

# STATE OF GOVERNANCE



## Delhi Citizen Handbook 2006



Centre for Civil Society

## Top Ten Findings

1. Delhi Development Authority is world's most corrupt organisation in the world, says the World Development Report 2004 of World Bank. Not only its corruption but its callousness is as notorious: After having collected money from 22,000 families for LIG and Janta flats, DDA suddenly closed the scheme.
2. With no sanctioned posts in the Directorate of Small Savings and only 13-14 deputed employees, the Directorate spent Rs 3452 lac out of an approved outlay of Rs 2400 lac in Ninth Five Year Plan on the promotion of small savings schemes.
3. The Department of Development spent Rs 1815 lac out of an approved outlay of Rs 2885 lac in the Ninth Five Year Plan on promoting agriculture, horticulture, fisheries, and animal husbandry in the capital city.
4. The Directorate of Higher Education spent Rs 548 lac out of an approved outlay of Rs 7000 lac in 2004-05.
5. Despite the Irrigation and Flood Control Department's Construction of Supplementary Drain in Najafgarh scheme, for which Rs 5,000 lac was allocated during the Ninth Five-Year Plan, (and a further Rs 1,240 lac in the Tenth Five Year Plan), annual flooding leaves thousands of people homeless.
6. 902 people were provided placements out of a total 5,39,734 registered at 20 employment exchanges in the capital city at an estimated cost of Rs 20.6 crore in the last five years.
7. Department of Labour has an approved outlay of Rs 150 lac for the Tenth Five Year Plan for strengthening of the department, however more important schemes like rehabilitation of child labour and social security for workers in informal and unorganised sectors have only Rs 10 lac and Rs 5 lac respectively as the approved outlay for the same period.
8. Since the Delhi Citizen Handbook 2003, the Department of Prevention of Food Adulteration has increased the number of inspectors to 34 out of a sanctioned post of 37. The number of samples picked up by the inspectors per month has also increased from 2 per month to 5 per month in 2003 and 6 per month in 2004.
9. The Comptroller Auditor General Report in 1997 proclaimed closure of Delhi Energy Development Agency (DEDA). After eight years and Rs 734 lac, it is still glowing.
10. Only 124 industrial workers used Holiday Homes for Industrial Workers run by the Department of Labour in 2004-05, bringing the per visitor expenditure to Rs 23,563.

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“Almost everyone talks about governance reform and accountability. But few institutions take this project forward as assiduously as the Centre for Civil Society. The *Delhi Citizen Handbook* is a pioneering effort in empowering citizens. It cuts through the complicated labyrinth of government decision making to clearly explain to the citizen how Delhi Government works. It thus empowers citizens to assign responsibility, evaluate outcomes and work towards better governance. The book is analytically clear, precise and easy to use. Information is the necessary step in creating empowered liberty for citizens. This *Handbook* is a model how to produce and disseminate information.”

*Pratap Bhanu Mehta, President, Centre for Policy Research, December 22, 2005*

***About State of Governance: Delhi Citizen Handbook 2003***

"If one small NGO can put all this together, think of what our mass circulation newspapers could do if they chose to be newspapers instead of advertising gazettes."

*T N Ninan, Business Standard, November 9, 2003*

“*The Delhi Citizen Handbook 2003*, published by the Centre for Civil Society, dissects each sarkari department working for the City and suggests reforms for better governance...More talk could force the government to re-examine its labyrinthine, departments, agencies, boards, schemes and programmes, and agree there is a room for improvement.”

*Rita Anand, Civil Society, December 2003*

“A Citizen's Handbook to take stock of the City's wrong”

*Paromita Shastri, Outlook, November 3, 2003*

“Eighteen young students did not take their summer holidays this year. Instead, they visited all the branches of the Delhi government...they collected material on the resources of these branches and their entrusted tasks, talked to officials, users and victims of the government....The result is the neat, spiral-bound report of the Centre for Civil Society, *State of Governance: Delhi Citizen Handbook 2003*... A commendable exercise”

*Ashok V Desai, Business World, November 17, 2003*

“This Book has gained much prominence in recent weeks. CCS deserves to be complimented for having created such an interesting product, at a remarkably low price in terms of resources inputs. Myriad other think tanks in Delhi should take a hard look at this book, for it can give them ideas for the role of that they can play in improving governance in the country.”

*Ila Patnaik, Business Standard, December 3, 2003*



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About Centre for Civil Society

## *Acknowledgement*

The *Delhi Citizen Handbook 2005* has been the result of enthusiasm and curiosity of yet another energetic group of students who have braved the reluctance and indifference of the government officials, cover vague and far-flung distances of office locations and talk to people who are affected by these offices. The *Handbook* would not have been possible without perseverance, dedication and zeal of these students. The students came from all academic backgrounds, architecture, science, economics, law, journalism, indicating the significant contributions that youth can make in raising pertinent questions about serious issues like governance.

Susmita Pratihast provided the overall conceptualisation, supervision and coordination of the whole project. She canvassed for student-researchers, inducted and trained them, and gave constant guidance and encouragement to help them through the ups and downs of this type of grassroots research. She herself conducted a significant proportion of primary research and wrote most of the chapters in the *Handbook*. Despite all these, she found the time to brainstorm policy reforms and compile the ubiquitous Top Ten Findings.

Researching and documenting schemes, finances, and workings of 33 departments and agencies is indeed a mammoth task. The team that took on this task without hesitation came primarily from the College of Media and Communications, Rai Foundation, New Delhi. With the encouragement of Chaavi Mathur, Senior Lecturer and Kakul Rizvi, Associate Dean, the students of Second Year, Bachelor of Journalism & Mass Communication worked with us for two months. These courageous souls were: Karuna Shankar, Bani Choudhary, Chandni Sachdeva, Raja Sirohi, Rati Sawant, Jamal-ul-Haque, Anshul Jain, Gunjan Parashar, Amit Bharadwaj, Sweety Tehlani, Maxwell Nagpal, Reema Rangoli, Akanksha Shivhare, Rashi Khandelwal, Sonia Mahajan, and Sidharth Bijpuria.

The project team also included several other students who did the CCS Researching Reality Internship or worked part time in midst of their hectic academic schedule. The outstanding efforts came from Kaushal K. Vidyaarthee, Shruti Saxena, Deepti Rao, Neha Bhat, Shreya Agarwal, Arpita Acharya. Two chapters were written by Vidisha Maitra, Kirti Kapur and Sabith Khan. Without their support and determination, the *Handbook* would not have been possible.

Manjula Lal edited some of the chapters and made them more elegant. The support from the program team of CCS as well as office administration team of Joginder and Bhupinder made the process easier.

The publication of the *Handbook 2005* has been supported by Sir John Templeton Foundation but the responsibility of the veracity of research and policy prescriptions lie solely with the authors.

The *Delhi Citizen Handbook 2005* is an effort towards igniting informed and participative citizenry.

## Overview

A liberal and dynamic democracy is based on the principles of good governance through vigorous participation of informed citizenry. Understanding and reforming the institutions of democracy are essential for its survival and growth. Such an endeavour requires constant and concerted efforts on the part of citizens, civil society organisations and governments. *State of Governance: Delhi Citizen Handbook 2003* was an innovative step towards ensuring citizen participation in Delhi.

The *Handbook* was a compilation of 25 agencies, boards, corporations and departments (ABCDs) of the Delhi Government and the Municipal Corporation of Delhi. It recommended policy reforms based on the concept of new public management, the principle of subsidiarity, government provision and private production, expanding choice and competition, ward level management and result oriented management. The *Handbook* was also widely discussed in media, bureaucracy and political circuits. It had direct and indirect influence on some of the policy changes in Delhi.

*...much of the problem stems not from a callous government but a lazy, ineffective citizenry that fails to utilise rights they are entitled to. This has just been proved by a bunch of youngsters who, under the guidance of an NGO called Centre for Civil Society, have put together the Delhi Citizen Handbook 2003. This is timely, coming just before the Delhi election. But it is no mere election-directed pamphlet. It is a thoughtful guide on how the governance of a city can be improved, and how citizens themselves can play an important role in taking control of the rules that control their lives.*

*-Swaminathan S Anklesaria Aiyer, The Times of India*

*How much a decentralised system could work in practice... is splendidly demonstrated in an innovative project undertaken by Parth Shah's Centre for Civil Society. ...local communities can deliver efficient and equitable public services. It would be nice to*



*imagine that in the forthcoming elections their 'State of Governance: Delhi Citizen Handbook 2003' could become the citizens manifesto to hold their elected officials to account.*

*-Professor Deepak Lal, Business Standard*

*State of Governance: Delhi Citizen Handbook 2006* is again the outcome of our constant and concerted commitment towards better governance. It is a compilation of more than 30 departments, agencies, boards and issues that ignite public debate in Delhi today. It hopes to further citizens' understanding of the workings of the government. The *Handbook* also makes constructive and bold recommendations for improving the quality and effectiveness of governance.

### **The Making and Meaning of the *Handbook 2006***

We selected more than 33 departments, boards and agencies for this study. The first issue taken up was Delhi's unique experiment in participatory governance, the Bhagidari scheme. Through appropriate departments, general public services like education, water, power, fire service, irrigation and flood control are evaluated in detail. Delhi's labour welfare schemes and employment exchanges along with land and development management of the Delhi Development Authority (DDA) are put under the microscope. We examined Delhi state's role in cultural issues like languages, archaeology and archives as well as in religion through the Haj Committee, Gurudwara Election Office, and the Waqf Board. Not only government's expenditures but also its efforts to raise revenues through myriad taxes and levies raise concerns about the efficiency and transparency of the processes. Overall, the 2006 *Handbook* covers a wide range of issues and ABCDs that affect everyday life of ordinary citizens of the city.

The young researchers collected information from reluctant and suspicious officers to document objectives, budget allocations and expenditures, personnel employed, achievements, and failures of the departments and agencies. The performance was evaluated on the basis of the budgetary and physical targets, reports of the Comptroller and Auditor General, evaluations by the Planning Department of the government, and other government commissions and reports. Newspaper reports were considered when they had concrete

information. Most important of all, the researchers talked with government officers across ranks and with the people affected, positively or negatively, by these organisations.

The young researchers who made all these possible refute the charge that the nation's youth has become apathetic and cynical. Instead of *morchas* and *dharnas*, in this information age they toiled to generate knowledge and understanding so that we may have informed debates and decisions. We hope that their labour would not go waste.

As in the 2003 *Handbook*, many of the reform ideas suggested in the following chapters are based on the principles of subsidiarity and new public management. Given the importance and centrality of these principles in achieving good governance, we reproduce them here.

### **The Principle of Subsidiarity & New Public Management**

The principle of subsidiarity suggests that government should undertake only those tasks that people cannot accomplish themselves. Within the government, the first responsibility should be of local governments. The functions those local governments cannot perform should be given to district governments. And only the remaining areas should devolve to the state government.



The emergent field of New Public Management (NPM), amalgamation of public administration and business management, provides practical answers to the fundamental questions of good governance at different levels of government.

Since most immediate tasks of the government are performed by local governments, they should have the primary power to collect revenues. The local governments would pass on proportionate revenues to state governments, which would offer resources to the union government. The principle of subsidiarity indicates that the union government should be subsidiary to state governments and the state to local governments in functions as well as in finances. The

following are the basic principles of New Public Management, which could be fruitfully applied to resolve many of the problems and paradoxes of governance.

### 1. First, do no harm

The rule of medical practitioners, ‘First, do no harm,’ applies to government managers. The license-permit raj that we abolished in the industry exists in most other areas. To open a school in a slum or a barbershop or a *dhaba*, to sell ice cream, or water, or fruits and vegetables, licenses are necessary. The government should not prevent people from earning an honest living.<sup>1</sup> It would have to create fewer *rojgar yojanas* and subsidy schemes. Delicensing and deregulation should take the first priority. First, do no harm; do not obstruct or restrict citizens from what they can do for themselves

*Delhi Municipal Corporation Act, 1957, Section 420*

**Street Hawkers: Technical Conditions Refrigerated Water Trolleys (Rule 5)**

It has been decided by the Commissioner that distance of 50 metres between 2 water trolleys in congested areas of City, Sadr Pahar Ganj, Civil Line and K.B. Zones and 100 metres in less congested areas of Shahdra, New Delhi, South, West and Rural Zones be observed. However, this shall not hold good in case of parking of water trolleys near cinemas, markets and other places of recreation etc. Even at such places a distance of about 10 metres shall have to be maintained.

*Delhi Municipal Corporation*

**Cycle-Rickshaw Bye-Laws, 1960, Section 3**

(1) No person shall keep or ply for hire a cycle rickshaw in Delhi unless he himself is the owner thereof and holds a licence granted in that behalf by the Commissioner on payment of the fee that may, from time to time, be fixed under subsection

(2) of Section 430. Provided that no person will be granted more than one such licence [Provided further that Commissioner may grant more than one licences to a widow or a handicapped subject to the maximum of five licences.]

### 2. Separate Provision from Production

The government provides or finances the public good but the actual production is left to the private sector. Instead of attending to inputs into the department, the official focuses on the output. This separation allows the government to provide the service without having to manage production facilities. If the government wants to provide free textbooks to students, it doesn’t need to run a whole publishing house, but purchase them from private producers, or better, give money to students so that they can purchase books they prefer directly.<sup>2</sup>

In the *Handbook* we apply this idea to the provision of primary education. ‘Education Voucher’ is given to each poor child who uses it to get education in any school of her choice. The school

cashes the voucher from the government. The government thus finances education for those who cannot afford it but it does not run schools. The Education Secretary would have time to check whether students get good education; she won't have to worry about tenders and evaluation of bids for blackboards, chalks, chairs, tables, construction of classes and schools, or about personnel appointments and transfers, disciplinary proceedings—areas where she spends all her time today.

Instead of managing thousands of Fair Price Shops (PDS shops) and combating daily shortages, corruption and crises, a 'Food Voucher' would allow the person to purchase food in the market.

### **3. Finance Services Through user Fees Instead of Taxes**

Only those who actually use the service, pay for it. It may seem paradoxical but when government services are financed from general tax revenue, and not user charges, the poor pay more than the richer classes. Take for example water. A very small proportion of the total cost of supplying water is collected through user fee, most the expenditure is financed through general taxes. What actually happens is that those lucky enough to have water connection benefit from the subsidy—they pay less than the cost of providing water. But many, particularly the poor, do not have domestic water connections. They get little benefit of the water subsidy. It is more efficient as well as just to finance services by user fees than by taxes.

### **4. Expand Choice and Competition**

Depending on the product or service, there are many ways to separate provision from production, charge user fees, or provide subsidies. Choose those methods that increase competition among suppliers and expand the range of choices for consumers.

The Kerala government gives scholarships and transport subsidy to the highest number of students compared to any other state government. Both scholarships (which are similar to education vouchers) and transport subsidy expand the range of schools that students can choose. They also increase competition among schools to attract and retain these students who are more demanding as well as mobile. This choice and competition improves education quality not just for these students but for all students. The choice

and competition are really at the heart of what is called the Kerala model of education.

**5. Focus on the Core Function and Contract out the Rest**

A hospital must focus on delivering best quality health services. It should contract out services where it has less of a comparative advantage: cleaning, security, managing a pharmacy, or a staff canteen. The contract does not have to be given to a private company, it could be to another government agency that specialises in that service.



**6. Give clean Subsidies**

Subsidies should reach the target group directly, without affecting the prices, and without distorting the incentives to economise on the use. The electricity subsidy to farmers, as it is commonly given, distorts the price of electricity and weakens the incentive to economise on the use of electricity. One result of this is electric motors running longer than necessary to pump water. Excessive water use has created problems of water logging and salinity. So the unclean subsidy for electricity use has increased water logging and water salinity. The issue is of whether to give subsidy to the farmer is different from what form should the subsidy take. Once it is decided to give farmers a subsidy then we must think hard about the way in which the subsidy is given. It should be ‘clean subsidy’ so that prices are not distorted and over consumption does not occur.



**7. Sound Budget Management: Outcomes, not just Outlays**

Budget making is still shrouded in secrecy even though the budget is the most important governance document. Budget should be

made in day light with open public debate. The budget documents about the overall budget, as well as individual departments should be easily available in a user-friendly format. At the least, they should all be put up on the government's website. Making all information accessible is the simplest part of e-governance.

It is now widely accepted that zero-based budgeting with a performance orientation can improve transparency and efficiency of government expenditures. The accounting system should be on an accrual basis not on cash basis. The fund based accounting system (FBAS) is even better in evaluating per unit cost of services and in matching the costs with performance standards.

## 8. Efficient and Corruption-free Procurement System

Two of the ways to achieve the goal of efficient and corruption-free system of procuring goods and services for the government are passing a False Claims and Whistleblower Protection Acts and making the procedures of tendering and bid selection completely transparent.

