31 December 2002. The delay was attributable *inter-alia* to delay in shifting of electric poles, non-existence of storm water drains which delayed construction of footpaths, leakage in water lines at different locations and failure to finalize the lay out of inter-sections of the roads. Consequently, Rs.77.04 lakh was paid to the firm up to December 2002 under clause 10CC of the agreement. The Executive Engineer, South Western Division 7 stated in July 2005 that the delay was due to existence of electricity and telephone poles, existence of trees on the alignment etc. which had to be cleared by the department before the road work could be taken up. Audit however observed that DDA should have taken up the matter effectively with the other civic agencies at appropriate level. Moreover, factors like non-availability of layout plans were internal to DDA and should have been settled before award of the work

49. In their response to the aforesaid Audit observation, DDA stated that while they made efforts to clear the hindrances, it was difficult as other agencies were involved which are not under the administrative control of DDA. Hence, there is no alternative left but to clear the hindrances with extra cost by way of paying escalation under the relevant clause of the agreement. While granting the Extension of Time (EOT), these aspects are critically examined and cases are decided on merits. Hence, the expenditure incurred on escalation (10CC) was mandatory as delay was unavoidable and not attributable to the construction agency. The payment under 10CC is to be made even during the stipulated period and a sum of Rs. 53.74 lakh would have become due on account of cost escalation, even if the work was completed during the stipulated

period. Had DDA waited for complete clearance of site, it would have resulted in delay in starting of the work. In that case the escalation in terms of the increased rates would have had to be paid not only for the whole of this work of approach road but also for other development and construction works which were being taken up simultaneously, and dependent upon this approach road. This would have caused delay in completion of all such works & DDA would have lost substantial amount by way of increase in the market rates/escalation.

(iii) Strengthening of the existing two lanes carriage way, construction of additional four lanes, service road, footpaths, drainage works, bridges, culverts and pavement at Dwarka Project Phase I, Group-I

50. Audit examination revealed that the above-mentioned work was awarded to a firm in February 2001, at the tendered amount of Rs. 29.91 crore for completion by 12 February 2002. However, the work was completed on 6 January, 2004. The delay was attributed to non-availability of drawings for intersection and T-junction crossing of MP Road and existence of a PWD site office in the line of the alignment. As the reasons were attributable to lack of adequate coordination on the part of DDA, an amount of Rs.1.33 crore was paid to the firm for the period up to January, 2004 as cost escalation under clause 10CC of the agreement. According to Audit, DDA should have ensured availability of the drawings before award or commencement of the works.

51. Contesting the Audit observation, DDA stated that full efforts were made to get these hindrances removed and that there was no lack of coordination on their part. Delay in the completion of work was due to several hindrances that occurred from time to time during the progress of work. Extension of Time (EOT) upto actual date of completion was granted without levy of compensation on the basis of recommendation of the concerned Executive Engineer and after considering all hindrances. The amount of Rs.1.33 crore paid to the contractor on account of 10CC, is due to various hindrances at site, and consists of payment due to cost escalation within the stipulated period, as well as payment due to delay on account of hindrances. Further, the amount of Rs.1.33 crore is not only due to delay on account of hindrances, but also due to cost escalation which would have been payable even if there was no such delay beyond stipulated time.

(iv) Development of land at Dwarka Phase-I involving covering of Palam drain between road 6184 to 3841 and the construction of 45 metre wide road

52. According to Audit, this work was awarded to a firm in October, 2000 at its tendered amount of Rs. 37.21 crore for completion by 20 October, 2002. However, the work was still in progress as of August 2005. Audit pointed out that the delay was due to non-supply of structural drawing for about six months coupled with encroachment on the land. Consequently, the firm was paid Rs. 2.39 crore for the delay under clause 10CC for the period up to January 2005.

53. Responding to the Audit observation, DDA stated that the land in question belonged to the Irrigation & Floor Control (I&FC) Department of the Government of Delhi who had to hand over the land. Work was also stopped for three to four months for the monsoons. The structural drawings, after being finalized by Central Road

Research Institute who were the consultants for the project, were issued to the contractor after award of the work. But they required certain clarifications, which took considerable time. Hence, the hindrances were beyond the control of the authority. According to DDA, considerable efforts were made for removing the encroachment of land.

54. In their vetted comments, Audit stated that the reply was not acceptable as DDA should have taken timely action to resolve pending issues with the I&FC department and ensured that the drawings were finalized by the time of award of the work. The occurrence of the monsoons is an annual phenomenon and should have been taken into account while planning the work.

55. In their response to the Audit observation, the Ministry in a note stated that the work was taken up after detailed meetings and correspondence with Irrigation and Flood Control Department of GNCTD. Structural drawings were issued to the agency before the start of the work. However, certain clarifications and amendments became necessary during execution of the work, which took considerable time to obtain such as expert consultation from CRRI. The Ministry insisted that some of the delay was due to stoppage of work every year during monsoon period for 3-4 months on the advice of the I&FC Department and escalation paid for this period is within the purview of the agreement and was unavoidable.

(v) Strengthening of existing two lanes carriage way, construction of additional four lanes, service roads, footpath, drainage, X-drainage work etc. and construction of a bridge connecting Sectors-6-10 to 5-11 in Dwarka Phase-I, Group-II

56. Audit para revealed that the above-mentioned work was awarded to a firm in February, 2001 at its tendered amount of Rs. 25.98 crore to be completed in February 2002. The work except the bridge was completed in April 2005. Expenditure of Rs. 1.15 crore was incurred on construction of the abutments and piers of the bridge, which remained incomplete as of December 2005. Audit noted that the primary reason for the delay in execution of the work was non-removal of a power line crossing the site and delay in taking a decision on a service road to nearby Bharat Vandana Park. The high-tension power line posed danger of electrocution to the construction workers at the site as well as to vehicles that would ply on the bridge and hence its removal was necessary before the work could be executed. However, the matter of shifting of the HT line was taken up by the divisional authorities with the Delhi Transco Ltd. (DTL) only in September 2001, *i.e.* after award of the work while a decision on the service road was taken only in December 2003. These delays resulted in payment of Rs. 93.42 lakh to the contractor up to February 2004 for the road works and non-completion of the bridge despite expenditure of Rs. 1.15 crore. According to Audit, the failure/delay is indicative of poor planning and lack of technical foresight and timely site survey. The designs of the bridge should have been finalized before award of the work that would have clearly revealed the need to shift the HT lines hence promoting timely action.

57. Responding to the Audit observation, the Ministry in a note stated that the construction of Bridge No. 2 over Palam Drain could not be done because of delay

caused by high-tension electric line of 220 KV passing over the said bridge. DDA had requested Delhi Transco Company several times to raise the line. However, that was not done. This portion of the work was, therefore, withdrawn from the contractor/agency. Later, after the electric line was raised on 30.4.2005, the work on the remaining portion of the bridge was taken up. The amount paid as escalation to the agency was on account of Section 10CC for the extended period and therefore justified. The need for raising the high-tension wire could not be anticipated since it was only brought to the attention at the time of preparation of detailed structural drawings by the consultant. Therefore, the hindrance could not be foreseen and was treated as unavoidable contingency for which payments have been made to the agency under Clause 10CC of the agreement. It would not be appropriate to hold divisional officers responsible for the additional payment, in view of what is stated above.

58. Audit, however, pointed out that failure of DDA to ensure clear site and removal of all hindrances before award of the aforesaid 5 items works as envisaged in the codal provisions and ineffective co-ordination with the civic agencies resulted in delay in execution of works by 10 to 38 months and cost escalation of Rs. 7.29 crore.

59. Asked as to how the above works were awarded without ensuring availability of clear sites through proper surveys, the Secretary, Ministry of Urban Development during evidence deposed as under:

“It is true that ideally the sites must be clearly available and all projects must be taken after the administrative approval and expenditure sanction has been given. But, many a times at the field level, in cases of emergency, in cases of projects, which have long gestation period, some works are taken up with appropriate delegation in anticipation of administrative approval and expenditure sanction. But, ideally, as I said, the projects must be taken up after the sanctions have been accorded or the site clearances are available.”

60. When asked whether any responsibility has been fixed on the concerned officials for erroneously sanctioning the works without ensuring availability of clear sites and related materials, which had led to avoidable hindrances and delays resulting in cost overrun of Rs. 7.29 crore and time overrun of 10 to 38 months, the Ministry in a note stated as under:

“The DDA has stated that the amount of Rs. 7.29 crore worked out as cost overrun due to delay in work is true, but the cost over run worked out due to escalation payment *i.e.* payment under Clause 10CC within the stipulated time has not been accounted for. The payment under 10CC is about Rs. 5.00 crore. Thus the effect of cost overrun due to delay is Rs. 2.29 crore only. In view of the difficulties faced in getting site clearance, DDA has informed that fixation of responsibility on the officials on account of hindrances is not called for.”

IV. Contract Management

(a) Inadmissible payments due to non-adherence to specifications

61. According to condition No. 135 of the additional conditions of the agreement for construction and maintenance of roads specifications of the Union Ministry of Surface Transport (MoST) should be followed in the absence of any specific or particular specification attached in the tender documents. Clause 504.8 of the MoST specifications provide that the contract unit rate for a work shall be paid in full for carrying out all the required operations and no separate payment should be made for primer coat/tack coat.

62. Audit scrutiny of the work relating to Master Plan Road, Phase-I, Group-III Dwarka, However, revealed that an amount of Rs. 32.68 lakh had been released during December 2001 to June 2004 for payment to the contractor for primer coat/tack coat though there was no such stipulation or requirement in the schedule of quantities attached to the tender documents/agreement. Hence, no separate payment was to be made for primer coat/tack coat and it should have been included in the unit rate of the work as a whole as had also been clarified by the Chief Engineer in November 2004. DDA stated in December 2005 that an amount of Rs. 32.68 lakh had been withheld and action would be taken on receipt of reports from the Vigilance department and the Chief Technical Examiner (CTE).

63. In their response to the Audit findings, the Ministry of Urban Development have stated that the item of tack coat was executed & paid under agreement item No. 7(a) &(b) to the tune of Rs. 31.31 lakh. The item of priming coat was executed as an extra item No. 2(i) & payment made to the tune of Rs. 21.57 lakh. A similar work was checked by CTE in a division of this Zone (WD-6) where the payment of these items, were also made. During the intensive examination by CTE, he was of the view that the part payment of tack coat and total payment of priming coat is not admissible. Accordingly CE (DWK) *Vide* his letter No. 13 (231) WD-6/2002/913 dated 18.10.2003 issued instructions to withhold the amount as pointed out by CTE pending clearance from the Vigilance Department where the matter is being investigated. In this group the total amount paid on tack coat & priming coat works out to be Rs. 52.88 lakh. The amount withheld on account of CTE's observations works out to Rs. 32.68 lakh. The balance amount of Rs. 20.20 lakh, which is not covered under the observations of the CTE is admissible for payment. The balance amount withheld on account of CTE's observation works out to Rs. 32.68 lakh. The matter was referred to CVC and a view on the balance payment is being taken in DDA on the basis of observations of CVC.

64. Similarly, an amount of Rs. 40.14 lakh was separately paid during December 2001 to December 2003 to the contractor during execution of work of Master Plan Road Phase-I, Group-I, Dwarka for tack coat/primer coat though there was no such stipulation in the tender documents/agreement. Both the CTE as well as the Chief Engineer had clarified in November 2004 that the amounts were not payable. DDA informed (December 2005) that an amount of Rs. 46.48 lakh had been withheld upto the 22nd Running Account bill and action would be taken on receipt of reports from the CTE and the Vigilance Department.

65. In a subsequent note, the Ministry have submitted that the points related to tack coat and primer coat and were referred to CVC and the same has been dropped by the CVC. In view of these facts, no recovery from the contractor is required. As regards report of Chief Technical Examiner (CTE), DDA has reported that CTE has inspected only open work of construction of Master Plan Road, Group-II Phase-I.

(b) Injudicious reversal of decision to rescind contract resulted in delay as well as non-recovery of Rs. 28.03 lakh from contractor

66. Audit para revealed that work of construction of peripheral storm water drain in sectors 1 and 2 of Dwarka was awarded to a firm, M/s NRB Associates at its tendered amount of Rs. 1.46 crore with stipulated date of start and completion as 8 October, 1996 and 7 October, 1997 respectively. The work was rescinded on 5 August, 1998 on the ground of delay in completion of the work. Relying on assurances given by the firm as to expeditious completion of the work, it was subsequently decided with the approval of the Chief Engineer on 7 June, 2001 to revoke the decision to rescind the contract and allow the contractor to resume the work. However, the firm could not complete the work and the contract was finally rescinded on 1 March 2003 at the risk and cost of the contractor. In the meantime, over five years had elapsed since the stipulated date of completion. Work worth Rs. 1.14 crore had been completed by the contractor at the time of final rescinding of the contract. The balance of the work was awarded to another firm in October 2003 at their tendered amount of Rs. 96.09 lakh against estimated cost of Rs. 84.15 lakh at the risk and cost of the Original firm. The work was completed in September 2005.

67. According to Audit the decision of DDA to reverse the rescission of the contract proved to be injudicious as it was made without a realistic assessment of the capabilities, track record and intention of the firm. This resulted in avoidable delay in completion of the work as well as further escalated the cost. An amount of Rs. 28.03 lakh including compensation leviable under the terms of the contract and the risk and cost amount remained to be recovered from the first contractor. DDA stated in December 2005 that the decision to reverse the rescission of the contract was approved by the Work Advisory Board on the basis of assurances given by the contractor, which he failed to subsequently live up to. Action for filing a recovery suit was under process.

68. Asked about the rationale behind revoking the decision to rescind the contract and allowing the contractor to resume the work and the subsequent failure of the contractor to complete the work, the Ministry in a note explained the position of the case as under:—

“After rescission of the contract, M/s NRB Associates approached various higher authorities of DDA for revocation of rescission of the contract. They also promised to complete the whole work including construction of RCC box drain work *vide* their letters dated 30.4.2001, 25.9.1998, 2.12.1998, 18.12.1998, 19.1.2000, 2.2.2000, 1.3.2001 & 6.5.2000.

Considering the assurances and undertakings *vide* said letters of contractor, it was decided to re-award the work including RCC box drain portion to M/s NRB Associates at their old agreement rates. Accordingly, letter of revocation of rescission of contract was issued *vide* letter No. F.54 (10)

EE/WD-10/A/2003 dated 7.6.2001 with stipulated period of 12 months to complete the entire balance work including c/o RCC box drain portion. At the time of revocation of contract, the stipulated date of start and stipulated date of completion was fixed as 7.6.2001 and 6.6.2002 respectively. To complete the whole work of construction of RCC box drain in time, the agency was requested through letters and telegrams from time to time. The construction of RCC box drain was not even started by him, despite issue of drawing and structural design for RCC box drain handed over to him on 3.2.1998. The contractor even failed to complete the brick masonry drain work, wherever it was feasible. Since 7.10.2002, the contractor did not turn up to bring any material for construction and thus the work remained suspended without any valid reasons.

Show cause notice under clause '3' was served upon the contractor *vide* office letter No. F.54 (10) EE/WD-10/DDA/1433 dated 25.10.2002 and even No. 74 dated 16.1.2003 through registered AD post but no response was received. The notice under clause 2 of the agreement was also served upon from the office of Suptdg. Engineer/Civil Circle-13, DDA *vide* letter No. EE (P)/CC-13/F.3 (525) 2001/Pt.IV/125 dated 21.1.2003.

The Agency's letter No. nil dated 12.7.02 and dated 11.11.2002 also showed their inability to execute the RCC box drain work in their old rates (agreement rates), which is breach of commitment/undertaking and agreement as well.

Ultimately, WAB in its meeting held on 26.12.2002 decided to rescind the contract and get the work, done at the risk and cost of the original agency with the approval of CE (Dwarka)/SE, CC-13. The contract has been rescinded *vide* letter No. F.54 (10) EE/WD-10/DDA/95-96/397 dated 1.3.2003 and levy of compensation to the tune of Rs. 14,52,856/- has also been imposed on the contractor by SE/CC-13 *vide* his letter No. EE (P)/CC-13/F.3 (525) 2001/Pt.IV/369 dated 24.2.2003 which they failed to pay so far. Later on a circular was also issued to all DDA offices *vide* letter No. F.54 (10) EE/WD-10/95-96/466 dated 12.3.2003.

Finally, the tenders for balance work were called with the approval of WAB and the balance work was awarded to the agency M/s Sushil Kumar. & Co. *vide* letter No. F.54 (12) EE/WD-10/DDA/2003-04/1701 dated 8.10.2003."

69. The Ministry further stated that the aforesaid work has been completed on 15.09.2005. The action for filing recovery suit of Rs. 28.03 lakh against M/s NRB Associates is already in process. DDA has been instructed to file the recovery suit without delay.

V. Poor planing and co-ordination of works

(a) Construction of command tanks without ensuring availability of the required water

70. The Project Report prepared in July 1992 for the development of Dwarka Phase-I envisaged a water requirement of 80 MGD (Million Gallons per Day) to cater to an anticipated population of about 12 lakh in the sub-city. Based on a norm of storage capacity equal to 40 *per cent* of daily requirement, the project report anticipated a requirement of six command tanks. Based on these projections, DDA planned the construction of four command tanks in phase I and two in Phase-II for the supply of

water to the general public. The position of the construction and utilization of the four command tanks in phase I was as under:—

Command Tank Number	Year & month of start of work	Year & month of completion	Cost (Rupees in crore)	Capacity of the tank (MGD)	Present availability of water (MGD)
1.	October 1999	October 2001	17.13	13	Nil
2.	October 1996	February 1999	6.22	10	3
3.	September 2001	March 2004	7.61	7	Nil
4.	November 1997	May 1999	4.40	6	Nil

71. The storage capacity thus created by DDA was of 36 MGD whereas the present availability of water from the Delhi Jal Board (DJB) was only three MGD with effect from July 2004.

72. According to Audit, the construction of the command tanks was not linked with the actual requirement as well as availability of water. Based on the present population in Dwarka, the requirement of water was actually only 10 MGD as of February 2005. DJB had expressed their inability to supply any more than three MGD of water to Dwarka in the immediate future till the availability of raw water improves. This quantum of three MGD of water supplied by DJB or in fact even the full present requirement of 10 MGD was within the capacity of command tank No.2 alone. Hence, the remaining tanks would remain idle till the requirement increased and availability of water from DJB. Moreover, as the command tanks are underground structures, prolonged non-use would result in their progressive deterioration and blockage requiring additional funds to render them usable at a subsequent stage.

73. In their response to the Audit observation, the Ministry stated that the command tanks have been constructed as per scheme approved by DJB. Water cannot be supplied from one tank to the whole of Dwarka. Infrastructure is created not for immediate use; rather the same is required to be used during the years to come. Such big tanks cannot be constructed within a short period. These are to be constructed to cater to the future needs of the population. Moreover, the cost factor for early construction is also beneficial to DDA. The cost of the construction has now increased manifold. The services are ultimately to be handed over to D.J.B., which needs specified number of tanks as per their approved scheme. As regards expenditure on making the tanks usable at a later stage, it is intimated that the maintenance expenditure on wear and tear is a routine feature in all types of infrastructure whether used immediately or not. The Ministry also stated that command tank Nos. 2, 3 & 4 are being utilized at present. The Sonia Vihar water treatment plant of Delhi Jal Board is expected to be operational shortly, and all the four tanks will be getting water. As such, the observation of the audit that there were no immediate prospects of utilization of the three tanks may not be appropriate.

74. When asked about the justification for incurring an expenditure of Rs. 29.14 crore on the construction of four command tanks, when three out of four tanks remained idle, the Ministry in a note stated as under:—

“DDA has stated that Dwarka Project envisages supply of drinking water to an area as large as 5648 hectares of land, intended for housing one

million people. This is planned to be accomplished by providing 6 command tanks covering various sectors. In the 162nd meeting of the Standing Committee held on 6.2.1996 in the chamber of Chief Secretary, GNCTD, it was decided that DDA should expedite the construction of command tanks and DJB will supply 10 MGD water to DDA at command tank No. 2.

...thus DDA has constructed four command tanks so far and the fifth tank is under construction for which work has been awarded recently. Three tanks are in operation. Due to inadequate water pressure, the fourth tank could not be made operational. Creation of infrastructure requires sufficient time and that is why DDA has constructed the command tanks on the assurance of DJB that they would provide water for filling up the tanks and supply of water to the residents of Dwarka Sub-city. DDA has been trying its best at various levels to get the required quantity of water from DJB but due to its own constraints, DJB has not been able to supply the required quantity of water. The matter is still under active persuasion with DJB for getting the required quantity of water and also for handing over the water supply system to DJB.

The maintenance cost is nil except expenditure on watch and ward by DDA officials. The annual expenditure on manpower for all the tanks is approximately Rs. 3.00 lakh per year.”

(b) Construction of underground water reservoir without ensuring availability of water

75. The construction of two underground water reservoirs of 3.75 MGD capacity each was commenced in February 1997 and completed in November 2000 in Rohini Phase-III at a total cost of Rs. 4.64 crore. Audit pointed out that as per the project report on development of Rohini Sub-city, the water requirement of Phase-III was 10 MGD by 2005-06. However, the actual present requirement was eight MGD of which only 0.30 MGD was being supplied by DJB. Due to the lack of water, these underground tanks remained unutilized even after expiry of five years since their completion. It was therefore, apparent that the construction of the underground water reservoirs was not linked to either the actual requirements or the prospect of availability of water resulting in the expenditure being rendered idle.

76. Responding to the Audit observation, the Ministry in a note stated that coordination meetings are being held and all efforts are made to have proper coordination with all the concerned civic authorities. The expenditure has been incurred on the infrastructure based on actual requirement. At the time of planning, the capacity of tanks is to be decided with reference to the full occupancy. The tanks cannot be constructed in stages or in parts. The scheme for underground reservoirs as planned by DDA has been technically approved by DJB as per norms laid down by them. The capacity was also decided by the Delhi Jal Board. However, the DJB has not been able to supply the requisite quantity of water due to general water shortage.

77. When asked to explain the rationale for incurring expenditure on construction of the reservoirs when there was no immediate prospect of their utilization. The Ministry in a note stated as under:—

“DDA has stated that the construction of the two reservoirs at Rohini is not related to availability of water. The capacity of the reservoir is decided with reference to the full occupancy/requirement. The reservoirs had been constructed as per the scheme approved by Delhi Jal Board. DDA could not put up infrastructure constructed to its optimum use in view of the inadequate supply of water.”

78. On being enquired whether the structure of the reservoirs which remained idle were facing any deterioration as also the annual maintenance cost thereof, the Ministry stated in their note as under:—

“DDA has informed that there is no deterioration in the structure. As such, no additional expenditure will be required when the same is put to use. There is only marginal expenditure on watch and ward amounting to Rs. 2 lakh per annum.”

79. On being pointed out the poor planning and coordination work on the part of DDA in execution of various works, a representative of DDA during evidence stated as under:—

“...coordination is done at the level of the Vice-Chairman in our senior officers meeting, and the projects are properly monitored. There is also a system of coordination at the level of the Vice-Chairman, and the Lt. Governor (LG) also holds weekly meetings of the senior officers. So, I would like to submit that coordination is there in different departments.”

80. In this regard, the Secretary, Ministry of Urban Development supplemented as under:—

“...coordination is required at two levels. One is coordination within the DDA because approval of site plans and layouts, etc. is done by planning and the construction work is done by engineers. This coordination is done at the level of the Vice-Chairman and the LG. LG meets all the Heads of Departments every Tuesday, and the Vice-Chairman has his weekly meetings. But the difficulty is when it comes to coordination with the external agencies, that is, where it is a project-based coordination and monitoring, which helps.”

VI. Inadequate quality control

Lack of quality test of infrastructure created

81. According to the Audit the agreement for construction of command tank No. 3 in Dwarka Phase I, August 2001 stipulated that the contractor should fill up the tank to a level of 212.55 metre immediately after the construction and curing is complete in order to test its retaining capacity and detect leakages etc. Subsequently, work of applying a minimum of two coats of water base protective epoxy coating with sikgard

on retaining wall, water tanks floor or masonry structure at a cost of Rs. 86.41 lakh was sanctioned as an extra item in February 2002. However, neither was the test conducted on the plea of lack of water nor was the epoxy coating applied. Consequently, the quality of the work done at a cost of Rs. 7.61 crore could not be assured. DDA accepted in December 2005 that the work relating to water base protective epoxy coating had not been executed as of November 2005.

82. Explaining their position on the Audit observation, the Ministry stated in a note stated that Protective Epoxy Coating was not an item included in the agreement in respect of the work of Command tank. The work of epoxy coating was to be taken up under clause 12 of the Agreement which provides for extra items and addition / alteration etc. The expenditure on the extra item was got approved from Chief Engineer (DWK) for an amount of Rs. 86.41 lakh. Before the execution could be taken up, it was found necessary to revise the rate. Thereafter, work on one of the four tanks in Command 3 was got executed at the revised rate as an extra item under the agreement for an amount of Rs. 7, 20,594. For remaining three tanks, tenders have been floated. As far as filling of water is concerned, the agency usually kept tank filled as per the conditions of the agreement and in the instant case the tanks were filled and leakage was checked and the results were found satisfactory. It is stated here that final testing is yet to be done after the proper connection of tanks with the water gallery etc. and for that a sum of Rs. 50, 000 has been withheld from the dues of the agency which is also executing the work of water gallery and pump house etc.