A **False Claim Act**, also know as *Onit Tam* Act, would allow anyone to bring a lawsuit or provide information on any supplier of goods or services to the government who makes 'false claims' about quality, quantity, or the price of the supplies. If the person provides critical information that helps convict the supplier, then a part of the fines is given to that person as a monetary reward. The higher is the share given to the whistleblower, the higher are the chances of getting that important information necessary for conviction.

The private suppliers will hesitate to cheat the government since anyone, including their own employees, can furnish evidence to convict them and collect large monetary rewards in exchange. The False Claims Act coupled with a **Whistleblower Protection Law** for private as well as government employees will mitigate corruption and fraud in government procurement and contracts.

The process of procurement can be made transparent by putting up the tender, all submitted bids, and the selected bid with details of the contract on the website of the concerned ministry or department. The people would know what the company has promised to

supply and they would help the government detect any breach in the contract.

The **'Two Bid System'** of selecting the tender is better and less prone to corruption. In this system, the bidders submit separate financial and technical bids. The government officials first select the best two technical bids and then open the financial bids of only those two best technical bidders. The officials reviewing the two types of bids could be different to reduce the possibility of collusion.

## 9. **Implement the Right to Information Act: Duty to Publish**

The central Right to Information Act, 2005 is applicable to all state governments. Delhi should be particularly pro-active in implementing this Act and can go one step further than the central Act. It should require that the types of information that are most widely requested by the people of Delhi would then be disclosed pro-actively. One way to implement this pro-active disclosure is to consider the top three to five requests in each category per quarter and then make that information available *suo moto* from that point onwards. This would also reduce the burden on the government in fulfilling multiple requests for the same information.

## 10. **Performance, Performance, Performance!**

In the private sector, profit is the bottom line—profits of a company are a signal that the company is producing the service that people want to use and are willing to pay a price higher than the cost of producing the service. What's the bottom line for the services provided by the government? How do we evaluate the performance of the departments of the government? For government services, the bottom line must be the satisfaction of the users of the services.

A **Report Card System** can regularly collect information from the users of various government services. Assessing medical services at a major hospital, for example. The first survey would establish the starting point on the quality and cost of the service—the overall satisfaction of the patients at the hospital. Then the managers of the hospital should set performance standards—by how much the satisfaction score should increase in various areas of services by next year. They should then design all their systems and train the personnel so as to achieve those performance standards. The next

year's Report Card would judge how far these standards have actually been achieved.

A **Citizens' Charter** can define objectives, standards of service, and penalties for failure to meet the standards. It would provide an overall performance benchmark.

It would also be feasible to demand performance from its civil service. It can put the civil servants on a **five-year renewable civil service contract**. To maintain impartiality and objectivity, it can hire a HR consultant to evaluate the performance of each officer at the end of the five years and decide whether to renew the contract or not.

We hope that the reform ideas and policies presented in the *Delhi Citizen Handbook 2006* will

become the seeds for a constructive debate about good governance in Delhi. Reform minded politicians, public servants, and citizens are sure to find the contents of the *Handbook* innovative, refreshing and bold.

19 December 2005

Parth J Shah

Boss has seen enough of Dehradun, and now he wants to be posted at Bombay... Being a member of All India Services has it's own benefits...



<sup>1</sup> The Prime Minister's Office in 2002 suggested to Delhi's Lieutenant Governor to scrap the licensing system for cycle rickshaw pullers and street vendors and implement simple registration system with zonal boundaries. Unfortunately even the PMO was unable to bring about the change.

<sup>2</sup> The Delhi government produces textbooks for government schools through a department: the Delhi Textbook Bureau. Wouldn't it be cheaper and cleaner to buy textbooks in the market and sell them at a lower price? Citizens would know how much subsidy is given for textbooks.



# Private solutions to public woes



# ***Bhagidari***

*The Delhi Experiment in Governance*



## Bhagidari: The Delhi Experiment in Governance

'Bhagidari' is the process of introducing participatory governance – a basic tenet of democracy. The logos '*Bhagidari: citizen government partnership*' and '*My Delhi: I care*' are ubiquitous in government functions and events. The intensity with which Bhagidari is being projected to the citizens of Delhi has generated immense curiosity about it. What is Bhagidari? Why is there a need for such partnership and how is it different from other initiatives? Has it delivered the promises made to citizens? An attempt has been made to answer some of these questions in this chapter. At the same time, the implementation aspects of Bhagidari have been explained along with suggestions for reform.

### Evolution of Bhagidari

Government-citizen partnership has a long history. Endeavours have varied from community development projects in the fifties to the Panchayati Raj movement in the sixties and finally the 73<sup>rd</sup> and 74<sup>th</sup> amendments to bring democracy and good governance to the grassroot level. The Congress Government initiated the concept of '*Bhagidari: Citizen-government partnership*' in January 2000. The main objective has been to devise institutional forms of citizen-government partnerships and increase the efficacy of existing representational forms of participation. Slowly but surely, Bhagidari is evolving as a mechanism of an active, effective and target-oriented citizen-government partnership.

Bhagidari literally means “collaborative partnership.” It envisages collaboration between citizens and the city administration for improvement of civic services and facilitates citywide changes. It aims to utilise processes and principles of multi-stakeholder (citizen groups, NGOs, the government...) collaboration, and apply the method of Large Group Interactive Events to increase people's participation and “joint ownership” by citizens and the government.

Bhagidari received a mixed response. The main challenge lay in managing changes in government policy, necessitated by the fact that

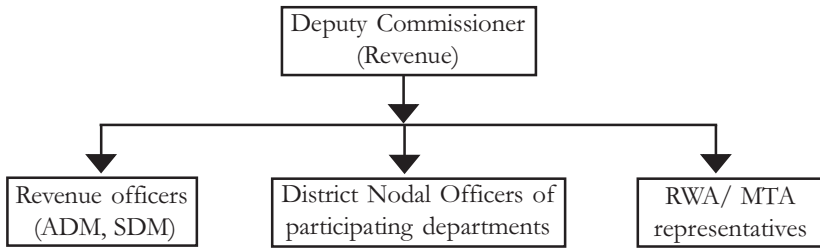
they were framed when there was no awareness of ground realities. There was need for a model that would ensure a collaborative process between government officials and citizens. To evolve such a mechanism for putting the concept of Bhagidari into practice, wide consultations were initiated with various citizens' groups - the Resident Welfare Associations (RWAs), Market and Traders Associations (MTAs), Municipal Corporation of Delhi, Delhi Development Authority, New Delhi Municipal Council, Delhi Vidyut Board, Delhi Jal Board, Delhi Police and the Department of Environment and Forest, as well as many NGOs. Now practically all departments of Delhi Government have become participating units in the Bhagidari programme.

The concept of Bhagidari is distinct from traditional models of local self-governance. Unlike earlier times, when people expected that the government should solve all their problems, Bhagidari was launched as a movement from total dependence on government officials to sharing the role of governance. It aims at understanding constraints, appreciating the other's side strengths of various parties involved and then arriving at a consensus, which can be implemented. Thus the focus shifted from passing on the responsibility to sharing the responsibilities. The RWAs and MTAs have now become an integral part of programme implementation.

### **Decentralisation of Bhagidari**

Initially, the Bhagidari cell at the Chief Minister's office conducted interactions with citizens' groups and supervised resource mobilisation. This arrangement continued for more than a year. Although the programme was a success, it was evident that changes were required for better participation. To ensure a spatial spread, the programme was decentralised at the revenue district level with the Deputy Commissioner (Revenue) as the district coordinator. The decentralisation helped in involving more than 1,500 citizens' groups in the programme.

The existing monitoring mechanism at the district level is described in Figure 1.

**Figure 1: Monitoring mechanism at District Level**

*Source: Government of NCT Delhi. Bhagidari Cell. Delhi Secretariat*

### Issues in Bhagidari

The Bhagidari initiative takes up everyday issues that impact the life of a citizen. These are amenable to simple solutions, ranging from small initiatives such as collective payment of water and electricity bills to rainwater-harvesting schemes, which call for technical expertise. For MTAs, the issues range from removal of slums/ JJ clusters, encroachments to sale of beverages, ice creams, mineral water bottles at market price on pavement stalls. In Bhagidari workshops, issues that are relevant for a community as a whole are discussed. Individual issues are taken for discussion only at the District Commissioner meeting, with RWAs and nodal officers of various participating agencies. The major functions that various departments of the Delhi Government have to perform as a part of Bhagidari are as follows:

- **Delhi Jal Board (DJB)**

The RWAs are made aware of water saving/ conservation, payment and collection of water bills, distribution of water through tankers, repair and maintenance of pipelines, water harvesting and internal colony sewage system, desilting of sewers, and to ensure awareness that water from handpumps should not be used for drinking purposes.

- **Power**

The power issues that are being handled now in conjunction with private distribution companies are common meter reading and billing collection/ delivery problems, handling load shedding/ breakdown, maintenance of street lighting, RWA coordination in

"meter name change" and "load enhancement", conservation of energy and maintenance of data on power supply/ breakdown/ restoration by the RWAs. The basic constituents and issues are similar to those that were carried out earlier, but some of them are now taken care by Discoms (power distribution companies) themselves. However, participation and partnership has not been efficient in improving power supply, as was evident from the recent power price hike episode. The concept of Bhagidari encouraged the participation of people and helped in mobilising them, resulting in massive protests against paying the hiked price.

- **Municipal Corporation of Delhi (MCD)**

The major function involved collaboration with RWAs for house tax collection, maintenance of community parks, management of community hall, sanitation services, imposition of fine on littering, desilting of drains, removal of stray and dead animals from the colony, and maintenance of roads and back lanes on a regular basis.

- **Sanitation**

The Department has to ensure solutions with regard to community bins, role of RWAs in internal colony sewage system, supervision of sanitary staff by RWAs, door-to-door collection of waste/ garbage, and generation of public awareness on sanitation.

- **Department of Environment and Forests**

Significant functions of the Department involve plantation and maintenance of saplings, greening of the colony and discouraging use of plastic bags.

- **Delhi Police**

Delhi Police is responsible for crime prevention through involvement of RWAs, neighbourhood watch scheme, verification of antecedents of domestic help, prevention of encroachments, regulation of traffic through colonies, and prevention of illegal sale of liquor.

- **Delhi Development Authority (DDA)**

DDA is responsible for seeking solutions to prevent encroachment, maintenance of community parks, maintenance of common areas, and parking inside the colony.

The issues mentioned below are exclusively for the Market Trade Associations (MTAs).

▪ **Weights and Measures**

The Department ensures accuracy and efficiency of weights and measurements used for commercial purposes, indigenous and imported packaged commodities, sale of beverages, ice-creams and mineral water at MRP (maximum retail price), registration of packers and importers, as well as inspections and challans.

▪ **Sales Tax**

Sales Tax Department is supposed to strengthen communication channels for disseminating sales tax information, better communication channels for reviewing feedback on sales tax from dealers, joint detection of bogus and unregistered dealers, interface between sales tax field officers and grievance handling.

▪ **Industries Department**

The Department is responsible for handing over estate/ maintenance services to MCD in a time-bound manner, uninterrupted power supply, metering, billing and changes in rules/ regulations, adequate and potable water supply. Some of the other functions involve provision of streetlights in the industrial estates, removal of slums/ JJ clusters, encroachments on approach roads and pavements, rainwater harvesting, MCD factory licence inspection methods and procedures, fire station research and development centre, toolroom and industrial waste/ solid waste disposal.

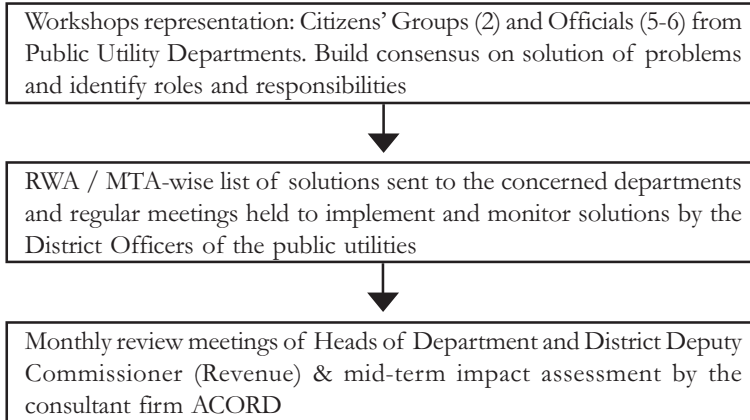
**Implementation Mechanism (Monitoring,  
Funding and Evaluation)**

The whole Bhagidari scheme involves discussions of problems, arriving at consensus solutions, implementation of the discussed solutions and then monitoring the implemented ideas. In consultation with the Asian Centre for Organisation Research and Development, (ACORD), the “Large Group Interactive Events” (LGIE) was devised as an appropriate model to train citizens' groups and government officials (of all levels) to sit together, discuss their viewpoints on common problems and build up consensus for solutions and their



implementation. It also facilitated district-level Bhagidari workshops of two-and-a-half days, which were henceforth organised by Deputy Commissioner (Revenue) of respective districts in consultation with the Bhagidari Cell and the General Administration Department. The model envisages processes as shown in Figure 2.

**Figure 2: Process of Bhagidari Model**



**Funding of Bhagidari scheme**

Initially, institutional support was given by creating the ‘Bhagidari Cell’ in the Chief Minister’s office by designating the General Administration Department as the nodal department to provide financial and administrative support. The Cell has been coordinating the activities covered under Bhagidari as well as in conducting workshops. Since 2003-04 the budget for conducting workshops has been around Rs 10 lac per district. It was proposed that each district would hold at least two workshops in a financial year so that around 20 workshops could be organised with citizens’ groups.

In addition, a provision of Rs 40 lac has been kept for paying the fee of consultants engaged for conducting workshops. There are certain schemes operated by departments like Environment & Forests, Urban Development, in which grants-in-aid are given to NGOs for carrying out specific projects. Projects that are already under the existing schemes of the departments can be executed by the RWAs based on qualifying criteria laid down by the government. For those projects not covered under the schemes, the Deputy Commissioner’s Office grants funds under the ‘special financial assistance’ head created in all the nine offices in Delhi.

The approved outlay for the Tenth Five Year Plan is Rs 825 lac and Rs 16 lac was spent in the Ninth Five Year Plan.<sup>1</sup> In 2002-03, only Rs 87 lac was spent out of an annual approved outlay of Rs 165 lac.<sup>2</sup> The approved outlay for 2004-05 is Rs 160 lac.

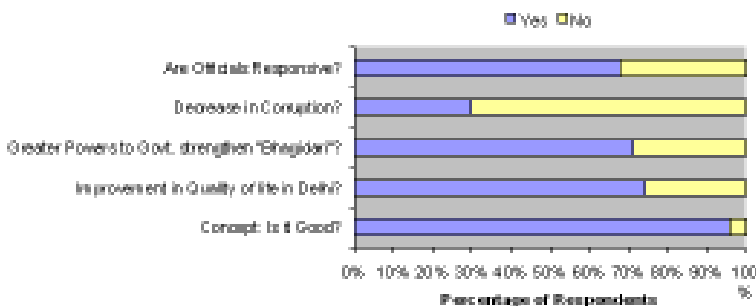
### Activities Undertaken by the Bhagidari Fund

The Bhagidari fund is used for disseminating news about the progress of various schemes undertaken under the Bhagidari initiative. It is done through printing newsletters both by the Delhi Government and the citizens' groups. The Government prints its newsletter through the Directorate of Information and Publicity, with an annual budgetary provision of Rs 10 lac being kept for it. Some Bhagidars also bring have been out their news letters and leaflets. With a view to provide impetus to the good work done by government agencies and RWAs/ MTAs, award schemes have been initiated for the best maintained market area and RWAs. The total cash award component in this scheme is Rs 5 lac.

### Impact of Bhagidari

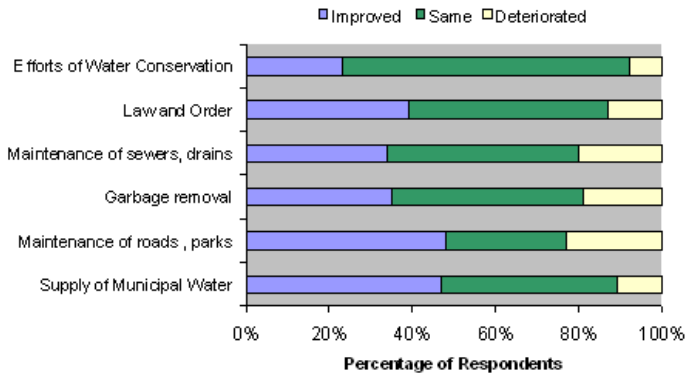
A survey was conducted at the end of Phase III by the journal Civil Society through TNS Mode in October 2003 covering 132 RWAs across Delhi, representing localities with different levels of civic infrastructure/ services, and varied social and political concerns. The significant responses reveal positive impact on some counts and failure on others.

*Figure 3: Civil Society-TNS Mode Survey (October 2003)*



*Source: Government of NCT Delhi. 2004. Bhagidari: The Citizen Government Partnership, Working Report on Phase III. Department of Administrative Reforms*

**Figure 4: Perception of RWAs on Public Service Delivery under Bhagidari**



Source: Government of NCT Delhi. 2004. *Bhagidari: The Citizen Government Partnership, Working Report on Phase III. Department of Administrative Reforms*

The survey also brought out interesting comparisons and differences between North, South, East, West and Central Delhi, with regard to impact of Bhagidari. Water supply, for example, is perceived by RWAs to have improved in 2003 in North, West, and Central Delhi. DJB does not score well on this count in South and East Delhi. With regard to garbage removal, North and East Delhi RWAs are less satisfied than other areas. Roads and parks were reportedly better maintained in East and North Delhi with scores of 62% and 50% respectively, against the citywide average of 48%. On drains and sewers, only 21% in the South and 19% in the East reported that maintenance had improved, compared to the citywide average of 34%. Averaging all the six items, the "quality of life" index has improved the most in Central Delhi and least in East Delhi. This indicates the consequence of not including squatter settlements and the urban poor (mostly in East Delhi) in the Bhagidari initiatives.

Bhagidari faced various challenges during initial years of its implementation. First, bringing together a large number of citizen groups and government officials on a common platform was difficult. Bhagidari faced strong resistance from field-level government officers, who were not willing to step out of their bureaucratic shell and embrace the direct interaction with citizens' groups. They felt it was erosion of their authority and in many instances it also stemmed from corruption at the field-level.

### Critique of Bhagidari<sup>3</sup>

One will wonder that why something as simple as Bhagidari can draw criticism from people. Nevertheless following are some of the grounds on which Bhagidari is criticised.

- **A Way to Hide Government Inefficiency**

The common perception by critics of Bhagidari is that it is a mere prop used by Delhi's Chief Minister Sheila Dixit to cover every aspect of what the administration handles very poorly, namely sanitation, power and water supply and law and order. It is also believed that Bhagidari empowers the RWAs with the illusion of taking matters into their own hands, while inefficient government employees lie back, earn pay for working even less than usual, and corner the glory.

- **No Constitutional Basis**

According to Gita Dewan, an architect living in Vasant Kunj, the Bhagidari scheme has given unlimited powers to the RWAs, who are using it to cater to their illegal activities. She gave the example of Vasant Kunj, where 35 borewells have been dug in the name of Bhagidari. She added that the whole Bhagidari scheme has no constitutional basis. How can a government so vehemently push the case of Bhagidari when it has no constitutional basis?

- **Political Tool**

Bhagidari has given a political platform to all those who aspire to join full-time politics sooner or later. The phenomenal rise in the number of RWAs validates this fact. Every colony now has two-three RWAs and they jostle among themselves for power. Bhagidari has become a freewheeling mechanism for elevating chosen Bhagidars above the law for illegal Bhagidari benefits like unplanned hospitals or banned boring.

- **Lack of Awareness**

Awareness of the concept of Bhagidari is conspicuous by its absence in many locales. While the concept is working in some places, its impact has not been stable or symmetrical.

- **Coverage only to Planned and Developed Areas**

Till now, citizens' groups' interactions have been limited to

registered associations, which are mainly prominent in planned and developed areas. The impact of Bhagidari is not visible in slum clusters, resettlement colonies and unauthorised/ regularised areas. A lacklustre attempt has been made to reach out to rural areas.

### **Recommendations**

#### ▪ **Area-based approach**

The Bhagidari scheme only involves citizens who have formed an RWA/ MTA, but a large section of society does not have them. These are people living in JJ clusters, or hawkers and sellers on the footpath. They too need to be involved in Bhagidari, therefore an area-based approach is required encompassing all citizens living in a particular area. This can be done with the help of women's groups and non-governmental organisations.

#### ▪ **Power to RWAs/ MTAs and Financial Assistance**

Most RWAs/ MTAs complain about lack of power to implement schemes. An RWA cannot punish someone who is throwing garbage on the road. Therefore, power should be given to RWAs/ MTAs to enforce ideas more practically. Many ideas discussed in workshops cannot be implemented due to lack of funds. The government should therefore ensure that financial constraints do not come in way of Bhagidari.

#### ▪ **Involvement of Private Sector**

The concept of Bhagidari should be widened to bring about private sector collaboration in governance. Government can pull itself out from many areas and pass on the baton to the private sector that can do the same job more efficiently. Starting from garbage collection to opening schools, there are many sectors where the private sector is better placed to give results. It would be much better if government could tap the expertise of the private sector.

#### ▪ **Participation of Junior and Middle Level Officials**

One of the chief reasons for the failure of Bhagidari in delivering on promises is the non-participation of junior and middle level officials. As they are the ones who ultimately have to do the job, it becomes very important that they are adequately informed about

the concept and working of Bhagidari. More accountability and better efficiency standards have to be ensured for the success of initiatives.

- **Internal Change Management**

Performance improvement in civic agencies and key departments (including Transcos and Discoms) can be done through internal change management.

- **Institutionalisation**

The intent should be to gradually work out changes in policies and legislation which would enable citizens' groups to statutorily interact with Government. There should be stress on scaling-up and further strengthening of 'institutionalisation' of partnerships with RWAs/MTAs and between RWA federations. One important area will be broader inclusiveness and participation of stakeholders who are not involved in the process. A kind of 'Delhi Bhagidari Committee' can be formalised through appropriate legislation, which will provide an institutional structure with broad-based representation focusing on citizen-government partnership.

– Prepared by Kaushal K. Vidyarthi

### Notes

- <sup>1</sup> Government of NCT Delhi. 2002. *Tenth Five Year Plan 2002-07 & Annual Plan 2002-03: Physical Targets/ Achievements*. Vol. 4. Department of Planning
- <sup>2</sup> Government of NCT Delhi. 2003, 2004. *Annual Plan 2003-04, 2004- 2005: Scheme-Wise Plan Outlay*. Vol. 5. Department of Planning
- <sup>3</sup> Gaurav, K., M. Singhal. 2002. *Bhagidari: Good Intention, Bad Implementation*. New Delhi. Centre for Civil Society

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## **Bhagidari or jagirdari?**





## *Public Services*

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- Restructuring DJB: *Zonal Autonomy & User Association*
- Competition in Power: *Contracting Through Wards*
- Delhi Fire Service
- Department of Development
- Directorate of Small Savings





## **Restructuring DJB**

### ***Zonal Autonomy & Water User Associations***

Delhi government's recent attempt at reforming the Delhi Jal Board, under the guidance of the World Bank and its consultant, has been stopped just in time by the opposition of civil society organisations. It is rather shocking that a democratic government would attempt to restructure such a vital service without publicly discussing various options and taking the people into confidence about a chosen method of reform. Hopefully the Delhi government, and all other governments, have learned a crucial lesson.

The water problems however still remain. The Delhi Jal Board has not been able to meet basic expectations of the people of Delhi. It needs to be reformed. Let's first start with the international experience in reforming water delivery systems.

#### **International Experience on Water Reforms**

Around the world, water delivery is facing problems of inefficiency, low consumer investment levels, and lack of financial viability as well as absence of orientation. Table 1 discusses some case studies of water reforms around the world. We look at some of the most controversial experiences, which have often led to a legal struggle and massive local protests so that correct measures can be taken while implementing water reform process in Delhi.

In most of the cases, the water services were contracted out to foreign multinational companies. Most of the contracts were concession contracts, which meant that the private companies were responsible for operation and maintenance as well as capital investments for the period of the contract.

There are several reasons for the failure of water privatisation models where they have been implemented. The reasons have been varied, for instance, breach of contract, inadequate services, price hike, insufficient investment in infrastructure and lack of transparency. However, there are two reasons that are most responsible: first, the drastic increase in the price of water supplied and second, inaccessibility

**Table 1: Water Reforms Around the World**

<i>Country</i>	<i>Company</i>	<i>Partners</i>	<i>Contract period</i>	<i>Reasons for failure</i>
Manila, Philippines	Ayala Corporation, Benpres Holdings/Lyonnaise des Eaux		25-year concession contract	Increase in tariff by more than 200%, retrenchment of employees, contract re-negotiations, delayed targets of decreasing unaccounted water.
Buenos Aires, Argentina	Aguas Argentinas	Vivendi, Suez	30-year concession contract	Increase in tariff, 64% population without sewage system, inability to pay interest payments
Mozambique, Africa	Aguas de Mocambique	Saur International	NA	Increase in water tariff, no cross subsidies and neglect of low-income consumers. Contractor himself responsible for Audit.
Puerto Rico	Suez	United Water de Ondeo	10-year contract	Deficiency in services, non-submission of reports, and wrong billings
Cartagena, Columbia 1994	Aguas de Cartagena	Spanish company Aguas de Barcelona, Suez (French Giant)	20-year contract	Allegations of contract irregularities and a lack of transparency
Cochabamba Brazil 1999	Aguas del Tunari	International Water Limited (Bechtel & Edison), Spanish and Bolivian partners	40-year concession	200% increase in water tariff. Use of tariff revenue for a different engineering project in Bolivia
Atlanta, Georgia, USA 1998	United Water, a SUEZ subsidiary		20-year	United Water asked the city for more money, and tried to add \$80 million to the contract
Nelspruit, South Africa 1999	Biwater	Greater Nelspruit Utility Company (GNUC)—a joint venture between Biwater and a black empowerment group, Sivukile	30-year water concession	Difficulty in raising necessary money and depended on public sector for finance; tripled service fees
Tanzania 2003	City Water	BiWater, Gauff Ingenieure		Alleged breach of contract by Tanzanian government, no infrastructure investment

of water to the poor and low income consumers accompanied by dismal efforts by the private party to increase water connections. Lack of transparency and adequate accountability are also some of the main areas of concern.

This failure of private sector participation in water delivery raises some interesting questions. Why private participation has not worked in water when it has been quite successful in many other public services, like telecom? How is water different from food or any other basic necessity of life? Is the delivery of water such uniquely difficult task that some of biggest multi-national companies have failed in providing it? Can all these failures be explained by the greed of private companies and corruption in the government? Generally the profit motive drives companies to give better services at cheaper prices, why does the same motive does not deliver the same outcome in water? Are the private companies involved in water somehow more greedy than other private companies? Are government water agencies and departments somehow more corrupt than other government departments? Is it the case that governments as well as private companies do not yet have enough experience to manage water delivery in partnership?

### **Types of Contracts**

In the broad framework of private involvement in public services, the apparent problems are inadequacies of the financial systems and lack of a more systematic method of implementing privatisation. However, at a micro-level, it is the loopholes in the contracting processes that create multi-layered problems allowing the private multinational companies to take advantage of existing political and economic situation of the country. Thus, a major part of successful privatisation can be ensured by detailed and well-drafted contract agreements between private parties and governments. The various options for private sector participation in water are:

- **Service Contracts** seek to obtain private sector assistance in performing non-core services, such as installing or reading meters, repairing pipes, or collecting accounts. They are short in duration, under three years. Examples are Mexico City; Santiago, Chile and Chennai, India.

- **Management Contracts** transfer responsibility for operation and maintenance of a utility to the private sector generally for three to five years. Government retains responsibility for all capital investments. Examples are Cartagena, Colombia, Gdansk, Poland, Mali, and Johannesburg, South Africa.
- Under **Lease Arrangement**, a private operator (lessee) takes over operation and maintenance of a utility from the government and makes limited capital investments for up to 15 years. The lessee effectively buys the rights to the income stream from the utility's operations (minus the lease payment). Examples are Cote d'Ivoire, Guinea, Czech Republic
- In a **Concession Contract**, the private partner assumes responsibility for the operation and maintenance of a utility's assets as well as capital investments for 25-30 years and is remunerated through the collection of tariff. However, full rights to all the assets, including those created by the private partner, revert to the government when the contract ends. Concession contracts are a good option when investment requirements are large, but require a strong regulatory framework. Examples like Buenos Aires, Manila, Cancun.
- In a **Build-operate-transfer (BOT) Contract**, a private operator undertakes to construct a new dam or sewerage plant and operates it for a number of years. At the end of the contract period, the private operator relinquishes all rights to the plant by turning it over to the public utility.
- **Joint Ventures** have become common between governments and the private sector to run leases and concessions. A typical joint venture creates a new company, with the state entity holding 51 percent of the equity, more or less, (public) and the private operator or a financial institution or both holding the remaining shares (private).

The contract systems provide various kinds of partnership that can be used in designing better and more efficient water distribution system. Table 2 summarises public-private partnership in various kinds of contracting system.

**Table 2: Allocation of Responsibilities for Private Participation**

<i>Option</i>	<i>Operations and maintenance</i>	<i>Commercial risk</i>	<i>Capital investment</i>	<i>Asset ownership</i>	<i>Contract duration</i>
Service contract	Public and private	Public	Public	Public	1-2 years
Management contract	Private	Public	Public	Public	3-5 years
Lease	Private	Shared	Public	Public	8-15 years
Concession	Private	Private	Private	Public	25-30 years
Built-operate-transfer	Private	Private	Private	Private and public	20-30 years
Divesture	Private	Private	Private	Private or public and public	Indefinite

*Source: Serving Poor Consumers in South Asian Cities, India Water and Sanitation Program, World Bank.*

Successful PPP needs efficient and precise contracting process bereft of loopholes. Some of the main criteria that should be considered are as follows:

- A proposal request should include background and objectives of the project, evaluation criteria and their relevance, insurance and bonding requirements, financial responsibilities, responsibilities for obtaining and complying with licenses and permits, specifications of negotiations and penalties.
- Contract term should be clarified and the term should be decided on kind of services wanted from the contractor and the one that best suits the needs of the municipality. Terms and conditions regarding employees should be incorporated at the time of most public private partnership. Risk allocation between private and public organisation should be clearly defined in view of changing regulatory, political and economic situation as well as restructuring of the partnership. Proper bidding would involve that the companies do estimate their cost realistically and on the basis of extensive research rather than improper estimates. The bids should be on a realistic analysis of demand, which should neither be under or over estimated.
- Performance criteria should be clearly defined and no concession of any kind should be provided. The clarity should be in terms of

quality of goods and services, safety standards, compliance with applicable laws and legislations, cost control, adherence to schedule, incentives and penalties according to the level of performance.

- All contractual terms should have clear legal and technical definitions. Terms, which if not defined explicitly, can cause problems later on. Like "unsatisfactory performance", "uncontrollable circumstances", "consequential damages." Such imprecision leads to the maximum problems after implementation of the contract, when the consumers feel cheated and find a reduction in the service standards, and the official body cannot hold private players accountable for lack of specified measurable performance standards.
- There is a need for contract management and an oversight regarding the kind of information needed for evaluating the performance of the private companies, sources of information and the process of evaluation as well as penalties in case of non-compliance. Issues regarding the contract termination should be also addressed in a good contract so that either party do not get harassed.

There haven't been many successes in the private provision of water service across the world, and good contracting system can be a powerful tool to address the issues arising in private involvement in water delivery. The potential for the use of contracts would vary according to the contracting mechanism, types of obligations put on the operator and on the possible incentives and penalties.

### **Delhi Jal Board**

The Delhi Jal Board (DJB) is entrusted with the responsibility of procurement and distribution of water as well as treatment and disposal of sewage in Delhi. It provides water in bulk to New Delhi Municipal Council (NDMC) and Delhi Cantonment Board for redistribution in their respective areas. Similarly, the Board receives sewage in bulk from these two authorities for final conveyance and disposal. In the areas under the jurisdiction of Municipal Corporation of Delhi, the Board is responsible for distribution of water, collection and disposal of sewage.

Some of the main problems that surround DJB and people in Delhi are as follows:

- Delhi has an adequate supply of water. With over 200 litres of water available per capita per day, it has more water than many other big cities in the world that provide their residents with 24X7 water supply. Despite this, the Delhi Jal Board (DJB), in its current mode of operation, is unable to meet the water needs of the nation's capital, and provides its citizens with an erratic and unequally distributed water supply that is well below international standards.
- Inequitable water distribution is also one of the most important problems. It is obvious that the supply, assurance and quality of water received (from tanker and community based hand pumps) by poorer sections of the population are lacking more than that to the middle and upper sections of the city.
- Delhi has 9000 km of pipeline network, 13.47 lac connections, but there is a lack of data, sufficient trained manpower and low quality of maintenance. The other problems that plague people are leakages of pipes, illegal connections, outright theft, non-meter connections and faulty meters.