83. As regards internal control on quality of work in DDA, the Ministry informed that the works are inspected by the Quality Control Cell of DDA, which ensures that the works are being carried out as per laid down specifications and drawings. The Reports of the Quality Control Department are forwarded to the respective Engineering Wing in order to ensure that defects, wherever these are noticed by the Quality Control Cell, are removed. The Cell itself is independently headed by an officer of the Chief Engineer level who reports any non-compliance of instructions to the Vice-Chairman, DDA.

84. To a specific query on how DDA ensure that the quality of the works executed by its contractors is well within the accepted standards, the Ministry responded as under:—

“The works are carried out according to the specifications. Field tests are also conducted to assess the quality of work according to the specifications. Besides the supervision of the work, the DDA Engineers also inspect the work to ensure better quality of work. Besides, the works are also inspected by the Quality Control Wing of DDA and by the Chief Technical Examiner (CTE) of CVC. To maintain the quality of work, the services of reputed government organization like CRRI, IIT, NCCBM, and CBRI, Roorkee for Third Party Quality Assurance are also engaged on certain prestigious projects.”

85. Asked whether responsibility has been fixed on the concerned officials for their failure to conduct quality test in the case of the construction of command tank No. 3 in Dwarka Phase I, the Ministry in their reply stated as under:—

“The DDA has informed that necessary tests to check the retaining capacity of the command tank No. 3 and to check the leakages were conducted by

the field staff. No defects have been observed in the structure, therefore, action against the staff is not called for.”

VII. Internal Audit

86. DDA has an Internal audit cell headed by the Member (Finance) who is assisted by the Chief Accounts Office along with other staff. There are a total of 197 auditable units of which 61 were at its headquarters and 136 in its field formations. The Internal Inspection Manual of the Authority did not specify the frequency or periodicity of the audit to be conducted by the internal audit wing. It however, provided that the Member (Finance) was authorized to approve the quantum and extent of audit applicable to various records. The Manual also envisages that the internal audit parties should conduct audit of various schemes/projects being executed by the various divisions.

87. An appraisal of the functioning of the internal audit wing of DDA with special reference to the checks exercised in respect of the developmental schemes by the Audit indicated that while the coverage of units had steadily improved over the last four years, the coverage was still just about 30 per cent of the total number of auditable units as tabulated below:—

Sl. No.	Financial Year	Total No. of auditable units	No. of units audited	Percentage of units audited
1.	2002-03	197	15	7.61
2.	2003-04	197	37	18.78
3.	2004-05	197	53	26.90
4.	2005-06	197	59	29.94

88. Audit further pointed out that no review had so far been conducted of any of the developmental schemes being executed by the Authority during the last five years.

89. The Ministry have informed the Committee that there has been a considerable improvement in the coverage of internal audit of DDA at Head Quarters as well as in the field units. In the financial year 2005-06 DDA has already completed audit of 59 units. Five Special Audit Units have also been conducted during the year 2005-06 including two special audits of Hotel Taj Palace. The new Internal Inspection Manual is also in the advanced stage of finalization. The issues as pointed out by the Audit such as periodicity, procedures and necessary checks to be exercised by the Internal Audit Parties are being included in the Internal Audit Manual, which is under finalization.

90. Admitting the shortcomings in DDA's internal audit, the Ministry were stated that due to paucity of staff, the internal audit of various Units is in arrears. DDA has proposed to take steps towards strengthening of the internal audit system like preparation of Annual Audit Plan, increasing percentage of audit coverage by rationalizing available manpower and existing duration for auditable units, completion of 100 per cent audit of units in a cycle of 3 to 4 years, categorization of units, etc. Presently there are 197 auditable Units as a result of augmentation and streamlining the internal audit system, it is expected to conduct audit of 40 units during the year 2005-06. The internal audit of the Divisions falling under Dwarka Zone is in arrears due to the aforesaid reasons and is now being taken up.

91. Enquired about the efforts made by DDA to strengthen its internal audit mechanism so as to ensure timely coverage of all major schemes executed by the authority, the Ministry in a note stated as under:—

“DDA has informed that the Draft Audit Manual containing the periodicity, procedures and checks to be exercised in Internal Audit has been finalized. To ensure coverage of all major schemes, efforts have been made to put them in the recently finalized Audit Plan. Audit of Dwarka and Rohini Projects are being taken-up in line with this objective.”

92. To a query regarding measures taken to liquidate the audit arrears expeditiously, the Ministry in a note stated as under:—

“DDA has stated that it is a fact that due to shortage of audit staff in DDA, the Internal Audit of various Units of DDA is in arrears. Efforts are being made to minimize the arrears. In this regard, DDA has recently prepared the Annual Audit Plan for the year 2006-07 and it is expected that audit will be brought up-to-date by the close of the financial year. Efforts have been made to classify the auditable units in annual/bi-annual/tri-annual audit units depending upon the risk factors/the sensitivity involved in nature of the transactions. The Units with high risk factor have been brought under annual audit category.

Efforts are also underway to fill-up the existing vacant posts and to divert the staff from the other units of DDA by rationalizing the sanctioned strength wherever possible. By adopting such measures, it is expected to liquidate the arrears expeditiously. As regards the question of the computerized accounting/auditing system, this is part of the comprehensive computerization of DDA, which has been taken up by DDA.”

93. Asked about the extent to which the internal audit system of DDA has been able to detect the irregularities committed by its officials, the Ministry in a note stated as under:—

“At present there are five Internal Inspection Parties. After the audit is completed, the Inspection Report containing cases of irregularities, financial deviation, procedural lapses etc. is issued to the concerned HODs for taking necessary remedial action. Although, it is difficult to answer whether internal audit has resulted in decrease of project cost, the deterrent impact of internal audit cannot be undermined. Instances of irregularities are brought to the notice of EM/VC from time to time for taking remedial measures wherever necessary.”

94. The Committee desired to know the number of meetings conducted by DDA during a year to monitor as well as take stock of various ongoing activities. In response, the Ministry in a note stated as under:—

“DDA has indicated that besides conducting the monthly review by the Zonal Chief Engineers, a monthly review of each zone is being done at EM's level. In case of any bottlenecks in specific project, the same are also brought to the notice of the Vice-Chairman.”

PART - II

OBSERVATIONS AND RECOMMENDATIONS OF THE COMMITTEE

95. During the period from 2000-01 to 2004-05, DDA spent Rs. 2,061.56 crore on development of land under various developmental schemes. The specific works undertaken under these schemes included construction of master plan roads, development of green belts, levelling and dressing of land, construction of storm water drains, internal drains and water supply lines, construction of connected underground water tanks and pump houses and maintenance works. The Committee note that expenditure on 19 such developmental schemes exceeded Rs. 10 crore each. Out of these, 6 developmental schemes involving a total expenditure of Rs. 605 crore and constituting about 29 per cent of the total expenditure were taken up in Dwarka and Rohini. These schemes relate to — (i) Development of 1769.88 hectares of land for housing colonies at Pappan Kalan in Dwarka Phase I; (ii) Construction of master plan road in Dwarka Phase-I; (iii) Maintenance of parks and plantation activities in the north zone; (iv) Development of 224.90 hectares of land for residential colonies in Dwarka Phase-II; (v) Construction of master plan road in Dwarka Phase II; and (vi) Development of 472.40 hectares of land for housing colonies in Sectors 23, 24 and 25 in Rohini.

96. The Committee note with concern that the execution of the aforesaid six developmental schemes in Dwarka and Rohini by DDA revealed mismatch in budget allocation and expenditure; lack of financial control over expenditure; non-adherence to codal provisions in award of works; award of works without ensuring availability of structural drawings, materials and clear sites; inadmissible payments due to non-adherence to specifications; non-recovery of outstanding amount from the defaulting contractor; poor planning and co-ordination of works, inadequate quality control; and weak internal audit and lack of co-ordination with other concerned civic and public utility agencies. The specific instances of irregularities/lapses as highlighted by Audit are — (i) Expenditure of Rs. 19.56 crore was incurred in anticipation of administrative approval and expenditure sanction, which was irregular; (ii) Lack of adequate scrutiny of tender rates and comparison with rates accepted for similar works during the same time leading to an additional expenditure of Rs. 7.43 crore; (iii) Delay in completion of works ranging up to over three years as well as cost escalation of Rs. 7.29 crore; and (iv) Construction of command tanks and water reservoirs without linking with the actual availability of water so as to enable their utilization leading to idling of an expenditure of Rs. 33.78 crore incurred on construction of these tanks and reservoirs due to lack of water. These along with other issues have been dealt with in detail by the Committee in the succeeding paragraphs.

97. Section 2.1 of CPWD Works Manual, which is followed for execution of various works in DDA stipulate that no expenditure should be incurred without prior

administrative approval and sanction of the competent Authority and award or execution of works should be based on technical sanction. The Committee are, however, perturbed to find that despite this stipulation, an expenditure of Rs. 19.56 crore was incurred in 4 Master Plan road related works such as strengthening of the existing two lanes carriage way, construction of additional four lanes in Dwarka Project in February 2001 in anticipation of administrative approval and expenditure sanction undermining the financial control. While these works were awarded by deviating from the normal procedure ostensibly on grounds of urgency, scrutiny of records, however, indicate that execution of these works was held up due to unresolved funding issues with the Delhi Government. This amply shows the necessity for adhering to prescribed procedure and the need for obtaining proper approvals before commencement of the work. The Committee further note that there were delays ranging from 10 months to over three years in completing these works besides cost escalation. What is surprising to the Committee is the fact that as many as 30 major works have been taken up by DDA as a matter of routine by invoking the clause of urgency over the last five years. The Committee deplore DDA for having to bypass the normal procedure and award such a large number of works as 'urgent issues'. Even the connotation of the circumstances that are deemed 'urgent' as envisaged in Rule 17 of the DDA Budget and Accounts Rules which states that "*Inevitable expenditure, which cannot be met by re-appropriation, may be incurred with the previous approval of the Authority, and in emergencies, under the orders of the Vice-Chairman, a report of which shall be made to the Authority in its next meeting*" is vague and not properly codified and has the concomitant scope for its misuse or unrestricted manipulation. The Committee note that neither the Ministry of Urban Development nor DDA had made efforts for circumscribing the circumstances, under which the works are to be taken on urgent basis. The Committee do not see any justification for awarding such a large number of works without obtaining prior approval and sanction. The Committee recommend that DDA should lay down a definite set of guidelines/parameters whereunder a particular work can be taken up as an emergent case. The cases that are deemed emergent should be kept to the barest minimum possible and efforts should be made to ensure that the works are executed after due process with prior approval and sanction of the Authority.

(Recommendation Sr. No. 1)

98. The Committee note that DDA have constructed Master Plan roads in Dwarka Project, Narela Sub-City and Rohini Sub-City and in trans-Yamuna areas with its funds although the construction of these Roads comes under the purview of the Public Works Department of Delhi Government. In Dwarka project, these roads were constructed in anticipation of Administrative Approval and Expenditure Sanction on the grounds of urgency. Explaining the reasons for construction of these Master Plan roads by DDA, the Ministry have stated that despite several meetings by Lieutenant Governor, Delhi with the Chief Secretary and the Secretary (PWD), GNCTD, funds from PWD, Delhi were not coming up in the same pace as that of progress of development work in Dwarka. The then Lt. Governor, under constant public pressure, decided that the Master Plan roads should be taken up by DDA on urgent basis. It has further been stated that this was the first time in the history of

DDA that the Master Plan roads were taken up by DDA on the specific instructions of the Lt. Governor. Subsequently, a policy decision was taken by the Lt. Governor that the construction of Master Plan roads in DDA colonies would be a part of the sub-city development and the cost would be loaded to the overall development cost recovered from the land/house allottees. Worse still, the roads were constructed in some selected areas and without any agreement/understanding with the GNCTD that the cost would subsequently be recovered from them. As a result, DDA had failed to recover the money from the Delhi Government and decided that the cost of these roads would be loaded on the overall development charges to be collected from allottees which is but regrettable. The Committee have an apprehension that if this practice is continued unchecked it will lead to a situation that might not be very far away when the entire responsibility for building all the roads in Delhi (being Master Plan roads) would legally be shifted onto DDA and the burden of cost would unjustifiably be charged from the civic population. The Committee are of the view that since construction of roads comes under the jurisdiction of the Government of NCT of Delhi, it would be unjustifiable for DDA to construct Master Plan Roads in lieu of PWD, Delhi Government and pass the burden to the allottees. The Committee are unhappy over the extant arrangement whereunder DDA has taken upon itself the task of construction of Master Plan Roads as a matter of routine and pass on the burden on to the allottees. They desire that this situation should be remedied forthwith. For this the DDA should hold consultations on this matter with the GNCTD at the highest level so as to put an end to this practice. An institutional coordination mechanism should be set up in DDA and GNCTD so that funds for construction of Master Plan roads are allotted expeditiously by the GNCTD. In exceptional cases where it is found difficult to allot funds for Master Plan Roads by GNCTD, DDA may construct Master Plan roads as a special case and in all such cases the cost should be recovered from GNCTD at the earliest.