### **Delhi Jal Board Reform Model**

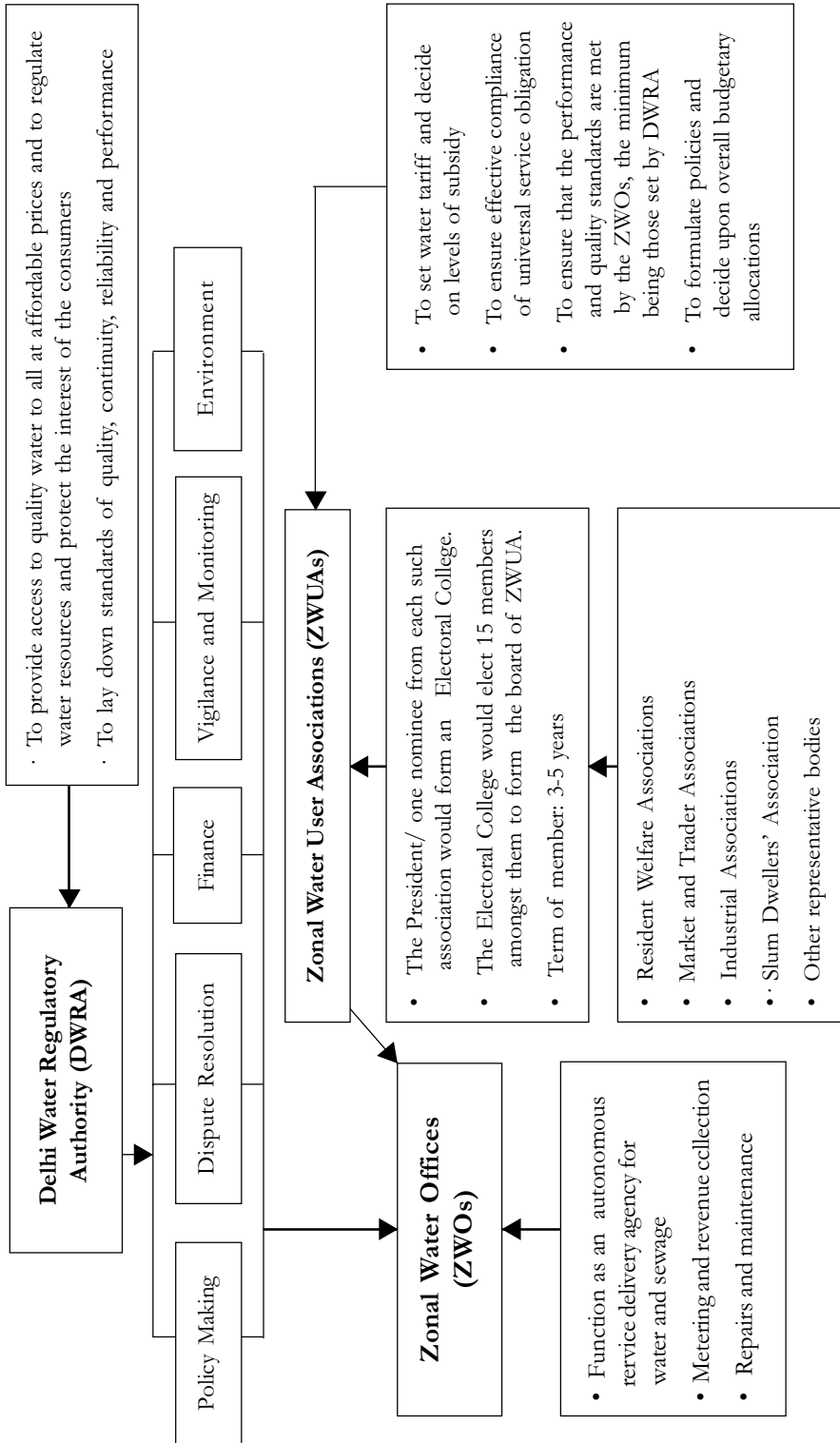
The model proposed for the restructuring of the Delhi Jal Board is a three-tier model with Delhi Water Regulatory Authority (DWRA) as the central regulatory body; Zonal Water User Association (ZWUA) as a representative body with responsibility of fixing water tariff and subsidies, supervision, guidance, and budgetary allocations and the Zonal Water Offices (ZWO) responsible for the final water delivery. The scope of work and the functions of each are explained in detail in Figure 1.

**Delhi Water Regulatory Authority (DWRA)** will be an independent regulatory body comprising of various departments for policy making, dispute resolution, setting performance standards and ensuring compliance. The members of the Authority will be appointed by the government from amongst persons of ability, integrity and standing who have knowledge and adequate experience in dealing with problems related the areas of its work. Main responsibilities envisaged are:

- To provide access to quality water at affordable prices



*Figure 1: Delhi Jal Board Reform Model*



- To regulate the service providers, including conditions governing entry-exit, and protect the interest of consumers
- To lay down standards of quality, continuity, reliability and performance
- To own and regulate assets and properties, decide on overall investment levels
- To provide financial and technical assistance to 21 Zonal Water Offices and help them becoming efficient and autonomous and monitor their quality of service
- To enforce Universal Service Obligation and adjudicate disputes
- To aid and advise the Government in matters concerning water policy, water supply and distribution

Each zone will comprise of a **Zonal Water Users Association** which will be a voluntary association including people from RWA, MTA, industrial associations, slum dwellers' association and other representative bodies. Areas/ populations not represented by the above bodies would be encouraged to form associations so that they can get a representation on the ZWUA board. The President/ a nominee from each such association would form an Electoral College that would elect the board of ZWUA. The Electoral College would elect 15 (or some such number of) members from amongst them to form the board of ZWUA. The term of the members could be between 3 to 5 years. The scope of work of the ZWUA would be:

- To set water tariff and decide on levels of subsidy, ensure compliance of performance and quality standards by the Zonal Water Offices (ZWOs), the minimum being those set by DWRA
- To formulate policies and decide upon overall budgetary allocations
- To handle and investigate complaints from consumers that are not resolved by ZWOs, have a special regard for vulnerable sections of consumers and investigate any matter of interest to consumers that is not necessarily the subject of complaint
- To involve communities to create awareness about environmental,

health and sanitation issues

**The Zonal Water Offices** will be responsible for supplying water to their respective zones. The ZWO will function as an autonomous body and will have the following departments to enable it supply water and manage sewage and sanitation, proper metering, revenue collection and expenditure accounts, repairs and maintenance of the infrastructure.

The key features of the models include more autonomy to the organisations involved in water delivery. The asset ownership and policy making will be the responsibility of DWRA; supervision, guidance, and budgetary allocations will be done by ZWUAs; and operations and maintenance responsibility would be with the ZWOs. The ZWUAs will be the first consumer body to have been given the statutory duty to contribute to the achievement of sustainable and efficient delivery of water throughout the city. The zonal performance benchmarks will create **comparative competition** among zones; each year the best performing zone could be recognised with a bonus. There will be bettering targeting and transparency of water subsidy to consumers within a zone and across zones

### **Ingredients for the Success of Water Reforms**

#### ▪ **Independence of the Service Agency**

In most developed countries, consumers are generally satisfied with the quality and quantity of water they receive. It is typically 24X7 supply and people normally drink the water that comes through the tap. It is also true that in these places, local governments are in charge of the water supply. So the governments in these countries are able to deliver the service that people normally expect. Why are local governments in India not able to perform at that level? There are many reasons.

In addition to the long process of evolution and trial and error in the developed countries, at least two other elements that are common to them probably help explain their success. One, the water service is provided by a government entity that is quite independent in its structure and operations from day-to-day politics. This independence allows it to take decisions, which may not be politically acceptable at a given point in time.

- **No General Subsidy**

The second feature seems critical to the success of the government delivery of water is that the budget of the water agency is outside of the general budget of the local government. Except the one time massive investments, there is no operational yearly subsidy given to the water agency. The agency may subsidise some customers but that subsidy is provided by charging higher rates from other customers. So there is cross-subsidisation but no general subsidization.

In developed countries, overall water delivery is in the hands of local governments and not for-profit companies. We must first understand how they have made that possible before rushing into an untested territory of complete privatisation. Certainly there is scope for private sector participation but before that the governance structure needs to be in place so that design and enforcement of contracts with private parties is transparent and competent.

- **Incentive-based Employee Performance**

A performance based incentive system must be introduced in the working of the ZWOs. Each zonal engineer/manager would be responsible for fulfilment of targets with specific performance benchmarks. This contract would specify bonuses for performance, the minimum level of targets and penalty for non-compliance. The contracts would be negotiable at fixed intervals, subject to the performance of the zone.

- **Meeting the Requirements of the Poor**

Water is essential for life and the people who cannot afford to pay water charges should have access to it. The ZWUA would be most suited to determine the level of charges, if any, and the levels of subsidies. Possible solutions to cater to the requirement of poor would be to ensure minimum supply of water for areas where the poor live for free, and charging a tariff beyond that level of consumption, using cross-subsidies to keep the cost of water till a fixed limit low. This problem should be addressed at the contracting stage only, especially in the developing countries.

- **Demarcation of Responsibilities**

Three distinct responsibilities must be clearly demarcated. Policy

should remain with the state government; regulation should be given to independent and trusted organisation; decisions about water charges and subsidies should be taken by a representative community organisation; and the actual delivery should be done by a different agency. The business of governing, oversight and compliance should be separated from the provision of water and sewerage services.

▪ **Vigilant Regulator and Complaint Management**

Not only an independent but a vigilant and pro-active regulator is necessary to provide an effective overall framework within which individual suppliers can operate. Given that all players are new to the restructured management of water, the regulator would need to have the necessary skills and a flexible approach. Online Complaint Management System, as proved successful in Mumbai, can be an effective measure for consumer redressal. It is designed to enable citizens to register complaints and receive notification on the status of the complaints easily.

▪ **Alternative Models of Water Management**

Along with the proposed reform model, it would be instructive to consider some other options that are in use elsewhere.

**User or consumer cooperatives** exist in Santa Cruz where all customers are member of a cooperative. They have the right to vote for cooperative's Assembly that elects part of the administrative board and the supervisory board. The cooperative is financially independent and ensures that all costs are recovered from the water users (full-cost recovery).



An efficient public utility put under supervision of an accountable Assembly can also create better services. This is one of the models practised in Brazil. Thus it can be seen that the publicly owned services can be made efficient and competent if they are given more

autonomy and constrained by higher accountability.

A **Trade Union Cooperative** has been successful in Dhaka, where one of the zones was contracted out to the water departments' employees for a year and it proved to be more efficient than the other zone contracted out to a private party. The union cooperative's achievements included a considerable expansion of the number of people with access to running water as well as a sizable reduction in water losses.

**Government-community partnership** in Ghana is a good example of viable water management. The public company provides water and the community is responsible for pricing, distribution and infrastructure maintenance. The community gets a greater role in management and is able to negotiate better with the public company where as the company can obtain full tariff recovery rate for the water supplied while saving the cost of billing and collection of tariff.

—Prepared by *Susmita Pratibast*

*With inputs from Shruti Saxena and Arpita Acharya*

5  
Allow pvt firms; pay more for better water: Centre policy draft  
... must be only for city's poor

24x7 water idea fine, but bidders are 'tainted'  
... ability of proper safety equipment. De- ... report recommendations ... action

Free flow: DJB detects 3,950 leakages  
Residential Localities In Northwest, South Delhi Worst-Affected  
By ANI/PTI

'Water table dips, fluorine content rises  
... 2013



## **Competition in Power**

### ***Contracting Through Wards***

Power has been an area of intense debate and discussion in recent times in Delhi. Whether it was privatisation process of 2002, or the evaluation of that process, delivery of services and fixation of tariff, power situation in Delhi has been closely monitored and scrutinised by the Government as well as civil society organisations. This chapter is an attempt to discuss various government agencies related to provision of power in Delhi and their relevance in the process. It analyses the problems of power distribution in Delhi, especially with regard to consumers and introduces feasible short and long-term solution to the power problem.

### **Department of Power**

Prior to privatisation of electricity distribution in Delhi, the Department of Urban Development had an Electricity Branch that dealt with the subject of power . The Delhi Vidyut Board (DVB) was the statutory body that was responsible for generation, transmission and distribution of power in Delhi. However, in 2002, DVB was broken into seven components, one holding company, one transmission company, two generation companies and three private distribution companies. When Delhi Government decided to implement electricity reforms, the Electricity Branch was converted into Department of Power to facilitate the process. The main aim of the Department is to provide quality power at affordable prices to the consumers of Delhi. It coordinates with entities involved in power generation, transmission and distribution namely

- Delhi Transco Limited
- Delhi Power Company Ltd (Holding Company)
- Indraprastha Power Generation Company Limited
- Pragati Power Company Limited<sup>1</sup>
- BSES Rajdhani Power Limited (BRPL)



- BSES Yamuna Power Limited (BYPL)
- North Delhi Power Limited (NDPL)

Besides, it coordinates with Delhi Electricity Regulatory Commission (DERC), a statutory body for fixing the tariff and other functions as envisaged under The Electricity Regulatory Commission Act, 1998. Another important function of the Department is to release plan loans for reform purposes.

The Department is headed by Power Secretary who is assisted by Special Secretary and Additional Secretary. The Deputy Secretary and the Assistant Director supervise the administrative staff like superintendents, clerks and Group D employees. The number of employees in the organisation is fifteen including the administrative staff.

### **Acts and Laws**

There are various Acts governing the Department that are formulated to facilitate the process of power delivery in the city. Some of the main Acts are:

- ***The Electricity Regulatory Commission Act, 1998***

This Act is a Central Act and states the process of constitution and functions of Electricity Regulatory Commissions (ERCs) on central and state level. ERCs are responsible for regulating the functioning of private power distribution companies as well as the State Electricity Boards.

- ***Delhi Electricity Reform Act, 2000***

It is responsible for constituting an Electricity Regulatory Commission, restructuring of the power industry (rationalization of generation, transmission, distribution and supply of electricity), increasing avenues for private participation and taking measures conducive to the development and management of the electricity industry in an efficient, commercial, economic and competitive manner in Delhi.

- ***Electricity Act, 2003***

The central Act consolidates laws relating to generation, transmission, distribution, trading and use of electricity. The other

regulations envisaged in the Act include promoting competition, protecting interest of consumers and supply of electricity to all areas, rationalization of electricity tariff, ensuring transparent policies regarding subsidies, promoting efficient and environmentally benign policies, constituting Central Electricity Authority, Regulatory Commissions and Appellate Tribunal.

### Financial Profile

The Department of Power gets grants-in-aid from the Delhi Government for supervising electricity supply and coordinating with the distribution companies. Table 1 gives the details of the expenditure of the Department.

**Table 1: Outlays and Expenditure of the Department (Rs in lac)**

Year	Approved Outlay (BE)	Revised Outlay (RE)	February that Year	% With BE
2002-03	1,41,00	1,57,400	1,23,621	87.61
2003-04	1,46,000	1,74,669	1,70,374	116.6
2004-05	93,000	62,755	60,885	65.4
2005-06	48,304	NA	13,150 (up to August 2005)	27

*Source: Government of NCT Delhi.. 2002, 2003, 2004, 2005. Annual Plan: Plan Outlay and Expenditure. Department of Planning*

In terms of expenditure, the non-plan expenditure for the year 2004-05 is Rs 262 crore. Expenditure on the plan schemes and programs in 2004-05 is described in Table 2.

**Table 2: Sanctioned Budget and Expenditure (Rs in lac)**

Activities to be undertaken	Sanctioned budget 2005-06	Expenditure 2004-05
Acquisition of Land for establishment of Electric Substation etc.	2,500	50
Loan to IPGCL/PPCL for undertaking renovation and modernization works, overhauling, refurbishment etc.	7,000	2760
Loan to Delhi Transco Ltd. for establishment of 400 KV/220KV Sub-station works	25,000	11466
Loan to Delhi Transco Ltd. and for Power Sector Reform Transition Support	13,800	48000

*Source: Government of NCT Delhi. RTI manual on Department of Power on the Delhi Government website*

The expenditure of the Department include expenses of Transco, Gencos, power sector reforms, accelerated power development reforms programme, pension trust fund and land acquisitions. The Department also receives grants for transmission and distribution of electricity. Prior to privatisation, the grants included funds to the Delhi Vidyut Board for electricity supply for system improvement in rural areas and provision of tube well connections. The funds were also allocated for augmenting transformers, installing equipments in Trans-Yamuna area, and to New Delhi Municipal Council for electric supply scheme. After privatisation and power sector reforms, the sole receiver is Delhi Transco Limited for electric supply.

Ideally, the state government is authorised to make the power policy and implement it through the Department and DERC is supposed to monitor the whole process as an autonomous body and suggest changes that are in the best interest of the consumers and distribution companies. The Department of Power, according to the officials, is a mere formality and its main functions include maintaining the records of the transactions done with the distribution companies. To comprehend the situation better, it is necessary to understand the other two organisations, the DERC and Delhi Transco Limited.

### **Delhi Electricity Regulatory Commission**

The Ministry of Power, Government of India notified the Electricity Regulatory Commissions Act, 1998 with the objective of setting up a regulatory mechanism for control and guidance of the utilities in the power sector. The rationalization of electricity tariff, transparent policies regarding subsidies, promotion of environmentally benign policies were the main objectives for this legislative enactment. Lack of transparency, accountability and participation were the three main lacunae underlying the performance crisis plaguing the electricity sector and eluded the benefits of the reforms in reaching the common consumer.

Thus, to keep the mandate of the Act, the Delhi Electricity Regulatory Commission was constituted by the Delhi Government in March 1999. The jurisdiction of the Commission excludes the areas of New Delhi Municipal Council and the Delhi Cantonment Board. The Commission is a lean organisation with a sanctioned staff strength of 34 employess. The Act provided that the Commission shall consist of

not more than three members, including the Chairperson, to be appointed by the Government. The Commission is headed by the Chairperson and assisted by a Secretary and 3 Directors. The Secretary is assisted by a Assistant Secretary, 2 Joint Directors and other administrative staff. The Directors are supported by 4 Joint Directors, 6 Deputy Directors and 4 Assistant Directors.

The Commission operates through various Acts and laws that guide the implementation process in Delhi. Some of the main Acts, rules and regulations implemented by DERC include Delhi Electricity Reform Act, 2000 and Electricity Act, 2003. DERC has comprehensive regulations on conduct of business, management of human resources, appointments of consultants, delegation of financial powers, performance standards of metering and billing, constitution of advisory committee, redressal of consumer grievances and effective way of handling complaints.

## **Functions**

The main functions of the Commission are:

- To determine the tariff for electricity, wholesale bulk, grid or retail and for the use of transmission facilities
- To regulate power purchase and procurement process of the licensees and transmission utilities including the price at which the power shall be procured from the generating companies, generating stations or from other sources for transmission, sale, distribution and supply in Delhi as well as regulate the operation of power system
- To promote competition, efficiency and economy in the activities of the electricity industry
- To aid and advise the Government in matters concerning power policy, electricity generation, transmission, distribution and supply in Delhi
- To set standards of quality, continuity and reliability of service for the electricity industry in Delhi
- To collect and publish data and forecasts on the demand for, and use of electricity in Delhi and require the licensees to collect and publish such data
- To regulate the assets, properties and interest in properties concerned or related to the electricity industry in Delhi including

the conditions governing entry into and exit from the electricity industry in such manner as to safeguard the public interest

- To issue and regulate working of licenses for transmission, bulk supply, distribution or supply of electricity and determine the conditions to be included in the licenses;
- To require licensees to formulate prospective plans and schemes in coordination with others for the promotion of generation, transmission, distribution, supply and utilization of electricity, quality of service and to devise proper power purchase and procurement process
- To adjudicate upon the disputes and differences between the licensees and/or transmission utilities and to refer the matter for arbitration

### Financial Profile

The Commission gets grant-in aid from the Delhi Government to meet its expenses. The expenditure of DERC is shown in Table 3, which has been used sufficiently in the reform process.

**Table 3: Outlays and Expenditure of DERC (Rs in lac)**

<i>Year</i>	<i>Approved Outlay</i>	<i>Expenditure Till February that year</i>	<i>% With BE</i>
2002-03	200	150	75
2003-04	225	225	100
2004-05	250	250	100
2005-06	350	175	50

*Source: Government of NCT Delhi. 2002, 2003, 2004, 2005. Annual Plan: Plan Outlay and Expenditure. Department of Planning*

### Delhi Transco Limited

Prior to the unbundling of the Delhi Vidyut Board, the Board was solely responsible for the generation, transmission and distribution of power in Delhi. In 2002, Delhi Transco Limited (DTL) was one of the seven entities carved out after dismantling of the Vidyut Board. The organisation works as the State Transmission Utility in Delhi and is trying to keep pace with the increasing challenges of power privatisation. It is responsible for transmission of power at 220 KV and above voltage levels, besides establishment, up gradation, operational maintenance of EHV (Extra High Voltage) network and arranging bulk power supply

to distribution licensees.

The network of Delhi Transco Limited comprises sub station in transmission lines of 220 KV and 400 KV. At present DTL has 2 sub stations of 400 KV and 21 sub stations of 220 KV. In order to draw power from Northern Regional Grid, a 400 KV double circuit ring with capacity of 2000 W per circuit has been established around Delhi, which connects Dadri Thermal Power Station of NTPC, Ballabhgarh, Bamnauli, Bawana and Mandola.

DTL is managed like any other public sector unit with Chairman and Managing Director as its head, assisted by several directors and general managers as well as other administrative staff. Committees consisting of two or more persons are constituted for the purpose of advice to DTL. The Delhi Government has provided DTL with a loan of Rs 3,450 crore for five years of reform period that has been factored into the tariff order of DERC.

After an elaborate discussion on the three government institutions of power, the analysis necessitates review of the relevance of these institutions. Delhi Transco Limited is a transmission company, whose existence is incumbent on the power generation models adopted by Delhi. Presently, Delhi has centralised power generation which implies a centralised transmission model as well. However, if in future, captive power plants and independent power generation becomes the norm, transmission can be also broken down accordingly.

The Department of Power has limited role of coordinating with the distribution companies. There are two aspects to the functioning of the Department. First, the Department has very limited role and second, these functions are also not performed efficiently and it overlaps with the responsibilities of DERC. The Department can be converted into a small cell in DERC through a change in legislation and conduct the same activities. There is no need for a separate department, especially after the privatisation of distribution system.

There is an immediate need to restructure the role of DERC and make it more reliable and competent. DERC fixes tariff--most contentious issue--on the basis of the Average Revenue Requirement (ARR) that Discoms submit. If the revenue gap, defined as difference of expenditure and revenue with current tariff, is large then the tariff

set will also be high. Thus the issue is not how much increase in tariff is demanded by the Discoms but what is the revenue gap that has been projected. If the gap happens to be Rs 1406 crore<sup>2</sup>, the tariff hike can only be imagined! This coupled with loans and subsidies that are given to the Delhi Transco, which if levied from the consumers will only add to the tariff problems faced by them.

Analysis of these institutions showed that they are not playing a significant role in managing and regulating power sector in Delhi. A brief analysis of privatisation process, the targets that were set during the contract agreement and major problems faced by consumers is required at this stage to effectively evaluate the relevance of these institutions. Table 4 gives a snapshot of privatisation process in Delhi.

**Table 4: Power Privatisation in Delhi**

<i>Year</i>	<i>Events</i>
Feb, 1999	T.L. Shankar Committee constituted - White paper on "Privatization and Restructuring" approved by Delhi Government
Mar, 1999	Establishment of Delhi Electricity Regulatory Commission (DERC)
Mar, 2001	Enactment of Delhi Electricity Reform Act
Jul, 2001	The distribution circles of DVB carved out into three Discoms
Nov, 2001	The Delhi Electricity Reform (Transfer Scheme) Rules, 2001 notified
Nov, 2001	Delhi Government notified policy directives for privatisation of DVB
Nov, 2001	Request for proposal issued to shortlist bidders for taking over majority ownership and management control of the three Discoms
May, 2002	Tata Power selected as a preferred bidder and signs Share Acquisition Agreement to take ownership & Control of North & North-West Power Distribution Company (later renamed as North Delhi Power Company)
July, 2002	Tata Power takes over operational control w.e.f 1st July, 2002 after signing Shareholder Agreement on 27th June 2002
July, 2002	BSES Yamuna Power Limited and BSES Rajdhani Power Limited commenced the business distribution and supply of electricity in Delhi

There have been few efficiency gains after privatisation. The energy shortage in Delhi has declined from 1.9 per cent in 2002-03 to 1.4 per cent in 2003-04. The transaction structure focused on reduction of theft. Prior to privatisation, the Aggregate Technical and Commercial (AT&C) loss level was 50.7 per cent. The private companies were given strong incentives to outperform these targets, since the additional revenue generated from loss reduction would be equally shared between consumers and the distribution companies. The index of power

availability has also improved, as shown in Table 5.

**Table 5: Index of Power Availability**

Parameter	As on July 2002			2003-04			2004-05 (*)		
	BRPL	BYPL	NDPL	BRPL	BYPL	NDPL	BRPL	BYPL	NDPL
Reliability Index (%)	96.98	96.46	98.5	N.A	N.A	99.57	98.84	98.64	99.64

Source: <http://indiabudget.nic.in/es2004-05/chapt2005/chap93.pdf>

(\*) Till Oct. 2004

However, the problems that have occurred for the past three years have been more than enough to offset the benefits of privatisation. One of the main problems is that the privatisation is perceived more as a goal rather than a means to an end. Is privatisation a panacea of all the institutional problems that a sector faces? The difficulties faced over the years will substantiate the point.

### **Power in Delhi: Problems Post Privatisation**

- **Privatisation process**

The bidding process was more of a negotiated bilateral deal than a competitive bid. Large concessions were given to the private Discoms with respect to return on equity, transmission & distribution (T&D) losses reduction mechanisms, and methodology of tariff calculation.

- **Problem of Private Monopolies**

Instead of creating competition among Discoms, the privatisation process has led to creation of private monopolies.

- **Tariffs**

Private Discoms were offered a return on equity (ROE) of 16% post tax, the cost of which had to be borne by the customers. Thus, if Discoms would invest in bringing down T&C losses, leading to increase in profits it would also increase the quality for ROE. This meant that the consumers would have to pay twice for the profits of Discoms in Delhi. Tariffs include an annual depreciation charge of 6.83% that also has to be paid by the consumers. It was calculated on the basis of total equity and not on net equity, which means that the consumers' pay for assets that are losing their value.



Bulk Supply tariffs are fixed twice in Delhi, once by the Gencos and then by the Transco. Usually the Transco only receives a fixed wheeling charge. In Delhi, the Transco sells power to Discoms on a price lessor than their purchasing cost from the Gencos so that the Discoms can make profits. The loss has to be borne by the Government and thus automatically by the taxpayers. Lack of multi-year tariffs also adds up to the problems of restructuring.

Transitional assistance is a key issue. Efficient standards would make the company viable only after 5 years and thus the need for government assistance in those years is a prerequisite or else would result in sharp tariff hike. The hike in the power prices is around 25% contrary to claims made by DERC of only about 10%. Those consuming below 100 units will be hit even harder as the increase in tariff for them would be a whopping 33.33 per cent. Table 6 gives the comparison of current and earlier domestic tariffs.

**Table 6: Comparison of Current and Earlier Domestic Tariffs**

<i>Consumer Categories</i>	<i>Fixed Charges Old</i>	<i>Fixed Charges New</i>	<i>2003-04 Rates Without Subsidy</i>	<i>2003-04 Rates With 10 per cent Subsidy</i>	<i>New Rates</i>
(Units/ Month)	(Rs/kW/Month)	(Rs) Month	(Per Unit)	(Per Unit)	(Per Unit)
JJ Clusters <50 Units	60	–	1.25	1.25	175/month
0-100	10	<2 20	1.75	1.50	2.20
101-200		2-5 50	2.36	2.10	2.20
201-400		>5 10/kW	3.25	2.92	3.60
401+			3.85	3.85	4.10

Source: Purkayastha, Prabir. 2004<sup>3</sup>

▪ **Aggregate Transmission & Commercial Losses**

The basic problem with the power sector in Delhi is that the distribution business incurs heavy losses due to inability to issue bills for all energy supplied and to collect payment for many of the bills that are issued. Transmission losses are due to energy dissipation from conductors used for transmission, transformation, sub-transmission and distribution of power. Commercial losses are caused by pilferage, defective meters, and errors in meter reading and in estimating non-metered supply of energy.

In 2004-05, three years after privatisation, the AT&C losses were brought down 34 % by NDPL, 40% by BRPL and 50% by BYPL. Even though there has been a substantial reduction in the AT & C losses, the condition that profits will be jointly shared by the consumers (tariff fixation) and Discoms (additional revenue) were not met. The tariff rates are not only highly volatile but also show an increasing trend.



One important thing that should be mentioned here is the role of past DVB arrears and DJB dues that were recovered by the Discoms in the initial years, due to which they were able to meet the targets. However, if these arrears and dues are separated, then none of the Discoms have actually met the targets.

- **Under Valuation of the DVB Assets**

DVB has valued transfer price of assets by 'business valuation' method. This does not explain the reduction in gross fixed assets in the books of accounts. Using allowed depreciation it would be possible to write off Rs 1,103 crore in the transfer scheme. This would yield net fixed assets of Rs 4,556 crore and not Rs 3,160 crore as notified in the scheme. Depreciation has been allowed at 19.4% - 31.3% for different successor companies. It also suggests an average age of four years for DVB assets. DVB also stated that apart from the net assets of Rs 3160 crore, a further Rs 480 crore was invested between April 2001 - July 2002. These have disappeared!

According to the Comptroller and Auditor General Report 2002-03, the amount that DVB had outstanding differed by a massive Rs 3,107 crore leading to a serious under valuation of DVB. The target for loss reduction figures were diluted to 1.16 per cent per year as against 3 per cent per year that amounts to only 5.8 per cent in five years as against the original target of 15 per cent. There were also changes made in the scope of tender after receiving the bids.

- **Infrastructure, Billing & Metering Problems**

One of the main concerns is the lack of infrastructure in the

distribution of electricity. The under utilisation of funds also adds to the problem. In 2003-04, Tata owned NDPL met its regulatory target of Rs 336 crore for capital expenditure, while for the same period BSES Rajdhani and BSES Yamuna (Reliance) had spent less than Rs 200 crore out of the sanctioned amount of Rs 709 crore. However, nothing has been done to this effect. Table 1 substantiates the problem. Billing and metering systems are still to cope up with the advancements in the energy sector. There are a large number of complaints by consumers regarding incorrect meter reading and bills, fast-running meters, arrears reappearing in bills, and bills being issued to disconnected connections. A faster and transparent billing system is required to overcome the billing and metering problems.

### **Recommended Solutions**

The problems faced are many and in all aspects of power delivery in Delhi. The main reason was the sheer negligence in implementing the privatisation process. The reform package can include both short-term and long-term measures.

The DERC should set the tariff structure where all the components should be transparent. Along with that, there should be a defined range in which the tariff should be set. An upper ceiling on the price charged is a critical component of the restructuring process. Efficient pricing, in particular, is especially important in markets that allow participant choices. Well-designed incentive structure for Discoms can bring greater reliance on market for power. Incentive regulations mean that the cost will be compensated to only the most efficient firms.

A strong and competent regulatory commission is needed to solve the problem of AT&C losses. Strong incentives as well as penalties should be imposed on the Discoms. Even though in Delhi, there are proper incentives in place, like the incentive of additional revenue generated from meeting the T&D loss reduction targets that gets distributed equally between the consumer and Discoms, the effect is minimal. The Discoms have been able to meet targets for the past two years just by recovering old arrears, which if removed, will show the inability of the Discoms to meet the targets. A competent commission will supervise such a problem and take proper action. Transparency of the regulatory process and presence of an independent and competitive regulatory commission can also bring greater competition.

Governmental opportunism can lead to inefficient sectoral investments. Role of a competent commission should determine tariff, regulate power procurement, promote efficiency and competition, set quality standards, require licensees to formulate prospective plans and adjudicate disputes between licensees.

DERC should have representation from all the sections of the society including the government, distribution companies, and civil society organisations so that the process of tariff fixation is more transparent and efficient. Consumer Redressal Forum should also play a significant role. It should be competent and should possess power to forward the complaints to the commission and ensure proper action. This can prove to be a good mechanism for solving problems of billing and metering faced by people.

The long-term measures would include introduction of various approaches to increase competition in the market, which will ensure better services at competitive prices. Privatisation is a means to introduce competition in electricity market. While decentralisation of power transmission at household may be difficult to implement, utility provisions can be decentralised at ward level. Ward Level Power Consumers Association can contract out power distribution services to private players. Competition among firms will drive down tariffs and increase efficiency.

The Electricity Act, 2003 is landmark legislation that opens the power sector to a number of players by laying down provisions for a power market and competition. Central to the emergence of market is the open access. This system envisages removal of a number of restrictive barriers to the flow of power in a competitive market scenario by opening access to transmission (from the outset) and distribution. However, open access is not a widespread phenomenon in the distribution of power.

Some of the market solutions to the problems of power in Delhi could be to eliminate territorial franchises, allow competition to develop parallel distribution, use of the micro turbine technology that converts natural gas to power, provide on-site power, and negotiate voluntary agreements for access to the existing transmission and distribution systems. The superior deregulatory option is to remove exclusive franchises that are the actual source of utilities' monopoly power and allow competition to emerge spontaneously. If no franchises exist,

competition will appear in the form of alternative transmission and distribution process, strategic business alliances spurred by newly available technologies that make it possible to control electron flows on the grid and user ownership of the grid. The essence of reform is straightforward: give others the right to set up shop but let them worry about how they get their juice to the customer.