(Recommendation Sr. No. 2)

99. The Committee note that 3 works relating to the strengthening of roads at Dwarka Phase-II Group-I, Phase-I Group-III and Phase-I Group-II were awarded by DDA at rates higher than that of a similar work awarded around the same time in Dwarka Phase-I Group-I in as much as that the cost difference in these cases were Rs. 3.08 crore, Rs. 1.93 crore and Rs. 2.42 crore respectively. These works were awarded in the same month and the nature of the items of work were identical in all the cases. This, in effect, resulted in an additional expenditure of Rs. 7.43 crore. The Ministry have contended that though works were similar, the actual site condition, scope and quantum of work differed in all the cases. It was further stated that in the first tender M/s Unitech, the contracting firm, inadvertently quoted a rebate of 14.1 percent on the quoted rates and the firm was not prepared to reduce the rates for the other two works. However, after negotiations Rs. 73 lakh was reduced in one tender and in another tender, Rs. 2.18 crore was reduced by the contractor. All the three tenders were considered to be more nearer to the market rate than the first tender. The Ministry further stated that at the instance of Vice-Chairman, DDA the Works Advisory Board held five meetings and the rates were reduced to a reasonable level. The Committee, however, find that in these three cases the works were awarded at

rates above the estimated cost by 11.46, 9.98 and 11.72 percent respectively whereas the work in Dwarka Phase-I Group-I was awarded above the estimated cost by 1.30 percent only. This means that these three works were awarded at rates higher than that of the work in Dwarka Phase-I Group-I by 10.16, 8.86 and 10.42 percent respectively. The Committee are surprised to note that how a private firm like M/s Unitech could inadvertently quoted the rates at rebate without calculating the margin of profit from the work. The Committee do not accept the DDA's contention that all the three tenders were considered to be more nearer to the market rate than the first tender. The Committee recommend that in future a mechanism should be put in place whereby the rates offered for works by the contractors are invariably compared with the rates accepted for similar works within the same time frame and the number of items in each work are clearly quantified so that the quantum or scope of the work is properly specified with a view to ensuring that deals are made transparent and no extra payments are paid to the contractors and that the financial interests of the Authority are secured needless to point out that such efforts would help the common man as DDA adds all costs to plot/flat allottees.

(Recommendation Sr. No. 3)

100. As per CPWD Works Manual, no tender shall be invited unless stipulated material are available or are likely to be received before the work commences and essential architectural and structural drawings together with specifications are ready for being made available to the contractor at the time of invitation of tenders. The Committee note that DDA awarded the work of construction of a peripheral storm water drain in sectors 1 and 2 of Dwarka without ensuring availability of structural drawing and material to a contractor, M/s NRB Associates in September 1996 for completion by October 1997. As the firm failed to complete the work, the contract was rescinded and the remaining work was awarded in October 2003 to another contractor namely M/s Shushil Kumar & Company at tendered amount of Rs. 96.09 lakh for completion by 17 July, 2004. The work was finally completed in September 2005 after lapse of more than one year due to non-availability of structural drawings and non-availability or short supply of steel and cement, which were to be supplied by the department. The contract value for M/s NRB Associates was Rs. 1.47 crore and the cost over run thereof was approximately Rs. 28.03 lakh. The Ministry have informed the Committee that the Work Advisory Board of DDA gave approval for the remaining work to be taken up based on using M-25 Grade as mandatory requirement as per revised concrete code IS 456-2000. This necessitated revision of structural design/drawings based on revised code and thus led to some delay in the work. A steep rise in the prices of steel and cement during this period had also resulted in shortage in the availability of these materials resulting in delay in execution of the work. The works were delayed due to reasons beyond the control of the DDA. Only a part of site was not available and accordingly only some part of the work was held up due to hindrance beyond control, while the work was in progress in the rest of the available site. The Committee are not convinced by the reply of the Ministry for the reason that the new IS Code was revised way back in July 2000 whereas the balance work was awarded in October 2003. Hence the structural drawings should have been prepared as per the new IS code well before the award of

the work to the second contractor. Further, as per Section 15.2.1.3 of the CPWD Works Manual, it was incumbent upon the DDA to ensure availability of the materials before commencement of the work. Based on the facts of the circumstances, the Committee cannot but come to the conclusion that the works were not delayed due to reasons beyond the control of the DDA but due to lack of proper planning as well as concerted efforts. It is grossly erroneous on the part of DDA to justify the delay on the ground that only a part of the site was not available and, accordingly, only a part of the work was held up while the work was in progress in the rest of the available site which is nothing but to trivialize the issue to defend its lapses. The Committee recommend that DDA should set up a monitoring cell which should meet at frequent intervals to take stock of the progress of works with particular reference to ensuring strict adherence to codal provisions of ensuring availability of structural drawings and unhindered site before award of work.

(Recommendation Sr. No. 4)

101. Section 15.2.1.3 of the CPWD Works Manual provides *inter-alia* that availability of clear site; funds and approval of local bodies should be ensured before approval of the Notice Inviting Tenders. These are necessary to ensure that works once awarded are executed without any hindrance or delay, which may entail escalation in costs. The Committee are concerned to note that despite this codal provision, in five cases of work relating to Dwarka Project, DDA not only failed to ensure clear site at the time of award of the works but also could not get removed hindrances such as pipe line running below the site, electric duct sewer work in progress, shifting or electric pole and MTNL cable, non-availability of drawings of a bridge etc. This resulted in delay in execution of these works by 10 to 38 months and avoidable cost escalation of Rs. 7.29 crore.

The Committee's examination of the five cases of works revealed that much of the so called unavoidable hindrances were manifestation of lack of sound planning and institutionalized mechanism for coordination with concerned civic agencies and absence of a synchronized action plan for execution of the works in cooperation with other agencies in DDA. Even though DDA was very much conscious of the possible cost escalation and felt that early award of works was necessary for avoiding the same, however, the benefits of taking up projects early on were nullified due to total lack of initiative in taking timely efforts to remove the hindrances resulting in avoidable time and cost over runs. The Committee observe that frequent invoking of Clause 10 CC of tender agreements which sanctifies extra payment for cost escalation to the contractors on account of delays in execution of the works arising from the hindrances, give raise to the suspicion about the possibility of deliberate exploitation of this very clause by DDA officials in nexus with the contractors, whereunder DDA would sanction the works without ensuring clear sites and removing obstacles and hindrances that may arise in the course of execution of the works so that the works may get delayed and the contractors could be extended undue favours in the form of cost escalation. The Committee recommend that all the five cases of works, which resulted in cost overrun of Rs. 7.29 crore and time overrun of more than 5 years, should be thoroughly investigated with a view to fixing responsibility on the concerned

officials. The Committee further recommend that DDA should strictly adhere to the codal provisions for ensuring that clear and unhindered site is available before award of work and the clause for taking up works on emergency basis should be confined to the rarest of the rare cases and is not resorted to on a regular basis. In this regard, the Committee concur with the view expressed by the Secretary, Ministry of Urban Development during evidence that ideally the projects must be taken up only after the site clearances are available. To achieve this, Committee would like DDA to set up an institutionalized mechanism in coordination with other civic agencies so that the obstacles and hindrances are timely detected and expeditiously removed so that the works are taken up and completed on time.

(Recommendation Sr. No. 5)

102. According to Clause 504.8 of the Ministry of Surface Transport specifications contract unit rate for a work shall be paid in full for carrying out all the required operations and no separate payment should be made for primer coat/tack coat. Audit scrutiny of the work relating to Master Plan Road Phase-I Group-III Dwarka revealed that an amount of Rs. 32.68 lakh was released by DDA during December 2001 to June 2004 for payment to the contractor for primer coat/tack coat though there was no such stipulation or requirement in the schedule of quantities attached to the tender documents/agreement. According to Audit, no separate payment was to be made for primer coat/tack coat and it should have been included in the unit rate of work as a whole. This was also clarified by Chief Engineer in November, 2004. Similarly in another work of Master Plan Road Phase I Group I, Dwarka, Rs. 41.14 lakh was separately paid to the contractor for primer coat/ tack coat. The Chief Technical Examiner as well as the Chief Engineer clarified that the amount were not payable. Accordingly, DDA withheld Rs. 32.68 lakh and Rs. 46.48 lakh respectively from the payments made for these 2 works pending final action to be taken on receipt of reports from the Vigilance Department and the Chief Technical Examiner. The Committee was informed that the matter was subsequently referred to Central Vigilance Commission (CVC) and a view on the balance payment is being taken in DDA on the observations of CVC. The Committee regret to note that despite clear specification laid down by the Ministry of Surface Transport that contract unit rate for a work includes all the required operations including prima coat/tack coat, DDA has conveniently ignored or by passed these specifications resulting in release of excess amount to the contractor in 2 works relating to construction of Master Plan roads. Though the amount was withheld subsequently in view of the instructions by the Chief Engineer, nevertheless these instances points to lack of proper understanding and interpretation the work specifications relating to construction of road. The Committee trust that in future DDA would take adequate precautions so that no extra amount is paid to the contractor for carrying out these operations/items, which *per se* are subsumed in the contract unit rate for the work as a whole.

(Recommendation Sr. No. 6)

103. The Committee's examination has revealed that there is a lack of a definite policy in DDA to deal with cases arising out of the failure of its contractors to complete the work within the stipulated time frame. This was best manifested in its imprudent handling of the work of construction of peripheral storm water drain in sectors 1 and

2 of Dwarka. As per records, this work was awarded to a firm, M/s N.R.B. Associates at its tendered amount of Rs. 1.46 crore with stipulated date of start and completion as 8 October 1996 and 7 October 1997 respectively. However, the work was rescinded on 5 August 1998 on the ground of delay in completion of the work. Relying on assurances given by the firm for expeditious completion of the work, it was subsequently decided with the approval of the Chief Engineer on 7 June 2001 to revoke the decision to rescind the contract and allowed the contractor to resume the work. As the firm could not complete the work, the contract was finally rescinded on 1 March 2003. Due to the flip-flop by DDA in the decision making process, the proposed civic amenity could not be put in place for over 5 years. The Committee note that at the time of final rescinding of the contract, the contractor had completed work worth Rs. 1.14 crore and the balance of the work was awarded to another firm in October 2003 at their tendered amount of Rs. 96.09 lakh against estimated cost of Rs. 84.15 lakh. The work was finally completed in September 2005. The Committee are surprised to note that the Work Advisory Board of DDA had decided to reverse the rescission of the contract merely on the basis of assurances given by the contractor and without conducting any due diligence and realistic assessment of the capabilities, track record and intention of the firm and hence was injudicious. As a result there was unavoidable delay in completion of the work as well as cost escalation, which is anything but regrettable. The Committee would like DDA to recover the amount of Rs. 28.03 lakh compensation leviable, along with interests, under the terms of the contract from the first contractor without any further delay. The Committee trust that DDA must have provision for black listing such defaulting contractors.

(Recommendation Sr. No. 7)

104. The Committee are dismayed to find that DDA do not have a system for synchronizing creation of infrastructure and their utilization. Based on the Project Report prepared in July 1992, which envisaged water requirement of 80 MGD (Million Gallons per Day) to cater to an anticipated population of about 12 lakh in the sub-city, DDA planned the construction of four command tanks in phase I and two in phase II for the supply of water to the general public. By March 2004, DDA had created a storage capacity of 36 MGD whereas the quantum of water received from the Delhi Jal Board (DJB) was only 2 MGD, which was subsequently increased to 3 MGD with effect from July 2004. As a result, three out of the four command tanks constructed in Dwarka in between 1999 to 2004 at an expenditure of Rs. 29.14 crore remained idle as of December 2005. The Committee note that based on the present population in Dwarka, the requirement of water was actually only 10 MGD as of February 2005 and thus the construction of the command tanks was not linked with the actual requirement as well as availability of water. The Committee observe that this quantum of 3 MGD of water being supplied by DJB or in fact even the full present requirement of 10 MGD was within the capacity of command tank No. 2 alone and hence the money invested on the remaining three unused tanks could have been avoided till the increased supply of water is obtained from DJB. The Committee are not convinced by the Ministry's explanation that such big tanks cannot be constructed within a short period in view of the fact that the command tanks were completed within a period of 2 to 3 years whereas the township like Dwarka took about 10 years to come up. The Committee do

not accept the DDA's stand that the cost factor for early construction of the command tanks is beneficial as the cost of construction has now increased manifold for the simple reason that prolonged non-use of underground structures faces the risk of their progressive deterioration requiring additional funds for their repair so as to render them usable at a subsequent stage. In addition expenditure on manpower for managing these tanks approximately comes to around Rs. 3.00 lakh per year. Moreover, the huge money invested on these assets could always have been used on other more important and pressing requirements. The Committee are baffled that DDA had started construction of the fifth tank despite the fact that only three tanks are partially in operation at present due to inadequate water supply/pressure. What is missing in this whole episode is lack of anticipation and coordination with the concerned agencies as well as prioritizing of schemes and the objective of creating infrastructure, which is actually required and that can be immediately usable on its completion. The Committee urge upon DDA to take up the matter at appropriate levels to get the required quantity of water from DJB so that the unused command tanks are put to use without any delay. They also recommend that DDA should put in place a proper mechanism in coordination with other civic bodies like DJB to ensure that scarce resources are invested wisely and assets created therefrom do not remain idle.