Thus, it can be concluded that at the governance level, there is a need for organisational restructuring, building more competent and strong regulatory body and providing right incentives in the framework of sound contracting system to restructure the power scenario in Delhi.

*–Prepared by Susmita Pratibast  
With Inputs from Deepti Rao and Arpita Acharya*

### Notes

- <sup>1</sup> Financial Express. 2005. *More power supply to gencos needed.* 7 December
- <sup>2</sup> Purkayastha, Prabir. 2005. *Delhi Power Scenario: The Magic of Privatisation.* 25 September. People's Democracy
- <sup>3</sup> Purkayastha, Prabir. 2004. *Privatisation in the power sector imposes high costs on the citizens.* July 4. People's Democracy

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**Do Away With Monopolies**

**Competition to ensure lower tariffs**

**You were right, meters do spin fast**  
258 meters tested | 26 locations | 1 ran fast | 1 was slower than normal

**Power regulation – time to get back to the basics**  
Electricity regulators, who could have formed the bridge between the uninformed consumer and the power utility, have unfortunately failed to rise to the occasion.

## **Delhi Fire Service**

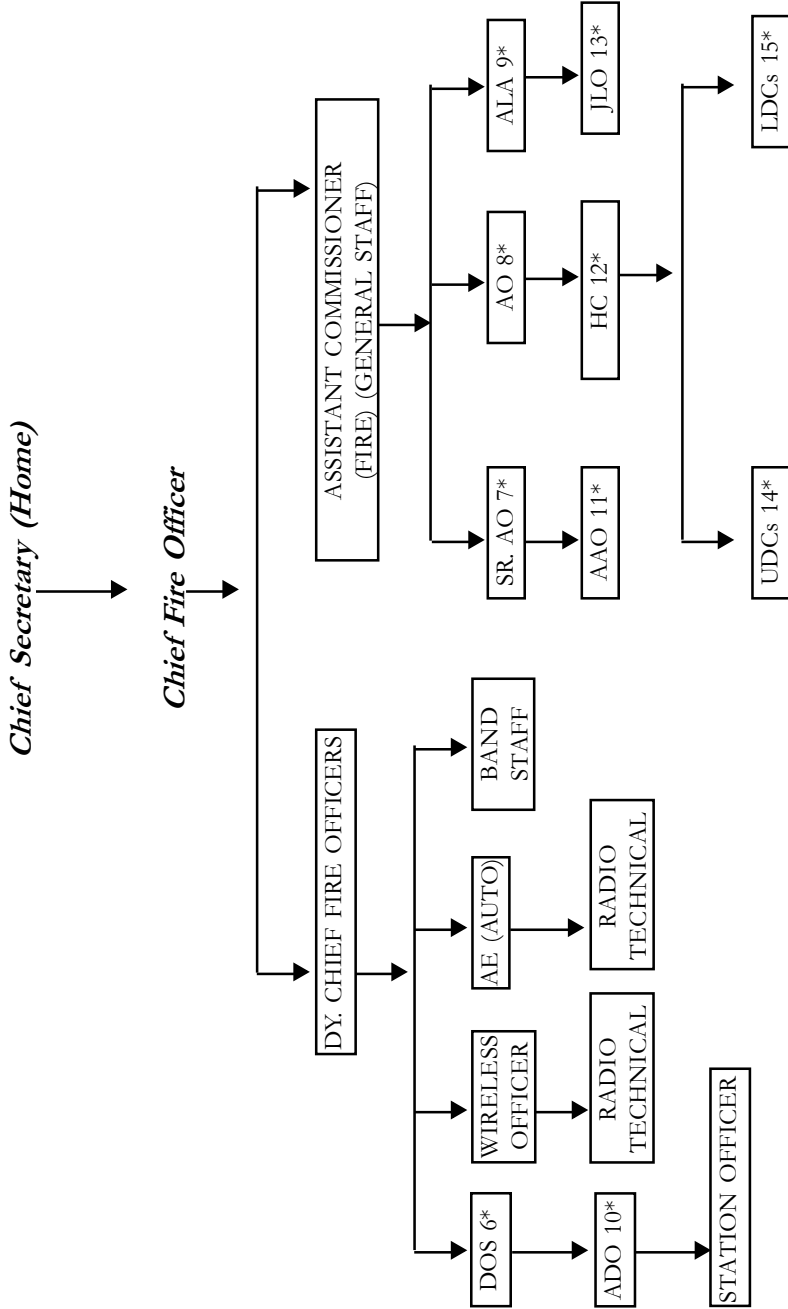
The Delhi Fire Service (DFS) came into existence in 1942 after amalgamation of 2 fire stations in Delhi that were functioning separately under the control of Delhi Municipal Committee and New Delhi Municipal Committee. In 1970, DFS had 14 fire stations including training centre and headquarters. The fire safety provisions were introduced in the building byelaws in 1983 and Fire Prevention and Fire Safety Act came into existence in 1986. The service was brought under plan development in 1990-91.

### **Organisational Structure and Functions**

The Municipal Corporation of Delhi (MCD) administered Delhi Fire Service till November 1994 after which the administrative control was shifted to the Home Department of Delhi Government. The Department provides fire services to Delhi covering an area of 1,483 sq. km. with an approximate population of 13.78 millions. The fire units are sent to tackle the incidents irrespective of whether the area is under the control of MCD, NDMC or Cantonment Board.

The DFS comprises of 41 fire stations including the training centre. Chief Fire Officer, the Executive in charge of DFS, functions under the administrative control of Principal Secretary (Home), Delhi Government. The DFS is divided into five divisions-South, West, Central, East, Northwest and 17 sub-divisions. Each division is headed by Deputy Chief Fire Officers assisted by Divisional Officers and Assistant Divisional Officers. The Station Officers are in charge of each fire station. Figure 1 describes the organisational hierarchy of the Department.

Figure 1: Organizational Set up



6* Divisional Officer	7* Senior Accounts Officers
8* Administrative Officers	9* Assistant Legal Advisor
10* Assistant Divisional Officer	11* Assistant Accounts Officer
12* Head Clerk	13* Junior Legal Officer
14* Upper Division Officer	15* Lower Division Clerk

### Functions and Responsibilities

The Delhi Fire Service protects and safeguards the lives and property in Delhi in the event of an outbreak of fire and other emergencies like drowning, house collapse, road accidents, rescue, full emergency, animal rescue and bomb explosion. It ensures minimum standards of fire prevention and fire safety measures in multi-storied buildings (15 metres or more), cinemas, institutional, industrial buildings in accordance with the Delhi Fire Prevention and Fire Safety Act, 1986.

The number of firemen is one of the major problems faced by the DFS. According to the Deputy Chief Fire Officer, there has been no change in the number of personnel till 2001. In 2004, the total number of employees working in DFS WAS 1,692 out of a sanctioned post of 2,253.<sup>1</sup>

### Acts and Laws

The Delhi Fire Prevention and Fire Safety Act, 1986 primarily govern the Delhi Fire Service. The provisions in the Delhi Municipal Corporation Act, 1957 were found to be inadequate in enforcing fire safety measures. The enforcement agencies did not have the statutory authority to compel the owners of buildings to carry out necessary measures for fire prevention. Penalties were insufficient and local authorities had their own respective byelaws. There was a complete lack of coordination in fire prevention, fire fighting and safety measures in the absence of a single agency. In view of this situation, the Act was implemented in 1987.

To ensure safety of the buildings and their occupants, the **Building Bye-laws** were adopted in June 1983 and a **National Building Code Part 4** is referred to cover the requirements for fire prevention, life safety and fire protection of buildings. It specifies construction, occupancy and protection features necessary to minimize danger to life and property. One of the salient features of the Act is



that buildings more than 15 metres in height should have provisions of fire prevention and fire safety measures and the Chief Fire Officer is empowered to inspect any building for these provisions and take suitable actions for non-compliance.

### Financial Allocations and Performance

The approved plan outlay for the Ninth Five Year Plan was Rs 100 crore. DFS however spent only Rs 38 crore in that period and thus was considered a 'poor' performer. Despite the gross under utilisation of funds, the approved outlay for the Tenth Five year Plan was increased by Rs 20 crore to Rs 120 crore. Table 1 details the expenditure and budgets of DFS over a period of five years.

**Table 1: Budget Estimates and Actual Expenditure (Rs in lac)**

Year	Budget estimates		Revised Estimates		Actual Expenditure	
	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan
2000-01	350	2,804	350	2,310	183	2,165
2001-02	350	2,567	1,490	2,279	1,347	2,162
2002-03	800	2,299	1,300	2,275	1,212	2,231
2003-04	1,200	2,520	575	2,330	3,87	2,277
2004-05	1450	2731	1495	2618	3,459	

*Source: Government of NCT Delhi. Data abstracted from detailed Demand for Grants for the years of 2000-01, 2001-02, 2002-03, 2003-04, 2004-05*

According to the facts, there has been an improvement in the utilisation of funds. For instance the expenditure in the year 2003-04 and 2004-05 is approximately 88-90% of the revised budget estimate. The total expenditure incurred in year 2004-05 is Rs 35 crore. There has been an improvement in utilizing the approved plan outlay, but still it is not up to the mark to make the system efficient and competent. Table 2 describes major expenditure in DFS, which indicates the inconsistency between the rate of expenditure and the needs and requirements of DFS.

**Table 2: Major Expenditures of Delhi Fire Service (Rs in lac)**

<i>Major expenditure heads</i>	<i>1998-99</i>	<i>1999-00</i>	<i>2000-01</i>	<i>2001-02</i>	<i>2002-03</i>	<i>2003-04</i>
Direction and administration	66	51	0.45	0.60	0.46	0.70
Protection and control	1,780	2,068	2,221	2,306	2,965	2,505
Training	70	70	81	78	92	89
Other expenditures	2	4	0	1065	340	0

*Source: Government of NCT Delhi. Data abstracted from detailed Demand for Grants for the years of 1998-99, 1999-00, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05*

The maximum expenditure is incurred on protection and control which includes sub-heads such as salaries to fire men, domestic travel expense, maintenance and repairs, machinery and equipment, supplies and material, motor vehicles and advertisement and publicity.

### **Mode of functioning**

The Delhi Fire Service works on Centralized Mobilizing Schemes. Once the call is received, the information is transferred to the nearest fire station and pre-determined number of fire units is dispatched immediately. According to the DFS, there has been a downward trend in the number of fire calls received from 1999-2000, however the decrease has been marginal. Table 3 substantiates the point.

**Table 3: Information on the Working of Delhi Fire Service**

<i>Year</i>	<i>No. of Calls</i>	<i>Approx. Loss (In lac)</i>	<i>Property Saved (In lac)</i>	<i>Injured</i>	<i>Deaths</i>
1999-00	15,002	2,244	6,998	1,257	269
2000-01	14,877	14,571	12,761	1,250	263
2001-02	13,785	3,430	5,331	1,197	261
2002-03	14,488	4,901	8,250	1,294	270
2003-04	14,595	5,874	8,750	1,334	135
2004-05	14,208	4,681	6,629	1,687	272

*Source: Delhi Fire Service Press Note as on 14th to 20th April 2005*

According to DFS personnel, due to lack of manpower, the current employees feel overworked. The shortage of staff ranges from 26 to 50 percent in various wings with reference to the sanctioned strength of existing fire stations. According to the CAG Report 2004, the Anti-Corruption Branch received complaints alleging fraudulent induction of at least 20 people as fire operators in connivance with

some DFS personnel. The recruitments were made through the Delhi Subordinate Services Selection Board. On probing, discrepancies in the driving licenses and the stipulated age criterion of the recruited fire personnel were found.

### **Major Drawbacks**

The Delhi Fire Service has taken numerous steps to make the system more competent and systematic so that various big or small incidents of fire can be controlled without significant damages. Some of the main areas of improvements are increase in the number of fire stations, and need for modern fire fighting equipments for the firemen. DFS has also made a list of 220 building that were constructed before the enactment of building bye laws and thus do not comply with fire safety requirements. They have been able to enforce the requirements in 150 cases however 70 buildings are still unsafe. They also disseminate fire prevention and safety demonstrations in schools and other government departments. Some of the major drawbacks are discussed below:

- **Response Time**

According to the CAG Report 2001, the response time of fire units was more than the stipulated five minutes in most fire stations. Calls from MTNL phones do not get connected as all new emergency numbers have four digits in them. The fire officers have not been able to rectify this flaw till date. The main reason stated by the Delhi Fire officer was congestion, encroachments and traffic. Even though DFS is directly affected by these encroachments it is not their responsibility but of the Police Department to remove them.

- **Fire Prevention**

The DFS does not have any estimate on number of high-rise buildings in Delhi as on date and has no mechanism to ascertain such numbers. According to a Directive in 2003, many of the approximately 1,200 high-rise buildings in Delhi had not complied with the fire safety norms, making them unsafe for residential or commercial purposes. According to an Association head of a high rise building in a Lal Dora district, No objection certificates (NOC) are difficult to get even if all the 12 requirements mentioned in the

Building Bye Laws have been complied with, unless the officials are bribed. Therefore, the residents have become very perceptible to harassment from officials.

■ **Fire Stations**

It was observed that distribution of 36 fire stations was not in proportion to the (provisional) population of 1.38 crore in Delhi till March 2001 as indicated in Table 4.

**Table 4: District-wise Fire Stations**

<i>District</i>	<i>Population</i>	<i>No. of Fire station</i>
New Delhi	1,71,806	6+1*
Central	6,44,005	5+1*
East/North East	32,12,482	4+2*
West	21,19,641	7+1*
North/North West	36,27,183	9
South/South West	40,07,859	5

*Source: Government of NCT Delhi. 2001. CAG Report*

*\*Increase in the number of fire stations by 2005*

There were only four fire stations in Trans-Yamuna area where more than 23 per cent population of Delhi resides. As per priority fixed by the Board of Officers in January 1976, the additional fire stations were to be established first on the already offered land. When DFS was transferred from MCD to Delhi Government in November 1994, 13 out of 18 on going projects of fire stations were to be completed by MCD by March 1999. There were 18 projects in hand with MCD including 12 fire stations. Of these, only three fire stations were completed and nine were still in progress and fire stations were operating from incomplete buildings as on 2001.

These projects were in progress for periods ranging from two to nine years. Payment of Rs 24.91 crore had already been released to MCD till September 1999 out of a total demand of Rs. 27.08 crore. The DFS had neither maintained any detailed accounts of these projects nor conducted joint inspections with MCD to assess their progress. On enquiring about the status of these fire stations the Deputy Fire Officer A.K Sharma said that all the fire stations are being constructed by PWD and not MCD. So the question arises as to what happened to Rs. 24.91 crore already released to the MCD?

▪ **State of Fire Fighting Equipments**

An important requirement for fire fighting is adequacy of fire fighting equipments and their proper maintenance. DFS not only needs to further increase the number of already existing specialised equipments but also introduce more specialised gear, tools and equipment. The requirement of water tenders in Delhi is more than 200, however there are only 110 water tenders as on date. According to CAG Report 2001, a large number of fire fighting equipments were out of commission as most of these had outlived their life and require frequent repairs. Arrangements for fire fighting in high-rise buildings were also insufficient as five out of six turntable ladders were out of commission.

DFS does not have adequate water supply. There are 7,640 fire hydrants with Delhi Fire Service. 90% hydrants are unserviceable as they have been obscured under the road carpeting and no satisfactory arrangement exists for their speedy repairs and maintenance. These hydrants are also ineffective since water supply is restricted to few hours in the morning and in the evening. The Board of Officers had recommended 700 underground static water tanks as on January 1976. However, this number is still far from being achieved. 256 of these tanks are with the MCD, 44 with NDMC, and one with the Cantonment Board.

**Comparative study**

The comparative study of Delhi Fire Service with other fire fighting agencies in the world was done to analyse various problems that engulf DFS. The criteria of comparing these fire agencies were basic geographical jurisdiction and population. Table 5 gives a comparative analysis of the same.

**Table 5: Comparative Analysis of DFS with Other Fire Services in World**

<i>City</i>	<i>Area (sq.miles)</i>	<i>Population (in mn)</i>	<i>Personnel</i>	<i>Budget Allocation (in Crore)</i>	<i>% of total allocation</i>	<i>No. of fire stations</i>	<i>fire apparatus</i>
Delhi	572.9	13.78	2,694	51.31 (2004-05)	0.55%	41	237
Tokyo	844.40	12.36	17,988	9,261	4.2%	80	1,895
New York	320	8.00	11, 098	NA	NA	–	–

## **Reforms**

DFS should fill the 646 vacant posts and increase the sanctioned number of posts by a considerable amount. Having done that it should give emphasis on division of labour in order to increase efficiency. The annual allocated amount to DFS should be increased drastically accompanied by better utilization of its financial resources. There are 41 fire stations as against the recommended number of 70, therefore work needs to be hastened and if PWD is not able to perform, the responsibility of construction of fire stations should be given out to private parties.