(Recommendation Sr. No. 8)

105. DDA constructed two underground water reservoirs of 3.75 MGD capacity each between February 1997 and November 2000 in Rohini Phase-III at a total cost of Rs. 4.64 crore. However, these reservoirs could not be operationalized even after five years of their completion due to the lack of water. The Committee note that as per project report on development of Rohini sub-city, the water requirement of Rohini phase III was 10 MGD by 2005-06 whereas the actual present requirement was 8 MGD, of which only 0.30 MGD was being supplied by DJB and hence the rationale for incurring expenditure on construction of these structures without immediate prospect of their utilization could not be justified. The Committee are concerned to note that this mismatch between infrastructure created and prospect of their immediate use has rendered an expenditure of Rs. 4.64 crore idle for more than 5 years besides incurring maintenance cost amounting to Rs. 2 lakh per annum as well as risk of deterioration in the structures created. The Committee cannot but express their serious displeasure over the inability of DDA in linking the construction of these underground water reservoirs to the actual requirements as well as the prospect of availability of water and consequent failure to operationalize them. The Committee regret to observe that this is nothing but an indication of poor planning and lack of coordination with concerned civic agencies on the part of DDA despite the fact that these works are supervised at the level of the Vice-Chairman, DDA. The Committee, therefore, recommend that institutional mechanisms should be strengthened to ensure adequate co-ordination at all stages with other civic planning and public utility agencies which is vital for ensuring creation of public infrastructure and facilities by DDA in consonance with the plans and projections of the connected civic agencies so that scarce resources are properly utilized only on infrastructures, which are actually required and immediately usable on completion of the work, and expenditure incurred does not remain idle.

(Recommendation Sr. No. 9)

106. The Committee regret to note that the internal audit cell of DDA headed by its Member (Finance) had dismally failed to ensure timely audit of DDA's 197 auditable units comprising 61 units at its headquarters and 136 in field formations. Worse still, the internal audit system prevalent in DDA has not been able to detect the irregularities committed by its officials and no review has so far been conducted of any of the developmental schemes being executed by the Authority during the last five years. The Committee are perturbed to find that the Internal Inspection Manual of the Authority did not specify the frequency or periodicity of the audit to be conducted by the internal audit wing and it was left to the authority of the Member (Finance) to approve the quantum and extent of audit applicable to various records. Audit appraisal of the functioning of the internal Audit wing of DDA with special reference to the checks exercised in respect of the developmental schemes revealed that while the coverage of units had steadily improved over the last four years *i.e.* 2002-2003 to 2005-2006, the coverage was less than 30 *per cent* of the total number of auditable units. The Committee are not inclined to accept DDA's argument that paucity of staff had led to arrears in the internal audit of various units. The lack of staff is not a problem that has cropped up all of a sudden. DDA ought to have anticipated the problem well in advance and taken steps for deployment of adequate staff including filling up of vacancies. The Committee have been informed that steps are now being taken by DDA to strengthen the internal audit system. These include preparation of annual Audit Plan, increasing percentage of audit coverage by rationalizing available manpower and existing duration for auditable units, completion of 100 per cent audit of units in a cycle of 3 to 4 years, categorization of units, etc. The Committee consider that these steps were in fact long overdue. They recommend that every possible step should now be taken in full earnest by DDA to overhaul its internal audit mechanism to the best level possible so that the shortcomings as pointed out by the Audit such as non-specification of frequency or periodicity of audit, procedures and necessary checks to be exercised by the Internal Audit Parties and other possible shortcomings are given proper consideration and included in the Internal Audit Manual currently under finalization. In this connection, the Committee would also like to impress upon DDA to take full advantage of the computerization and information technology in the internal auditing so as to ensure faster and efficient disposal of work.

(Recommendation Sr. No. 10)

107. The Committee would like the Ministry to furnish the Action Taken Notes in respect of various recommendations made in this Report, within three months from the date of presentation of the Report.

(Recommendation Sr. No. 11)

NEW DELHI;
16 August, 2007
25 Sravana, 1929 (Saka)

PROF. VIJAY KUMAR MALHOTRA,
Chairman,
Public Accounts Committee.

ANNEXURE-I

MINUTES OF THE THIRD SITTING OF THE PUBLIC ACCOUNTS COMMITTEE
(2006-2007) HELD ON 12TH JUNE, 2006

The Committee sat from 1600 hours to 1720 hours on 12th June, 2006 in Committee Room 'E', Parliament House Annexe, New Delhi.

PRESENT

Prof. Vijay Kumar Malhotra — *Chairman*

MEMBERS

Lok Sabha

2. Shri Raghunath Jha
3. Shri Bhartruhari Mahtab
4. Shri Brajesh Pathak
5. Prof. M. Ramadass
6. Shri Mohan Singh
7. Shri Rajiv Ranjan 'Lalan' Singh
8. Shri Kharabela Swain
9. Shri Tarit Baran Topdar

Rajya Sabha

10. Shri Janardhana Poojary
11. Shri Prasanta Chatterjee
12. Dr. K. Malaisamy

SECRETARIAT

1. Shri A. Mukhopadhyay — *Joint Secretary*
2. Shri Ashok Sarin — *Director*
3. Shri M.K. Madhusudhan — *Under Secretary*

Representatives of the office of the Comptroller and Auditor General of India

1. Shri U. Bhattacharya — ADAI (RC)
2. Shri Nand Lal — Principal Director (AB)
3. Shri R.K. Ghose — AG (Audit), Delhi

Representatives of the Ministry of Urban Development

- | | | |
|---------------------|---|-------------------------------------|
| 1. Shri Anil Bajjal | — | Secretary |
| 2. Dr. M.M. Kuttty | — | Joint Secretary (D&L) |
| 3. Smt. Neena Garg | — | Joint Secretary & Financial Advisor |

Representatives of the Delhi Development Authority

- | | | |
|----------------------|---|------------------------|
| 1. Shri A.K. Patnaik | — | Finance Member |
| 2. Shri A.K. Sarin | — | Engineering Member |
| 3. Shri V.K. Sadhu | — | Principal Commissioner |
| 4. Shri R.K. Singh | — | Commissioner (D) |
| 5. Shri R.K. Vats | — | Commissioner (LM) |

2. At the outset, the Chairman, PAC welcomed the Members and Audit Officers to the sitting of the Committee. The Chairman informed the Members that the sitting has been convened to take oral evidence of the representatives of the Ministry of Urban Development and the Delhi Development Authority (DDA) on Chapter II of the Report of C&AG of India for the year ended March 2005, Union Government (Civil-Autonomous Bodies), No. 2 of 2006 (Performance Audit) relating to "Development of Land by the Delhi Development Authority". Thereafter, the Officers of the C&AG of India briefed the Committee on the specific points arising out of the audit paragraph. Then, the representatives of the Ministry of Urban Development and the Delhi Development Authority were called in.

3. The Secretary, Ministry of Urban Development informed the Committee that the Vice-Chairman, DDA was not in a position to attend the sitting as he had undergone emergency surgery, for which prior permission of the Chairman was obtained. The Committee then commenced oral evidence on the subject. The Secretary, Ministry of Urban Development and the representatives of the Delhi Development Authority explained the various points arising out of Audit para and queries raised by the Members. To certain queries, for which the witnesses could not give satisfactory replies as admitted by the Secretary, Ministry of Urban Development, the Hon'ble Chairman directed that the Ministry of Urban Development and the DDA might furnish the requisite information in writing at the earliest. The evidence remained inconclusive and the Committee decided to hold another sitting on the subject on a subsequent date.

4. A copy of the verbatim proceedings of the sitting has been kept on record.

The Committee then adjourned.

ANNEXURE-II

MINUTES OF THE FIFTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE
(2006-2007) HELD ON 19TH JULY, 2006

The Committee sat from 1600 hours to 1700 hours in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Prof. Vijay Kumar Malhotra — *Chairman*

MEMBERS

Lok Sabha

2. Shri Khagen Das
3. Shri P.S. Gadhavi
4. Shri Raghunath Jha
5. Shri Bhartruhari Mahtab
6. Shri Brajesh Pathak
7. Shri Madan Lal Sharma
8. Shri Mohan Singh
9. Shri Tarit Baran Topdar

Rajya Sabha

10. Shri R.K. Dhawan
11. Shri Janardhana Poojary
12. Dr. K. Malaisamy

SECRETARIAT

- | | | |
|--------------------------|---|------------------------|
| 1. Shri A. Mukhopadhyay | — | <i>Joint Secretary</i> |
| 2. Shri Ashok Sarin | — | <i>Director</i> |
| 3. Shri M.K. Madhusudhan | — | <i>Under Secretary</i> |

Representatives of the office of the Comptroller and Auditor General of India

- | | | |
|-----------------------------|---|-------------------------|
| 1. Shri B.K. Chattopadhyaya | — | Additional Deputy C&AG |
| 2. Shri R.N. Ghose | — | Principal Director (AB) |
| 3. Shri R.K. Ghose | — | AG (Audit), Delhi |

Representatives of the Ministry of Urban Development

- | | | |
|---------------------|---|--|
| 1. Shri Anil Bajjal | — | Secretary |
| 2. Dr. M.M. Kutty | — | Joint Secretary (D&L) |
| 3. Shri A.K. Rath | — | Additional Secretary & Financial Advisor |

Representatives of the Delhi Development Authority

- | | | |
|----------------------|---|-------------------------|
| 1. Shri Dinesh Rai | — | Vice-Chairman |
| 2. Shri A.K. Patnaik | — | Finance Member |
| 3. Shri A.K. Sarin | — | Engineering Member |
| 4. Shri K.B. Lal | — | Chief Engineer (Dwarka) |
| 5. Shri R.K. Vats | — | Commissioner (LM) |

2. At the outset, the Chairman, PAC welcomed the Members and Audit Officers to the sitting of the Committee. The Chairman recalled that an evidence of the representatives of the Ministry of Urban Development and the Delhi Development Authority (DDA) on Chapter II of the Report of C&AG of India for the year ended March 2005, Union Government (Civil — Autonomous Bodies), No. 2 of 2006 (Performance Audit) relating to "**Development of Land by the Delhi Development Authority**" was held on 12th June, 2006 during which several points raised by the Members remained unanswered and that the Vice Chairman, Delhi Development Authority could not attend the said sitting. In view of this, the Committee had decided to hold another sitting to hear the views of representatives of Ministry of Urban Development and Delhi Development Authority on the Subject. Accordingly, the sitting has been convened to resume the discussion on the subject, which remained inconclusive.

3. Thereafter, the representatives of the Ministry of Urban Development and the Delhi Development Authority were called in. The Secretary, Ministry of Urban Development, the Vice Chairman, DDA and other representatives of the DDA replied to the various points/quesries raised by the Members. To certain queries, for which the witnesses could not give satisfactory replies, the Hon'ble Chairman directed the Ministry of Urban Development and the Delhi Development Authority to furnish the requisite information in writing at the earliest.

4. A copy of the verbatim proceedings of the sitting has been kept on record.

The Committee then adjourned.

ANNEXURE-III

MINUTES OF THE NINTH SITTING OF PUBLIC ACCOUNTS COMMITTEE
(2007-2008) HELD ON 7TH AUGUST, 2007

The Committee sat from 1100 hrs. to 1130 hrs. on 7th August, 2007 in Room No. 51 (Chairman's Chamber), Parliament House, New Delhi.

PRESENT

Prof. Vijay Kumar Malhotra — *Chairman*

MEMBERS

Lok Sabha

2. Shri Raghunath Jha
3. Shri Bhartruhari Mahtab
4. Dr. Rajesh Mishra
5. Shri Mohan Singh
6. Shri Kharabela Swain
7. Shri Tarit Baran Topdar

Rajya Sabha

8. Shri V. Narayanasamy
9. Prof. P.J. Kurien
10. Shri Janardhana Poojary
11. Dr. K. Malaisamy

SECRETARIAT

- | | | |
|---------------------------------|---|----------------------------|
| 1. Shri Brahm Dutt | — | <i>Director</i> |
| 2. Shri M.K. Madhusudhan | — | <i>Deputy Secretary-II</i> |
| 3. Shri Ramkumar Suryanarayanan | — | <i>Under Secretary</i> |
| 4. Shri N.K. Jha | — | <i>Under Secretary</i> |

Representative of the office of the Comptroller and Auditor General of India

Shri P.K. Kataria — Pr. Director (RC)

2. At the outset, the Chairman, PAC welcomed the Members and Audit Officers to the sitting of the Committee. Thereafter, the Committee took up for consideration and adoption the following draft Reports:

- (i) Draft Report on "**Excesses Over Voted Grants and Charged Appropriations (2005-2006)**";

- (ii) Draft Report on "**Development of Land by the Delhi Development Authority**";
and
- (iii) Draft Report on Action Taken on the 30th Report of PAC (14th Lok Sabha) relating to "**Non-recovery of Guarantee Fee from Air India and Indian Airlines**".

3. After some deliberations, the Committee adopted these draft Reports without any amendments/modifications and authorized the Chairman to finalize and present the same to Parliament in the light of factual verification, if any, done by the Audit.

The Committee then adjourned.

APPENDIX-I

Chapter II of Report of the C&AG of India for the year ended 31 March, 2005 (No.2 of 2006), Union Government (Civil — Autonomous Bodies) relating to Development of land by the Delhi Development Authority"

Development of Land by the Delhi Development Authority

Highlights

Delhi Development Authority (DDA) spent Rs. 2,061.56 crore during the period 2000-01 to 2004-05 on various land developmental schemes which included construction of master plan roads, development of green belts, leveling and dressing of land, construction of water supply facilities, etc. Performance audit of six such schemes involving expenditure of Rs. 605 crore during the five year period revealed lack of financial control over expenditure, non-adherence to codal provisions in award of works and lack of co-ordination with other concerned civic and public utility agencies which resulted in undue delays as well as extra expenditure.

- Construction of command tanks and water reservoirs was not linked with the actual availability of water so as to enable their utilization. Consequently, expenditure of Rs. 33.78 crore incurred on construction of these tanks and reservoirs was rendered idle due to lack of water.

(Paragraphs 2.9.1 & 2.9.2)

- Expenditure of Rs. 1956 crore was incurred in anticipation of administrative approval and expenditure sanction which was irregular.

(Paragraph 2.6.2)

- Lack of adequate scrutiny of tender rates and comparison with rates accepted for similar works during the same time resulted in additional expenditure of Rs. 7.43 crore.

(Paragraph 2.7.1)

- DDA failed to ensure adherence to codal provisions relating to ensuring availability of drawings, design and materials as well as clear site before award of works. This resulted in delay in completion of works ranging up to over three years as well as cost escalation of Rs. 7.29 crore.

(Paragraph 2.7.3)

Summary of recommendations

- Institutional mechanisms should be strengthened to ensure adequate co-ordination both at the planning stage as well as in the implementation phase with other civic planning and public utility agencies so that creation of public

infrastructure and facilities by DDA are in consonance with the plans and projections of the connected civic agencies and the progress of works under execution is not hampered.

- No works should be awarded or commenced without prior administrative approval and expenditure sanction by the competent authority. DDA should also ensure availability of clear and unhindered site before award of work.
- A mechanism should be evolved whereby the rates offered for works are compared with rates accepted for similar works within the same time frame so as to ensure that no undue payments occur and the financial interests of DDA are secured.
- Delays attributable to omission and commission on the part of divisional officials and leading to escalation in costs or extra payments to contractors should be investigated with a view to fixing responsibility.
- Internal audit should be strengthened so as to ensure coverage of all major schemes being executed by DDA.

2.1 Introduction

The Delhi Development Authority (DDA) was established in 1957 to promote the planned development of Delhi. During the period from 2000-01 to 2004-05, DDA spent Rs. 2,061.56 crore on development of land under various developmental schemes. The specific works undertaken under these schemes included construction of master plan roads, development of green belts, leveling and dressing of land, construction of storm water drains, internal drains and water supply lines, construction of connected underground water tanks and pump houses and maintenance works.

2.2 Organisational set up

The DDA is headed by the Lt. Governor of Delhi. Day to day administration of the Authority is vested in the Vice Chairman who is assisted by the Member (Finance) and the Member (Engineering). Land acquisition matters are handled by the Commissioner (Lands) assisted by the Director (Land Management) while planning for the various developmental schemes is done by the Commissioner (Planning) assisted by zone wise Directors (Planning). Execution of the schemes is through the six zonal Chief Engineers who function under the administrative control of the Member (Engineering). The Chief Engineers are assisted by Superintending Engineers at the circle and Executive Engineers at the divisional levels.

2.3 Audit objectives

The primary objective of the performance audit was to see whether the schemes and the specific works for development of land conformed to the Master Plan and whether they were executed efficiently and economically in pursuance of the stated objectives. This was divided into the following sub-objectives;

- Whether adequate financial controls were in position to ensure that the works were being executed in accordance with the sanctions;

- Whether the works were being awarded and thereafter executed in accordance with the stipulated codal provisions and instructions;
- Whether the works being properly planned and co-ordinated so as to ensure optimum utilization of available resources and reaching of the benefits of the project to the intended beneficiaries;
- Whether the progress of works were being monitored so as to ensure that they were being executed in accordance with the terms of the contracts; and
- Whether adequate system of internal control and maintenance of the quality of the works were in place.

2.4 Acknowledgement

The draft performance audit report was sent to DDA as well as the Ministry in August 2005. It was discussed with the Member (Finance) of the DDA along with other concerned officials at a meeting held on 14 October 2005. The views expressed at the meeting as well as those communicated formally by DDA in December 2005 have been incorporated in the report. The comments of the Ministry were not received as of December 2005.

2.5 Scope and methodology of audit

Expenditure on 19 developmental schemes exceeded Rs. 10 crore each out of the total expenditure of Rs. 2061.56 crore incurred during the five years from 2000-01 to 2004-05. Of these, six schemes involving a total expenditure of Rs. 605 crore were selected for detailed appraisal namely, (i) development of 1769.88 hectares of land for housing colonies at Pappan Kalan in Dwarka Phase I, (ii) construction of master Plan road in Dwarka Phase I, (iii) maintenance of parks and plantation activities in the north zone, (iv) development of 224.90 hectares of land for residential colonies in Dwarka Phase II; (v) construction of master plan road in Dwarka Phase II; and (vi) development of 472.40 hectares of land for housing colonies in Sectors 23, 24 and 25 in Rohini. The total expenditure on these six selected schemes constituted about 29 per cent of the total expenditure incurred by DDA on such schemes during the five year period.

The audit methodology involved scrutiny of records relating to execution of the selected schemes during the period from 2000-01 to 2004-05 in the respective zones along with those at the headquarters of the DDA, communicating the preliminary audit findings to the appropriate field authorities of the DDA for confirmation of facts and soliciting their comments and thereafter taking those into account while finalizing the audit conclusions.

2.6 Financial management and control

2.6.1 Budget allocation and expenditure

The budget allocation for and expenditure on the six selected schemes during the five years from 2000-01 to 2004-05 were as below:—
(Rupees in crore)

Name of the scheme	1990-91		1996-97		2001		1993		Annual Maintenance Scheme	
	Alloca- tion	Expen- diture	Alloca- tion	Expen- diture	Alloca- tion	Expen- diture	Alloca- tion	Expen- diture	Expen- diture	Alloca- tion
Development of 1769.88 Hect. of land at Dwarka Ph-I		283.97								
Development of Land at Dwarka Ph-II (224.90 Hect. of land)			15.10	14.88	2.50	2.80	14.00	13.84	12.40	12.06
Construction of Master plan road of 45 to 60 M wide road Ph-I & Ph-II*			18.68	18.68	59.00	58.93	10.30	11.57	12.80	12.78
Development of 472.40 hect. of land in Sectors-23, 24, 25 Rohini			22.35	20.69	60.00	57.50	9.65	4.02	12.89	12.86
Maintenance of parks, plantation & equipment of Hort. Wing of the North zone			17.99	10.97	23.00	19.88	21.03	13.48	15.82	14.88
			11.25	9.12	7.80	6.17	17.90	20.24	20.46	20.16
Expenditure incurred upto 31st March, 2000				12.47		Nil		141.70		Not applicable
2000-01	48.15	48.98	15.10	14.88	2.50	2.80	14.00	13.84	12.40	12.06
2001-02	61.16	56.52	18.68	18.68	59.00	58.93	10.30	11.57	12.80	12.78
2002-03	81.00	69.79	22.35	20.69	60.00	57.50	9.65	4.02	12.89	12.86
2003-04	38.55	34.50	17.99	10.97	23.00	19.88	21.03	13.48	15.82	14.88
2004-05	40.00	39.96	11.25	9.12	7.80	6.17	17.90	20.24	20.46	20.16
Total		249.75		74.34		145.28		63.15		72.74

* Two schemes clubbed into one.

There were savings ranging upto 58.34 per cent during the five years under review. Savings exceeded 10 per cent in respect of the five developmental schemes during the years from 2002-03 to 2004-05. DDA attributed (December 2005) the savings to "unavoidable hindrances". The reply is not acceptable since the savings arose every year which was indicative of either inadequate planning and unrealistic estimations or poor implementation of works.

2.6.2 Lack of financial control over expenditure

Codal provisions¹ stipulate that no expenditure should be incurred without prior administrative approval and sanction of the competent authority. Moreover, award or execution of works should be based on technical sanction accorded by the competent technical authority. The purpose of these provisions is to ensure that expenditure is incurred only after allocation of funds has been decided for the purpose and works are thereafter executed in accordance with pre-determined specifications and standards. Audit noted that expenditure of Rs. 19.56 crore was incurred in the following cases in anticipation of administrative approval and expenditure sanction thereby undermining financial control:—

Sl. No.	Name of Work	Date of award of work	Tendered amount (Rupees in crore)	Date of administrative approval & expenditure sanction	Expenditure incurred before administrative approval & expenditure sanction (Rupees in crore)
1	2	3	4	5	6
1.	Strengthening of the existing two lanes carriage way, construction of additional four lanes, service road, foot path, drainage, X-drainage work and fixing of kerb stones, etc. at Dwarka Project, Phase-II, Group-I	February 2001	33.81	November 2001	6.10
2.	Strengthening of the existing two lanes carriage way, construction of additional four lanes, service road, foot path, drainage, X-drainage work and fixing of kerb stones, etc. at Dwarka Project, Phase-I, Group-III	February 2001	24.50	November 2001	4.45

¹Section 2.1 of CPWD Works Manual.

1	2	3	4	5	6
3.	Strengthening of the existing two lanes carriage way, construction of additional four lanes, service road, foot path, drainage, X-drainage work and fixing of kerb stones, etc. at Dwarka Project, Phase-I, Group-I	February 2001	29.91	November 2001	3.83
4.	Strengthening of the existing two lanes carriage way, construction of additional four lanes, service road, foot path, drainage, X-drainage work and fixing of kerb stones, etc. at Dwarka Project, Phase-I, Group II	February 2001	25.98	November 2001	5.18
Total					19.56

Further, there were delays ranging from 10 months to over three years in completing these works along with cost escalation as commented in para 2.7.3.

DDA stated (December 2005) that the works were taken up as an exception in anticipation of administrative approval and expenditure sanction in order to ensure that the area of the site was accessible and people could move into their offices. The reply is not accurate as scrutiny of records indicated that execution of these works was held up due to unresolved funding issues with the Delhi Government. This only emphasizes the need for obtaining proper approvals before commencement of the work.

Recommendation

- No works should be awarded or commenced without prior administrative approval and expenditure sanction by the competent authority.

2.7 Award of works

Works are awarded by DDA in accordance with the provisions of the CPWD Works Manual.² A review of the award of works under the six selected schemes revealed non-adherence to codal provisions which undermined the credibility of the award process and resulted in delay in completion of the works as well as escalation of costs as detailed in the following paragraphs.

2.7.1 Award of works at higher rates without adequate justification

Tenders for works are to be scrutinized by the Division concerned and its recommendations for acceptance of a tender and award of the work submitted to the zonal Chief Engineer for approval. Works valued at more than Rs. 2.50 crore have to be submitted by the Chief Engineer to the Works Advisory Board for approval. Scrutiny of the tenders includes an assessment of the rates offered and it is incumbent upon the divisional officers concerned to ensure that the rates recommended for approval are fair as well as consistent with that approved for similar works at the same time.

¹Sections 14 to 19.

A scrutiny of award of three works relating to strengthening of roads revealed that works were awarded at rates higher than that of a similar work awarded at the same time in Dwarka Phase-I Group-I as tabulated below:—

Sl. No.	Name of work	Estimated cost (Rupees in crore)	Tendered amount after negotiation (Rupees in crore)	Percentage awarded above estimated cost	Percentage awarded above estimated cost in Dwarka Phase I Group I	Percentage difference between work awarded and that in Dwarka Phase I Group I	Cost difference (Rupees in crore)
1	2	3	4	5	6	7	8
1.	Strengthening of roads at Dwarka Phase-II Group-I	30.33	33.81	11.46	1.30	10.16	3.08
2.	Strengthening of roads at Dwarka Phase-I Group-III	22-28	24.50	9.98	1.30	8.68	1.93
3.	Strengthening of roads at Dwarka Phase-I Group-II	23,25	25,98	11.72	1.30	10.42	2.42

Such award of works at higher rates resulted in an additional expenditure of Rs. 7.43 crore and undue benefit to the contractor.