Fire brigades should be located at strategic points where the incidents of fire are more likely. It should work out different modalities to cut the response time in consultation with the traffic department. MTNL should make sure that the connectivity to the fire department at all times is foolproof. The main criterion for the location of new fire stations should be the response time vis a vis population, industries and traffic instead of construction on the already proposed sites offered by DDA.

The number of surprise inspections on the already existing high-rise buildings as well as newly constructed buildings should be increased and NOC should be provided only after ensuring that owners have made required fire safety changes. If the 12-point fire safety requirement is difficult to achieve then alternative safeguards should be recommended by DFS. Corruption and malpractices regarding NOC should also be checked. The system of volunteer fire corps consisting of community members should be created, which in collaboration with fire station personnel will conduct fire fighting, rescue and first-aid activities. Furthermore, they should instruct residents on fire prevention, basic fire fighting, rescue and first aid techniques.

It has to be understood that people will not stop doing illegal and unsafe businesses; there would be encroachments and congestion on the roads due to traffic. Removal of such situations is not possible, neither in the short-run nor in the long run. DFS should think of strategies of fighting fire and minimising damages under such circumstances through innovative measures.

*—Prepared by Shreya Agarwal*

## Notes

- <sup>1</sup> Government of NCT Delhi. 2004. *Census of employees working in the Delhi Government and Autonomous bodies*. Directorate of Economics and Statistics

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Congress seeks changes  
in building bye-laws



## Department of Development

The Department of Development has various branches namely rural development, agriculture, horticulture, seed certification, Intensive Agricultural Development Program (IADP), soil testing & reclamation, animal husbandry and fisheries. The main objective of the department is to provide multi-farious services to the farmers through provision of better scientific techniques/ technology inputs, distribution of subsidy, testing of samples of water and soil, augmenting irrigation facilities, distribution of fertilizers/ manure on nominal rates, treatment (OPD) in various veterinary dispensaries of ailing animals, supply of medicines and vaccines. Modern technical know how is also provided to the individuals belonging to poorer sections and general community in poultry farming.

The Department is headed by a Development Commissioner assisted by a Deputy Development Commissioner, Directors and Wardens of various branches under the Department. The Department has 1,357 sanctioned posts out of which only 1,119 are filled.<sup>1</sup> The main Acts and Rules enforced by the Department are Indian Fisheries Act, 1987 and Punjab Fisheries Act, 1917, Fertilizers Control Order 1957 and 1985, Seeds Act, 1966, and Insecticides Act, 1968.

### Services provided by the Department

- Rural Development under Integrated Agricultural Development Program works towards development of rural villages through construction of approach and link roads, drainage systems, recreational facilities, cremation grounds and Panchayat Ghars.
- Veterinary services provide services for animals in Delhi that is regulated through Delhi Veterinary Council and monitored by Delhi society for preventions of cruelty through animal board under the Indian Veterinary Council Act, 1984. The services entail treatment of ailing cattle in hospitals, breed improvement, go-sadans, training

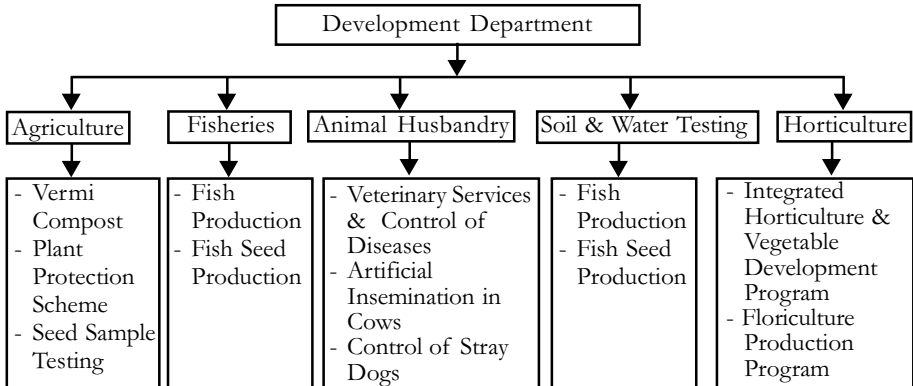


of poultry farming and grant in aid to NGOs for proper shelter of stray animals.

- The Department provides a composite service of augmenting fish supply to the people, generating employment for poor fishermen families and recreational facilities to tourists by fish angling. Some of the services are development of fisheries by provision of technical know-how, issuance of fishing licenses to fisherman for fishing in Yamuna and providing quality fish seeds to the fish farmers.
- The Department also provides services to farmers in horticulture which aims to increase production/ productivity of vegetables, maintain ecological balance through plantation, breed ornamental plants and flowers, develop community parks and gardens.
- Agriculture and other allied services are also provided by the Department to the marginal farmers who are cultivating 45000 hectare land in the rural areas around Delhi. It aims to help through fertilizers, subsidy, seed samples, pesticides and other financial assistance.
- The Seed Certification Agency established in 1982 certifies notified kind/ variety of seeds. This is a voluntary programme, which can be availed by any person/ organization willing to undertake the production of certified seeds.
- Intensive Agricultural Development Program (IADP) provides technical know-how on agri-horticultural production, protection of crops from insects pest and diseases, testing of seeds and enforcement of various Acts.
- Soil Testing and Reclamation unit aims at saving soil health for more production after testing soil and water samples.

### **Schemes and its Procedures**

The Development Department as mentioned before has various units that undertake activities and schemes for provision of agriculture and allied services to people. Figure 1 shows a snapshot of the major schemes implemented by the Units of the Department.

**Figure 1: Development Departments, its Units and their Schemes**

Source: Government of NCT Delhi. 2005. *Annual Plan 2004-05: Physical Targets & Achievements*. Vol. 4. Department of Planning

The procedures of the services provided by the Department are quite unwieldy and exposed to malpractices. Most of them require elaborate licensing or registration process. The system itself creates loopholes for malpractices and corruption. Some of the processes and procedures are discussed below:

#### ▪ **Animal Husbandry Unit**

Treatment of sick animals, surgery, medicine and diagnosis facilities are provided through OPD and referral slips issued by the veterinary polyclinic and hospitals. The unit also conducts awareness programmes for vaccinations and artificial inseminations, training programmes for unemployed youth and guidance to the farmers for animal rearing. X-ray facilities are provided at a cost of Rs 15 to the animal owners in these clinics and hospitals. As required under Section 10 of Delhi Agricultural Cattle Preservation Act, 1994, Delhi Government has established Gosadans through NGOs for maintenance and care of stray and unproductive cattle.

The fisheries unit provides quality strained fish seeds to any farmer at Rs 50 per thousand from government owned fish seed farm at Seelampur in Delhi. It also issues licenses for fishing in Yamuna to any fisherman on daily and annual basis. The license fee ranges from annual fee of Rs 150-300 depending on the fishing area and Rs 3-20 on a daily basis. The form for getting annual license is available online which has to be filled and granted by the Warden for fisheries.

- **Horticulture Unit**

Most of the schemes in this Unit are discharged by the extension staff posted at block levels under the supervision of Block Development Officers, with the help of Horticulture Assistants and seed farm in charges. Some of these schemes are transfer of technology in horticulture, organising Kisan goshties, selling planting materials like seeds and saplings. Allotment of plantation site in the Smriti Vatika in Moti Bagh on payment of Rs 1,150 for each sapling by the public during each planting season is also one of the schemes of the Department.

- **Agriculture Unit**

There are various activities that are undertaken by the Agriculture Unit like providing technical education on growing high yielding crops, financial assistance of Rs 2,500 to SC/ ST farmers and landless labours, supply of vermi compost to farmers at cheaper rates for promoting organic farming, provision of 30 percent subsidy on purchase of fertilizers to small and marginal farmers, as well as grant for manufacturing and dealers' certificate of fertilizers and its sale. They also, as claimed by officials, conduct inspections of wholesalers and draw samples for quality check.

Online forms are available for getting a license of manufacturing fertilisers and becoming a wholesaler dealer of fertilisers. For manufacturing certificate complete application in duplicate in the prescribed form has to be deposited to Controller/ Registering Authority of Fertilizers with a deposit fee of Rs 1,000 per certificate. For renewal of this license, a fee of Rs 100 has to be submitted after three years on expiry of the due date. For Dealer's Certificate, complete application in duplicate in prescribed form has to be submitted Controller/ Registering Authority against deposit of Rs 2,250 for wholesaler and Rs 1,250 for retailer has to be submitted. A renewal fee of Rs 1,250 has to be submitted after three years on expiry of the due date.

- **Seed Certification**

The Unit provides registration of seed certification on submission of application in the prescribed form before or after 10 days of sowing crop with a fee of Rs 25 per application. It also provides field inspections and revalidation of seeds at nominal prices.

▪ **Intensive Agriculture Development Programme (IADP)**

The IADP programme is one of the most comprehensive agriculture programmes implemented by the Department and there are various activities relating to agricultural development that are undertaken by the Department. Application forms for getting certifications, consultation services, sample testing, and renewal of licenses are listed on the website. These services are made available at nominal prices, however knowing the regulatory mechanism prevalent in our country, granting licenses have never been a clean process. The time period of issuance of licenses is claimed to be 15 days, however that remains a point of debate as it varies from case to case.

▪ **Soil Testing and Reclamation Unit**

This Unit provides services related to soil testing for fertility status and water testing for evaluating its suitability for irrigation of different crops. Soil samples are collected by extension staff posted in different blocks and sent to the laboratory for testing. The facilities are provided free of cost except a nominal fee of Rs 20 per sample is charged from farmhouse owners and plots beneficiaries. Testing results given within 10-15 days or earlier in case of samples received by farmers directly.

### Financial Profile

The approved outlay of Development Department for the Tenth Five Year Plan 2002-07 is Rs 28 crore with respect to agricultural and allied services. In the Ninth Five Year Plan 1997-2002, the total approved outlay was Rs 29 crore, out of which only Rs 18 crore was spent. The approved outlay and expenditure for all the years in the Tenth Five Year Plan are given in Table 1.

**Table 1: Outlays and Expenditure of Development Department (Rs in lac)**

Year	Approved Outlay (BE)	Revised Outlay (RE)	Expenditure till February that year	% m.r.t. BE
2002-03	600	470	200	33.3
2003-04	600	511	431.5	72
2004-05	683	637	405	63
2005-06	704		17.03 (August 2005)	2.4

Source: Government of NCT Delhi. 2002, 2003, 2004, 2005. Annual Plan: Plan Outlay and Expenditure. Department of Planning

In 2005-06, Rs 17 lac was spent till August 2005 out of the approved outlay of Rs 700 lac. The Department is also functional in the Rural Development Programme run by the Delhi Government, which is a multi-departmental scheme involving Rural Development Board, Revenue Department (land reforms), Delhi Energy Development Agency and other related departments. The approved outlay to the Development Department under Rural Development Program in 2005-06 is Rs 12 crore, out of which Rs 256 lac has been spent till August 2005<sup>2</sup>.

The Animal Husbandry unit of the Department aims at improving veterinary services and control of contagious diseases in hospitals and dispensaries. The schemes have an approved outlay of Rs 500 lac in 2005-06. The Horticulture unit of the Development Department has an annual approved outlay of Rs 100 lac for 2005-06 for floricultural and vegetable production programme. It aims at expansion of scientific technology to farmers, development of good quality of nurseries, raising seedlings for seed farms and free of cost vegetable kits to farmers. The Fisheries Department has an annual outlay of Rs 7 lac only. The IADP scheme has an approved outlay of Rs 107.5 lac in the Tenth Five Year Plan and Rs 12 lac for 2005-06. The budget estimates and expenditure for various units of the Department is shown in Table 2.

**Table 2: Budget Estimates and Expenditure of the Department (Rs in lac)**

<i>Units</i>	<i>Budget Estimate 2005-06</i>	<i>Expenditure 2003-04</i>	<i>Expenditure 2002-03</i>
Crop Husbandry (Agriculture and Horticulture)	1003	614	696
Animal Husbandry	1131	850	686
Soil and Water Conservation (Including Testing and Reclamation)	41	13	15
Fisheries	48	54	59

*Source: Government of NCT Delhi. 2005, 2004. Detailed Demand for Grants 2005-06, 2004-05*

The Development Department is also partially responsible for a plan scheme titled "Mini Master Plan for Development of Rural Delhi." This scheme was formulated in 1994 for the development of rural areas of Delhi by creating physical, social, economic and ecological infrastructure in the villages. The scheme envisaged the constriction of

Multi Purpose Community Centres (MPCC) with adjoining shops and kiosks, public parks, primary schools and other recreational facilities. Out of 186 MPCC envisaged, 78 were developed at the cost of Rs 44.81 crore. However 16 of these remain unused since construction for periods ranging from 3-8 years.<sup>3</sup>

According to the Indian National Trust for Art and Cultural Heritage (INTACH) in its evaluation study on MPCC concluded that most of them were lying unutilised and have not been provided with any basic facilities like water and electricity. It was envisaged that revenues generated from the license fee of these MPCC from other users would be used to defray the maintenance cost. In April 2000, the Delhi Government decided to stop further construction of MPCC when the Department had already incurred an estimated cost of Rs 5 crore. Out of 62 centres that were constructed, only 42 are functional and are partially used. This is just an example to indicate the improper and wasteful implementation of resources thereby increasing fiscal burden.

### **Problems and Suggestions**

One of the main problems is overlapping administrative jurisdiction and duplication of functions. The Department is divided into six units when a single unit can do the work. According to one of the officials, this is only a political set up to keep the conflicting parties at bay by creating different units and still accommodating them all in one place. There is an urgent need for streamlining the units in the Department. Only three units namely crop husbandry, animal husbandry and Integrated Agriculture Development Programme should exist in the Department. There is a need for rationalisation of functions. Most services should be transferred to appropriate departments rather than creating separate units in the Development Department for discharging these functions. For example, the soil and water testing should be transferred to Pollution Board in order to stop duplication of work and wastage of resources.

The responsibility of the Animal Husbandry Unit should be given to private players or to non-governmental organisations. Works like poultry farming, control of stray dogs, improvement in veterinary services and control of contagious diseases can be done by various

NGOs in the city. The Government can help them through grants, which would not only save lot of government resources but also lead to better management of these services.

Most of the unprofitable and non-viable schemes should be stopped. It is to be understood that the most functions that are discharged by the Department were necessary decades ago and have lost their relevance today. Development of community parks and gardens should be done through public-private participation rather than the full onus on the government. After analysing the schemes and its functions and corresponding financial cost, it can be fairly concluded that the Department is using more resources than the benefits provided to the people.

—Prepared by Susmita Pratibast

### Notes

- <sup>1</sup> Government of NCT Delhi. 2004. *Census of employees of Government of Delhi & Autonomous Bodies*
- <sup>2</sup> Government of NCT Delhi. 2005. *Annual Plan 2005-06: Plan Outlay and Expenditure*. Department. Of Planning
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## **Directorate of Small Savings**

Small savings are one of the biggest resources in India that are mobilised and converted into profitable investments that benefit both investors and the government. The whole process is a combination of national and state-level organisations around the country. Small savings are collected through the Post Office Savings Bank - this is an agency function performed by the Directorate of Posts on behalf of the Ministry of Finance, Government of India.

Promotion of business is mainly the concern of the National Savings Organisation, which is under the Union Government. To achieve its objective, the organisation works in close coordination with state governments, the Directorate of Posts and other organisations. The broad procedures include establishing institutional arrangements for canvassing and mopping up savings. The measures consist of developing agency systems, strengthening a cadre of agents, using existing union and state government organisations, and enlisting cooperation of non-official and voluntary organisations.

National savings collections become available for development to the union and state governments. Net collections in a year become available as loans to the respective state governments. Many state governments have set up their own small savings organisations with directorates and offices at lower formations. There are also state-level advisory boards and city, district and block savings committees.

### **Objectives and Organisational Structure**

The Directorate of Small Savings was established in Delhi in November 1994 with the motive of enhancing national savings and persuading people to invest in national policies. The main objective of the Directorate is to encourage small savings so that people invest more of their savings for their own benefit, collecting maximum returns. Also, the same amount is available to the government, which can loan out money to the respective states and utilise it for development works.



The Principal Secretary (Finance) is the head of the Directorate. The Secretary is assisted by 1 Joint Director and 2 Accounts Officers. The rest of the staff includes lower division clerks and Group D employees. The total number of employees in the Directorate is around 13-14 and there are no sanctioned posts in the Directorate. All employees have been diverted from different departments of the Delhi Government.