DDA stated (December 2005) that though the names of the works were similar, the actual site condition, scope and quantum of work differed in all the cases. It was added that the contractor had inadvertently quoted a rebate of 14.1 per cent on the quoted rates. Moreover, rates received in one case should not be construed to form an opinion about the prevailing markets rates in other cases.

The reply is not tenable as all the works were at Dwarka with broadly similar site conditions and two of these works were in fact awarded to the same agency. All of them related to Master Plan roads comprising of roads, bridges and culverts and were awarded in the same month. Audit compared the detailed schedule of items and confirmed that the nature of the items of work were identical in all the cases. In fact, the number of items was less in those works for which higher rates had been awarded. Further, the number of bridges required etc. should have been clearly quantifiable and in case more earth work was to be done, this would have been accounted for through increase in the quantum or scope of the specific item of work.

2.7.2 Award of work without ensuring availability of structural drawing and material

The CPWD Works Manual³ provides that no tender shall be invited unless stipulated material are available or are likely to be received before the work commences and essential architectural and structural drawings together with specifications are ready for being made available to the contractor at the time of invitation of tenders. The work of construction of a peripheral storm water drain in sectors 1 and 2 of Dwarka was initially awarded to a contractor in September 1996 for completion by October 1997. As the firm failed to complete the work, the contract was rescinded and the remaining work awarded in October 2003 to another contractor at tendered amount of Rs. 96.09 lakh for completion by 17 July, 2004. The work was finally completed in September 2005 after lapse of more than one year due to non-availability of structural drawings and non-availability or short supply of steel and cement which were to be supplied by the department.

DDA stated (December 2005) that all the structural drawings were available at the time of calling of the tender. Subsequently, the Works Advisory Board directed a change in the specifications of the cement to be used based on revised I.S. Code for RCC works. This necessitated revision of the structural drawings causing the delay. It was added that the delay was exacerbated by a steep rise in the cost of steel and cement during that time. Their reply is not valid because the IS Code was revised in July 2000 whereas the remaining work was awarded in October 2003. Hence, the structural drawings should have been prepared as per the revised I.S. code before the award of the work to the contractor. Moreover, it was incumbent upon the DDA to ensure availability of the materials before commencement of the work.

³Section 15.2. 1.3

2.7.3 Award of works without ensuring availability of clear site

The CPWD Works Manual⁴ provides *inter alia* that availability of clear site, funds and approval of local bodies should be ensured before approval of the Notice Inviting Tenders (NIT). The purpose of these provisions is to ensure that works once awarded are executed without any hindrance or delay which may entail escalation in costs.

(i) The work of strengthening of the existing two lane carriageway, construction of additional four lane service road, footpath, drainage works and certain bridges and culverts at Dwarka Phase-II Group-I was awarded to a firm in February 2001 at its tendered amount of Rs. 33.81 crore for completion by 10 February 2002. The work was actually completed on 29 December 2003. The delay was on account of hindrances due to IOC pipe line running below the site, electric duct, deep sewer works in progress, shifting of electric pole and MTNL cable, non-availability of drawing of a bridge and stoppage of work due to VVIP visit. However, the concerned Chief Engineer had assured the Works Advisory Board at the time of its approval in November 2000 that the site was available for the work. A sum of Rs. 1.87 crore was paid to the contractor on account of these delays under clause 10CC of the agreement.

DDA stated (December 2005) that a clear site is not always available and work is often commenced on available portions of the site and action initiated simultaneously to clear the hindrances. In the instant case, the work was delayed due to the existence of an IOC pipeline running below the site which ultimately necessitated change in the alignment of the road. Further, there would in any case been a cost escalation of about Rs. 1.06 crore even had the work been completed during the stipulated time.

The reply is not tenable as existence of the pipeline and the need to change the alignment of the works would have been apparent had there been a proper site survey before commencement of the work. Moreover, delay was also caused by other hindrances which could have been avoided or minimized with better co-ordination and pursuance with other utility service providers. Further, the cost escalation mentioned by the department was hypothetical and was on account of rise in the cost of labour and materials and it in no way justifies delays caused by such poor planning and co-ordination.

(ii) Similarly, the work of strengthening the existing two lane carriageway and construction of additional four lanes, service road, footpath, drainage works, bridges, culverts, etc. at Dwarka Project Phase-I Group-III was awarded to a firm in February 2001 at the tendered amount of Rs. 24.50 crore for completion by 12 February 2002. However, the work was actually completed on 31 December, 2002. The delay was attributable *inter alia* to delay in shifting of electric poles, non-existence of storm water drains which delayed construction of footpaths, leakage in water lines at different locations and failure to finalize the lay out of inter-sections of the roads. Consequently, Rs. 77.04 lakh was paid to the firm up to December 2002 under clause 10CC of the agreement. The Executive Engineer South Western Division 7 stated in July 2005 that the delay was due to existence of electricity and telephone poles, existence of

⁴Section 15.2.1.3

trees on the alignment etc. which had to be cleared by DDA before the road work could be taken up.

DDA stated (December 2005) that while they made efforts to clear the hindrances, it was difficult as other agencies were involved which are not under the administrative control of DDA. Hence, there is no alternative left but to clear the hindrances with extra cost by way of paying escalation under the relevant clause of the agreement. The reply is not acceptable as DDA should have taken up the matter effectively with the other civic agencies at appropriate levels. Moreover, factors like non-availability of lay-out plans were internal to DDA and should have been settled before award of the work.

(iii) The work of strengthening the existing two lane carriageway, construction of additional four lanes, service road, footpath, drainage works, bridges, culverts and pavements at Dwarka Project Phase-I Group-I was awarded to a firm in February 2001 at the tendered amount of Rs. 29.91 crore for completion by 12 February 2002. The work was actually completed on 6 January 2004. The delay was again attributable to non-availability of drawings for inter-section and T-junction crossing of MP Road and existence of a PWD site office in the line of the alignment. As the reasons were attributable to lack of adequate coordination on the part of DDA, an amount of Rs. 1.33 crore was paid to the firm for the period up to January 2004 as cost escalation under clause 10CC of the agreement.

DDA stated (December 2005) that full efforts were made to get these hindrances removed and that there was no lack of coordination on their part. The reply is not valid as DDA should have ensured availability of the drawings before award or commencement of the works.

(iv) The work of development of land at Dwarka Phase-I that involved covering of the Palam drain between road 6184 to 3841 and the construction of a 45 metre wide road was awarded to a firm in October 2000 at its tendered amount of Rs. 37.21 crore for completion by 20 October 2002. However, the work was still in progress as of August 2005. Audit noted that the delay was due to non-supply of structural drawing for about six months coupled with encroachment on the land. Consequently, the firm was paid Rs. 2.39 crore for the delay under clause 10CC for the period up to January 2005.

DDA stated (December 2005) that the land in question belonged to the Irrigation & Flood Control (I&FC) department of the Government of Delhi who had to hand over the land. Work was also stopped for three to four months for the monsoons. The structural drawings, after being finalized by Central Road Research Institute who were the consultants for the project, were issued to the contractor after award of the work. But they required certain clarifications which took considerable time. Hence, the hindrances were beyond the control of the Authority. The reply is not acceptable as DDA should have taken timely action to resolve pending issues with the I&FC department and to ensure that the drawings were finalized by the time of award of the work. The occurrence of the monsoons is an annual phenomenon and should have been taken into account while planning the work.

(v) The work of strengthening of existing two lane carriage way, construction of additional four lanes, service road, footpath, drainage, X-drainage work etc. and

construction of a bridge connecting sectors 6-10 to 5-11 in Dwarka Phase-I Group-II was awarded to a firm in February 2001 at its tendered amount of Rs. 25.98 crore to be completed in February 2002. The work except the bridge was completed in April 2005. Expenditure of Rs. 1.15 crore was incurred on construction of the abutments and piers of the bridge which remained incomplete as of December 2005. Audit noted that the primary reasons for the delay in execution of the work was non-removal of a power line crossing the site and delay in taking a decision on a service road to the nearby Bharat Vandana Park. The high tension power line posed danger of electrocution to the construction workers at the site as well as to vehicles that would ply on the bridge and hence its removal was necessary before the work could be executed. However, the matter of shifting of the HT line was taken up by the divisional authorities with the Delhi Transco Ltd. (DTL) only in September 2001, *i.e.* after award of the work while a decision on the service road was taken only in December 2003. These delays resulted in payment of Rs. 93.42 lakh to the contractor up to February 2004 for the road works and non-completion of the bridge despite expenditure of Rs. 1.15 crore.

DDA stated (December 2005) that it had been presumed at the time of preparation of the estimate that the top of the bridge would be at the same level as that of the road. However, at the time of preparation of the detailed drawings by the consultant, it transpired that the height of the bridge would be much more than that of the road and there was danger of electrocution from the overhead HT line. This could not be foreseen at the time of award of the work. DTL was subsequently requested many times to raise the HT line which was finally done on 30 April 2005. In the meantime, the balance portion of the bridge work was withdrawn from the scope of the work and the contract with the agency closed on 15 April 2005. Fresh tenders have now been invited for the balance portion of the bridge work.

The reply is indicative of poor planning and lack of technical foresight and timely site survey. The designs of the bridge should have been finalized before award of the work that would have clearly revealed the need to shift the HT lines hence promoting timely action.

Thus, failure of DDA to ensure clear site and removal of all hindrances before award of works as envisaged in the codal provisions and ineffective coordination with the civic agencies resulted in delay in execution of works by 10 to 38 months and cost escalation of Rs. 7.29 crore.

Recommendations

- A mechanism should be evolved whereby the rates offered for works are compared with rates accepted for similar works within the same time frame so as to ensure that no extra payments occur and the financial interests of the Authority are secured.
- DDA should ensure strict adherence to the codal provisions of ensuring clear and unhindered site before award of work.
- DDA could establish a co-ordination mechanism with other civic agencies and public utilities so as to ensure that hindrances are expeditiously removed.

- Delays attributable to lapses or inaction on the part of divisional officials and leading to escalation in costs or extra payments to contractors should be investigated with a view to fixing responsibility.

2.8 Contract management

It is incumbent upon the executing authorities to ensure that the terms of the contract entered into with the contractors and the specifications of the works are strictly adhered to and enforced. Any laxity in this regard exposes DDA to the possibility of undue delay in completion of works, poor quality of works done as well as undue payments to the contractors.

2.8.1 Inadmissible payments due to non-adherence to specifications

Condition No. 135 of the additional conditions of the agreement for construction and maintenance of roads stipulates *inter alia* that specifications of the Union Ministry of Surface Transport (MoST) should be followed in the absence of any specific or particular specification attached in the tender documents. Clause 504.8 of the MoST specifications provide that the contract unit rate for a work shall be paid in full for carrying out all the required operations and no separate payment should be made for primer coat/tack coat.

(i) Scrutiny of the work relating to Master Plan Road Phase-I Group-III Dwarka revealed that an amount of Rs. 32.68 lakh had been released during December 2001 to June 2004 for payment to the contractor for primer coat/tack coat though there was no such stipulation or requirement in the schedule of quantities attached to the tender documents/agreement. Hence, no separate payment was to be made for primer coat/tack coat and it should have been included in the unit rate of the work as a whole as had also been clarified by the Chief Engineer in November 2004.

DDA stated (December 2005) that an amount of Rs. 32.68 lakh had been withheld and action would be taken on receipt of reports from the Vigilance department and the Chief Technical Examiner (CTE).

(ii) Similarly, an amount of Rs. 40.14 lakh was separately paid during December 2001 to December 2003 to the contractor during execution of work of Master Plan Road Phase-I Group-I Dwarka for tack coat/primer coat though there was no such stipulation in the tender documents/agreement. Both the CTE as well as the Chief Engineer had clarified in November 2004 that the amounts were not payable.

DDA informed (December 2005) that an amount of Rs. 46.48 lakh has been withheld upto the 22nd Running Account bill and action would be taken on receipt of reports from the CTE and the Vigilance department.

2.8.2 Injudicious reversal of decision to rescind contract resulted in delay as well as non-recovery of Rs. 28.03 lakh from contractor

Work of construction of peripheral storm water drain in sectors 1 and 2 of Dwarka was awarded to a firm at its tendered amount of Rs. 1.46 crore with stipulated date of

start and completion as 8 October 1996 and 7 October 1997 respectively. The work was rescinded on 5 August 1998 on the ground of delay in completion of the work. Relying on assurances given by the firm as to expeditious completion of the work, it was subsequently decided with the approval of the Chief Engineer on 7 June, 2001 to revoke the decision to rescind the contract and allow the contractor to resume the work. However, the firm could not complete the work and the contract was finally rescinded on 1 March, 2003 at the risk and cost of the contractor. In the meantime, over five years had elapsed since the stipulated date of completion.

Work worth Rs. 1.14 crore had been completed by the contractor at the time of final rescinding of the contract. The balance of the work was awarded to another firm in October 2003 at their tendered amount of Rs. 96.09 lakh against estimated cost of Rs. 84.15 lakh at the risk and cost of the original firm. The work was completed in September 2005.

Audit noted that the decision of DDA to reverse the rescission of the contract proved to be injudicious as it was made without a realistic assessment of the capabilities, track record and intention of the firm. This resulted in avoidable delay in completion of the work as well as further escalated the cost. An amount of Rs. 28.03 lakh including compensation leviable under the terms of the contract and the risk and cost amount remained to be recovered from the first contractor.

DDA stated (December 2005) that the decision to reverse the rescission of the contract was approved by the Work Advisory Board on the basis of assurances given by the contractor which he failed to subsequently live up to. Action for filing a recovery suit was under process.

2.9 Poor planning and co-ordination of works

It is incumbent upon the executing authorities to plan, sequence and co-ordinate their works in a manner so as to ensure that the infrastructure created is utilized and the intended benefits from the expenditure incurred accrue within a reasonable time frame. Audit appraisal of the records relating to construction of facilities for supply of water revealed that infrastructure was being created without linkage with the actual requirements or availability of water which resulted in expenditure of Rs. 33.78 crore being rendered idle.

2.9.1 Construction of command tanks without ensuring availability of the required water

The Project Report prepared in July 1992 for the development of Dwarka Phase-I envisaged a water requirement of 80 MGD (Million Gallons per Day) to cater to an anticipated population of about 12 lakh in the sub-city. Based on a norm of storage capacity equal to 40 per cent of daily requirement, the project report anticipated a requirement of six command tanks. Based on these projections, DDA planned the construction of four command tanks in Phase-I and two in Phase-II for the supply of water to the general public. The position of

the construction and utilization of the four command tanks in Phase-I was as under:—

Command tank number	Year & month of start of work	Year & month of completion	Cost (Rupees in crore)	Capacity of the tank (MGD)	Present availability of water (MGD)
1.	October 1999	October 2001	17.13	13	Nil
2.	October 1996	February 1999	6.22	10	3
3.	September 2001	March 2004	7.61	7	Nil
4.	November 1997	May 1999	4.40	6	Nil

As evident from above, the storage capacity created by DDA was of 36 MGD whereas the present availability of water from the Delhi Jal Board (DJB) was only three MGD with effect from July 2004.

Audit noted that the construction of the command tanks was not linked with the actual requirement as well as availability of water. Based on the present population in Dwarka, the requirement of water was actually only 10 MGD as of February 2005. DJB had expressed their inability to supply any more than three MGD of water to Dwarka in the immediate future till the availability of raw water improves. This quantum of three MGD of water supplied by DJB or in fact even the full present requirement of 10 MGD was within the capacity of command tank No. 2 alone. Hence, the remaining tanks would remain idle till the requirement increased and availability of water from DJB. Moreover, as the command tanks are underground structures, prolonged non-use would result in their progressive deterioration and blockage requiring additional funds to render them usable at a subsequent stage.

DDA stated (December 2005) that the command tanks had been constructed according to the scheme approved by the DJB and each tank was required to feed a particular area/sector of Dwarka. Early construction is beneficial to DDA. Further, maintenance expenditure would inevitably have to be incurred on the tanks to make them usable at a later stage.

However, the fact remained that there was no immediate prospect of utilization of the three command tanks constructed at a cost of Rs. 29.14 crore.

2.9.2 Construction of underground water reservoir without ensuring availability of water

Similarly, construction of two underground water reservoirs of 3.75 MGD capacity each was commenced in February 1997 and completed in November 2000 in Rohini Phase-III at a total cost of Rs. 4.64 crore. According to the project report on development of Rohini sub-city, the water requirement of Phase-III was 10 MGD by 2005-06. However, the actual present requirement was eight MGD of which only 0.30 MGD was being supplied by DJB. Due to the lack of water, these underground tanks remained unutilized even after expiry of five years since their completion. Here again, it was apparent that the construction of the underground water reservoirs was not linked to either the actual requirements or the prospect of availability of water resulting in the expenditure being rendered idle.

DDA reiterated (December 2005) that the water reservoirs had been constructed in accordance with the scheme approved by DJB who were subsequently unable to supply the water due to general water shortage in Delhi.

Recommendation

- Institutional mechanisms should be strengthened to ensure adequate co-ordination at the planning stage itself with other civic planning and public utility agencies so that creation of public infrastructure and facilities by DDA are in consonance with the plans and projections of the connected civic agencies. The objective should be to ensure that scarce resources are utilized only on infrastructure which is actually required and immediately usable on completion of the work and expenditure incurred does not remain idle.

2.10 Inadequate quality control

2.10.1 Lack of quality test of infrastructure created

Unless infrastructure created is tested in accordance with the norms, the quality of the works is not assured.

The agreement for construction of command tank No. 3 in Dwarka Phase-I stipulated (August 2001) that the contractor should fill up the tank to a level of 212.55 metre immediately after the construction and curing is complete in order to test its retaining capacity and detect leakages etc. Subsequently, work of applying a minimum of two coats of water base protective epoxy coating with sikkard on retaining wall, water tanks floor or masonry structure at a cost of Rs. 86.41 lakh was sanctioned as an extra item in February 2002. However, neither was the test conducted on the plea of lack of water nor was the epoxy coating applied. Consequently, the quality of the work done at a cost of Rs. 7.61 crore could not be assured.

DDA accepted (December 2005) that the work relating to water base protective epoxy coating had not been executed as of November 2005.

2.11 Internal Audit

DDA has an internal audit cell headed by the Member (Finance) who is assisted by the Chief Accounts Office along with other staff DDA has a total of 197 auditable units of which 61 were at its headquarters and 136 in its field formations. The Internal Inspection Manual of the Authority did not specify the frequency or periodicity of the audit to be conducted by the internal audit wing. It however, provided that the Member (Finance) was authorized to approve the quantum and extent of audit applicable to various records. The Manual also envisages that the internal audit parties should conduct audit of various schemes/projects being executed by the various divisions.

An appraisal of the functioning of the internal audit wing with special reference to the checks exercised in respect of the developmental schemes

indicated that while the coverage of units had steadily improved over the last three years, the coverage was still just about 27 per cent of the total number of auditable units as tabulated below:—

Sl. No.	Financial Year	Total No of auditable units	No. of units audited	Percentage of units audited
1.	2002-03	197	15	7.61
2.	2003-04	197	37	18.78
3.	2004-05	197	53	26.90

Moreover, no review had so far been conducted of any of the developmental schemes being executed by the Authority during the last five years.

DDA stated (December 2005) that efforts are being made to strengthen their internal audit. An Internal Inspection manual is being finalized where the periodicity, procedures and necessary checks to be exercised by internal audit would be specified.

Recommendation

- Internal audit should be strengthened so as to ensure coverage of all major schemes being executed by the Authority Preparation of the manual should be expeditiously completed so as to prescribe the periodicity, procedures and checks to be exercised in internal audit.

APPENDIX-II

**LIST OF WORKS TAKEN UP IN ANTICIPATION OF A/A & E/S DURING THE LAST 5 YEARS
(2001-02, 2002-03, 2003-04, 2004-05, 2005-06)**

Sl. No.	Name of work	Details of PE sent to finance		Sent vide No.	Details of taking Up work in anticipation		Present status of A/A & E/S
		Amount in lacs	3		Amount in lacs	Dt. of approval	
1	2	3	4	5	6	7	
ROHINI ZONE							
1.	C/o 2630 Slum houses near Rithala Sewerage plant in Sect. 26 Rohini Ph-IV	8411.79	F(Misc)EE(P)/SE(P)R/73/ dt. 3-10-05	10.0	23-3-06	Accorded	
2.	C/o 4100 LIG DUs in Sect. 28 Rohini	9389.00	A/A & E/S yet to be accorded	100.00	10-12-02	Not yet accorded	
3.	D/o land for resettlement of squatters in Sect. 26 & 27 Rohini PH-IV	200.00	F11(06)EE(P)/CC-9/DDA/ 1468 dt. 21-8-06	100.00	22-7-02	-do-	
NORTH ZONE							
4.	Development of B-4 Narela	49.84	—	—	7-11-04	-do-	
5.	Development of Yamuna Pushta at Vijay Ghat behind Samadhis	978.31	—	—	2003	Accorded	

SEZ

6.	C/o link road along barapullah nallah connecting Mathura Rd. to Nizamuddin Rly. Stn.	302.00	CE(SEZ)7(189) 03/331 dt. 17-2-03	302.00	3-3-03	Not yet accorded
7.	Upgradation of Community Centre at Zamroodpur	272.09	F53(8)/EE(P)/ CC-16/1691 dt. 2-8-04	300.00	24-6-02	-do-
8.	D/o Tughlakabad recreational complex	826.16	F5(304)/EE(P) CC-15/DDA/1564-67 dt. 25-2-04	50.00 160.00	4-10-99 24-8-01	-do-
9.	Upgradation of Indl. sheds in Okhla Ph-I & II	220.00	F1(137)06/SE(P)/ SEZ/DDA/214 dt. 10-7-06	220.00	5-6-03	-do-
10.	D/o Madanpur Khaddar Ph-I & II	2041	—	382.00	30-3-01	Accorded
11.	Upgradation of District Centre at Bhikaji Cama Place	566.22	—	300	30-4-02	Accorded
12.	Link Road 60 M R/W from NH-8 to Dwarka through Souther boundary of I.G.I. Airport Authority	5138.79	—	3775	27-6-02	-do-

1	2	3	4	5	6	7
13.	Rejuvenation & Up-gradation of District Centre Nehru Place	3199.44	—	100.00 343.00 200.00	23-12-02 1-7-03 29-1-04	Accorded
14.	D/o Bus Terminal at Lado Sarai	158.04	—	30.00	25-11-02	-do-
15.	D/o land for Aastha Kunj in District green at Kalkaji	1792.47	—	75.00 600.00	25-11-02 4-11-03	-do-
16.	Beautification of DDA Park at National Park Lajpat Nagar-IV	26.69	—	26.69	27-2-03	-do-
17.	Upgradation of parking area near Narula Restaurant(South side) under Defence Colony Flyover Market	835.77	—	28.99	6-8-02	-do-
18.	M/o Sirifort Sports Complex SH: Conversion of Deco Turf surface tennis courts	65.20	F62(33)EE(P)/ CC-16/3394 Dt. 25-9-03	65.20	8-10-03	Yet to be accorded
19.	Upgradation of Swimming Pool at Siri Fort Sports Complex	83.15	F15(7)04/CC- 16/1474 dt. 7-7-04	48.00	8-12-03	-do-

20.	Community Hall at Gautam Nagar (Yusuf Sarai)	30.45	—	Only permission for call of tender	—	Accorded
21.	Construction of Library-cum-Community Hall at Sant Nagar Opposite East of Kailash	40.86	—	-do-	—	-do-
SWZ						
22.	D/o Sultan Garhi Heritage complex at Sultangarhi Vasant Kunj	222.90	F235(EE)(P)/SE (P)-I/SWZ/05/343 dt.12-7-05	58.68	26-4-02	Yet to be accorded
23.	C/o Multizym at Salvage Park opp. Maya Enclave	37.50(RPE)	F21(172)EE(P)/CC-5/0506/DDA/1801 dt. 8-11-05	10.00	24-5-03	-do-
24.	C/o Multizym at Park adjacent to water tank Mansarovar Garden	35.20(RPE)	F21(174)EE(P)/CC-5/05-06/DDA/1803 dt. 8-11-05	20.00	20-11-02	-do-
25.	D/o Bio Diversity Park at North of Vasant Kunj	1590.58	—	132.00	21-10-03	Accorded

1	2	3	4	5	6	7
	DWARKA					
26.	C/o LIG houses on Turnkey basis at Sect-14, Dwarka Ph-II(2.4 hac.)	2670.65	F1(237)EE(P) II/SE(P)II/574 dt. 5-9-01	1450.00	upto 11-4-05	Yet to be accorded
	EASTZONE					
27.	Convention Center Bldg. at plot No. 17 in Distt. Center Shastri Park	1197.57	F4(1)02 dt. 23-8-02	50.00	28-8-02	Yet to be accorded
28.	C/o 5496 LIG houses at Bakkarwala (Lok Nayak Puram)	218.44	F20(282)EE(P)II/SE(P)IV/2000/1568 dt. 28-6-01	17000.00	Approval given six times on different dates	Yet to be accorded
29.	D/o 60 Hact. of land at Bakkarwala	2174.00	F1(18)EE(P)II/SE(P)IV/02/37 dt. 14-5-2000	1600.00	Approval given two times on different dates	Yet to be accorded
30.	P/L PVC line for utilisation of effluent treated water from S.P. Kondli to Green area	45.39	F20(340)EE(P)-I/SE(P)IV/04 dt. 5-1-05	45.39	31-8-05	Accorded