### Procedures and Finances

All investments take place through post office savings schemes. Loan facilities are also available through post offices. The Directorate only appoints agents and regulates them. It started appointing agents in 2002, before which the Union Government used to control the Directorate through the Finance Department. The Directorate is responsible for renewal of agents and agency as well. The Regional Director, National Savings Institute, provides training to the agents. Thus the main function of the Directorate is to appoint agents, train and regulate them. The minimum qualification of an agent is matriculation.

Funds are collected by local post offices and are passed to the Union Government, which forwards them to state-owned small savings directorates. The main function of the agents is to increase the number of savings accounts by encouraging people to invest in saving schemes. These agents get one percent of the amount collected as commission. The minimum amount for opening an account is Rs 10.

The approved outlay of the Directorate in the Ninth Five Year Plan was Rs 2,400 lac; however Rs 3,452 lac was spent. The approved outlay for the Tenth Five Year Plan is Rs 4,000 lac. Budget estimates and expenditure over the years are shown in Table 1.

**Table 1: Budget Estimates and Expenditure of the Directorate (Rs in lac)**

Year	Budget Estimate	Revised Budget Estimate	Actual Expenditure
2001-02	720	1,050	1,196
2002-03	800	1,200	1,081
2003-04	990	990	945
2004-05	990	1,000	
2005-06	1,000		

*Source: Government of NCT Delhi. Data Abstracted from the Detailed Demand for Grants for the years of 2001-02, 2002-03, 2003-04, 2004-05, 2005-06*

The only head under which money is sanctioned to the Directorate is "Promotion of Small Savings." Directorate officials, however, feel that because small savings schemes are so widely known, they do not need to spend on publicity and awareness. Their responsibilities are only decreasing every day, as suggested by officials of the Directorate. Schemes have been discontinued, and little incentives that were given to the agents (e.g. 0.15% above 5 lac) will also be soon removed. Net small savings collections up to June 2004 in Delhi amounted to Rs 1,076 crore, whereas it was only Rs 826 crore for the year 2004-05.<sup>1</sup>

### **Problems and Suggestions**

The Directorate is responsible for regulating and monitoring small savings schemes as formulated by the Union Government. Some of the main schemes monitored are Kisan Vikas Patra, monthly income scheme, public provident fund, recurring deposit scheme and senior citizen schemes. Deposit schemes for retiring employees of public sector companies (1991) and deposit scheme for retiring government employees (1989) have been discontinued.

According to the officials, the Directorate is not serving much purpose. The only function that it is responsible for is training and regulating agents -- however, even that is not being done efficiently. Training is provided by the National Savings Institute and not by the Directorate. Agents have few incentives to perform their functions and work towards increasing the number of accounts. The decision of implementing or withdrawing any scheme is also very random and depends on the resources needed by the state government.

Financial institutions have changed dramatically over the years. Now, savings are not done only with the help of separate sectors but through diversified instruments across various sectors. Agents of other organisations like Life Insurance Corporation can also spread awareness about these savings schemes, which most of them do. Also, the Directorate is not just an organisation formed by the Delhi Government, but works under the umbrella of a central organisation. Hence, the Union Government should also think about the viability of such departments across all Indian states.

*– Amit Bhardwaj and Sweety Tehlani*

## Notes

<sup>1</sup> Government of India. 2005. *Sanchaya: August 2005*. Nagpur: National Savings Institute.

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## ***Education***

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- Directorate of Education & Delhi Textbook Bureau
- Directorate of Higher Education

## Directorate of Education

Education is important for one and all. The National Policy on Education formulated in 1986 and modified in 1992 aims at providing quality education to all students irrespective of their backgrounds. It lays stress on the need for a radical transformation of the education system to improve quality at all stages and gives much greater attention to science and technology. It proposes to provide free and compulsory education up to 14 years of age. The Directorate of Education endeavours to implement the policy.

The main objectives of the Directorate are to provide a common programme of education for the educational needs of children, initiate and promote experimentation and innovations in education, facilitate child centres, encourage learning and thinking in children as well as make Delhi fully literate. Educational facilities are provided in various stages, namely, pre-primary, primary, middle, secondary, senior secondary and university level. Pre-primary and primary education is mainly the responsibility of local bodies, namely, Municipal Corporation of Delhi, New Delhi Municipal Council and Delhi Cantonment Board. The Directorate primarily looks after middle, secondary and senior secondary education. Although pre-primary and primary education is mainly the responsibility of local bodies, Delhi Government has converted its 326 schools into composite schools now known as Sarvodaya Vidyalayas, providing education upto Class XII. NDMC, even though only concerned with primary education, does run some middle, secondary and senior secondary schools. The organisations get grants-in-aid from the Delhi Government to meet expenditure on education in Delhi.

The Directorate is responsible for implementing various laws and Acts relating to education in Delhi. As it mainly deals with primary education in the city, one of the main laws is The Delhi School Education Act 1973. The primary objective is to provide better organisation and development of school education in Delhi. It was enacted more than 30 years ago when there were few government, government-aided and

private schools, and exclusive attention was paid to regulation of aided and non-aided schools. However, with rapid expansion in Delhi and its population, there has been a dramatic increase in the number of both government and public schools. In such a scenario, the Act seems obsolete and incapable of meeting modern requirements.

### Organisational Structure

The Secretary (Education) heads the Directorate, and is assisted by an Additional Director, Joint Director, Regional Director, Deputy Director and a Chief Sports Coordinator. The Deputy Controller of Accounts supervises the Directorate's accounts. The Additional Director is responsible for administration, schools, sports and estate whereas the Joint Director oversees the finances, universal elementary education and various exams. The hierarchy in the Directorate is multi-layered and intermingled with various functions. It has one of the highest numbers of employees in the Delhi Government and manages a large number of functions. The number of employees in the Directorate is shown in Table 1.

**Table 1: Information on Number of Employees**

Year	Sanctioned Posts	Working Employees	Vacant Posts
2001	49,345	43,570	5,775
2002	48,911	41,999	6,912
2003-04	49,052	38,628	10,424

*Source: Government of NCT Delhi. 2001, 2002, 2004. Census of Employees of Government of Delhi & Autonomous Bodies. Directorate of Economics & Statistics*

### Education and the Directorate: A Snapshot of Performance

The main goals of the Tenth Five Year Plan in elementary education are free and compulsory elementary education and eradication of illiteracy. Universalisation of elementary education has three major aspects: universal access and enrolment, universal education till 14 years of age and a substantial improvement in the quality of education to allow all children to achieve essential levels of learning. Table 2 gives a comparative picture of the primary, middle and secondary education in Delhi from 1980-81 to 2003-04.

**Table 2: Comparative Data of Primary, Middle and Secondary Schools in Delhi**

Year	Primary Schools		Middle-level Schools		Secondary/Sr. Secondary Schools	
	No. of Schools	Student Enrolment (lac)	No. of Schools	Student Enrolment (lac)	No. of Schools	Student Enrolment (lac)
1980-81	1,726	6.69	326	3.23	704	2.54
2003-04	2,535	15.29	650	8.44	1,689	7.25

Source: Government of NCT Delhi. 2004. *Economic Survey of Delhi 2003-04*. Department of Planning

MCD accounts for 90% of primary school enrolment and has a teacher-pupil ratio of 1:40. The teacher-pupil ratio in middle schools is 1:35. The Delhi Government mainly provides secondary/ senior secondary education in Delhi. Because of the space constraint, the majority of these schools run in double shift. The teacher-pupil ratio is around 1:10. Even though student enrolment has increased, it has not been satisfactory with respect to total number of children in the city. Table 3 gives the number of schools, teachers and total enrolment in all types of government run schools in Delhi.

**Table 3: Statistics on Government Schools in Delhi as of 2003-04**

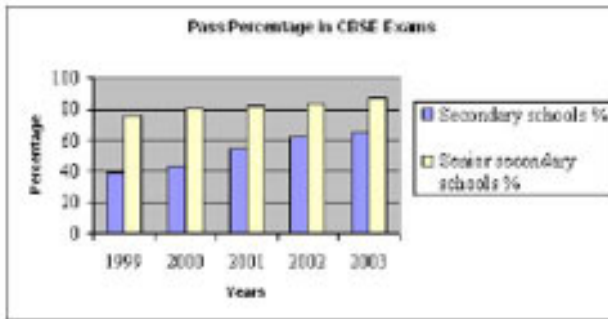
	No. of Schools	No. of Teachers	Enrolment
Government Schools	974	36,656	10,21,374
Government Aided Schools	217	3,956	1,43,383
Unaided Public Schools	1,100	35,896	7,60,557
Municipal Corporation of Delhi	2,118	19,280	9,32,320
New Delhi Municipal Council	80	1,362	30,272
Delhi Cantonment Board	8	88	3,809
Kendriya Vidyalas	40	1,716	64,858

Source: Government of NCT Delhi. Statistics Department. Directorate of Education

It would be relevant to add here that 1.87 lac (1.03 lac in the age group 6-10 and 0.84 lac in the age group 11-14 years) children were out of school in 2003.<sup>1</sup> The Delhi Government has launched Sarva Shiksha Abhiyan to identify such out-of-school children and provide for their education. This is also necessary in view of the dismal performance of government-run schools due to reasons like low attendance, teacher absenteeism and poor exam results. The pass percentage of government schools is the most obvious parameter to evaluate the performance.

The pass percentages of government-run schools in secondary and senior secondary exams are listed in Figure 1.

**Figure 1: Pass percentage in CBSE results**



Source: Government of NCT Delhi. 2004. Economic Survey 2003-04. Department of Planning

### Financial Profile

The Delhi Government allocates huge funds for expenditure on government schools and runs various schemes for improving the outreach and quality of education in Delhi. Approved outlay for the Tenth Five Year Plan is Rs 886 crore. The approved outlay for the year 2005-06 is Rs 207 crore, out of which Rs 20.5 crore has been spent till August 2005.<sup>2</sup> Table 4 details the budget estimates and actual expenditure of the Directorate over the last seven years.

**Table 4: Budget Estimates and Expenditure (Rs in lac)**

Year	Budget Estimate		Actual Expenditure	
	Plan	Non-Plan	Plan	Non-Plan
1999-00	9,164	86,500	3,257	83,127
2000-01	10,145	92,769	5,068	73,323
2001-02	24,002	83,309	15,664	73,897
2002-03	26,145	78,125	18,506	75,853
2003-04	28,243	80,778	14,887	79,078
2004-05	31,347	88,510	—	—
2005-06	31,360	96,000	—	—

Source: Government of NCT Delhi. Data abstracted from the Detailed Demand for Grants for the years of 1999-00, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06

The expenditure of the Directorate out of the approved outlay suggests underutilisation of funds. Whereas in 2003-04, the Directorate spent Rs 147 crore out of an outlay of Rs 170 crore, it spent only Rs 95 crore out of Rs 198 crore in the next year 2004-05.<sup>3</sup> The per capita expenditure



on education is much higher than the national average.<sup>4</sup> In 2003-04, the per capita expenditure in Delhi was Rs 927 whereas per capita expenditure in India was only Rs 749.

### **Schemes and Programmes**

The Directorate runs several schemes and programs in primary, middle and secondary schools for improving the quality of education and student enrolment in schools. Some of the main schemes, their finances and performances are discussed below.

- **Free Supply of Textbooks**

The objective of the scheme is to reduce dropout rate, increase retention and provide incentives for admission at primary level to children who cannot afford to purchase books. Approved outlay for the Tenth Five Year Plan is Rs 11 crore and Rs 10 crore has been allocated for the year 2004-05.<sup>5</sup> Under this scheme, textbooks and five notebooks are proposed to be provided free of cost to each student studying in the primary classes of government and government-aided schools. The scheme had targeted six lac students for the year 2004-05.

- **Provision of Primary Classes in the Existing Government Schools (Conversion into Sarvodaya Schools)**

To provide quality education to children from class I to XII, the Directorate plans to introduce primary classes in existing schools wherever necessary and convert them into Sarvodaya Vidyalayas. Approved outlay for the Tenth Five-Year Plan is Rs 825 lac and a sum of Rs 100 lac was provided for 2004-05. The scheme is interlinked with various other schemes. For instance, the cost of constructing an extra building comes from the scheme "Construction of School Building" and the funds required for paying extra salary to teacher and other staff come from funds available under the scheme "Additional Schooling Facilities." This overlapping of functions and schemes can lead to wastage of resources and allocated funds.

- **Strengthening of Book Bank**

The Delhi Government allocates funds to provide prescribed course books to students at large, especially to children who are unable to meet expenditure on books due to dearth of resources. The books are issued to students of classes VI-XII for one academic session

after which they have to be returned to the school. Boys whose parental income is less than Rs 4,000 per month and girls whose parental income is under Rs 5,000 per month are eligible for these schemes. Approved outlay for the Tenth Five Year Plan is Rs 825 lac and Rs 100 lac was allocated for the year 2004-05. The Directorate aims to help 90,000 students under this scheme in the year 2004-05.

- **Subsidy for School Uniform (Free Supply Of Uniforms)**

The Delhi Government provides subsidy for school uniforms to children belonging to economically weaker sections. Under this plan scheme, cash subsidy of Rs 300 per annum per student is given to students whose parental income is less than Rs 4,000 per month for boys and Rs 5,000 per month for girls. This scheme is implemented in both government and government-aided schools. Rs 12 crore for the Tenth Five Year Plan and Rs 850 lac for 2004-05 have been allocated under this scheme.

- **Stipend to Girls Students**

The literacy rate amongst females in Delhi is less than males, accompanied by higher dropout rates, as parents show strong reluctance to send their girl children to school due to social and economic backwardness. Thus, the Directorate gives a cash stipend of Rs 200 in primary classes, Rs 400 in middle classes and Rs 600 in secondary classes to girl students who passed the previous class in all government and government-aided schools in rural, resettlement colonies and JJ clusters. Disbursement is through Deputy Directors of the Directorate and Principals/ Vice-Principals of schools. Approved outlay for the Tenth Five Year Plan is Rs 4,500 lac.

- **Mid-day Meals**

The National Programme of Nutritional Support to Primary Education, also known as Mid-day Meals, was launched in 1995. The target group was all students in primary classes in government, local bodies and government-aided schools. Three kg per student per month subject to a minimum attendance of 80 percent was distributed. This is a centrally sponsored programme and food grain is supplied free of cost by the Food Corporation of India, whereas the transportation cost is payable by the district administration. In Delhi, the Municipal Corporation of Delhi provides mid-day meals through NGOs and private caterers. The

cost is Rs 2.40 per child and is sponsored by the Ministry of Food, Civil Supplies and Consumer Affairs as well as the Ministry of Human Resource Development.

### **Financial Imprudence**

According to the CAG (Comptroller and Auditor General Office) Reports, there have been inefficiencies regarding the functioning and associated finances by the Directorate. Some of them are listed below.

- Directorate of Education released excess grants of Rs 1 crore to an aided school Gadodia Girls Sr Secondary, Chandni Chowk during 1997-98 to 2003-04, even though student enrolment came down from 409 to just 10 in March 2003. In view of the minuscule number of students and staff as of November 2004, it is evident that the grant could have been utilised elsewhere in support of educational activities and the students/ staff of this school could have been shifted to another school.
- According to CAG Report 2004, transport allowance totalling Rs 61.97 lac was irregularly allowed by 138 schools to their teachers. The amount calculated to be Rs 62 lac is yet to be recovered. The Directorate of Education awarded the work of hiring of tin sheds without ascertaining competitive rates in market, resulting in avoidable extra expenditure of Rs 50.44 lac.
- The Directorate of Education purchased 1,247 cupboards during 1998-99 from the open market without calling for tenders, the bill being Rs 40 lac more than the DGS&D costs. He purchased 691 of these almirahs in March 1999, costing Rs 50.86 lac.

### **Education: Problems all around**

Schools managed by the authorities in Delhi are not only very poor in terms of basic quality of education but also with respect to infrastructure and teachers. In several MCD schools there are around 70 students in one class, and half of them sit on the floor. Buildings are incomplete and have unfinished roofs, and some are even unsafe. A good MCD primary school has one toilet (mostly common to boys and girls), otherwise in general there are no toilets. The teacher-pupil ratio is too low, leading to further deterioration in the standard of education.

Remuneration paid to workers for implementation of the schemes is very poor, leading to shortage of manpower. In case of mid-day meals, a worker gets 30 paise per student to prepare food. The sole reason for inefficient disbursement of functions is lack of coordination between the Directorate, schools and principals.

Delhi's education system is fraught with many institutional and regulatory problems as well. The Delhi School Education Act, 1973 features stifling regulations and opportunities for needy children in the Capital. The licensing process and restrictions on opening and running schools are just a few examples of these regulations. The decision process is also very centralised and creates inevitable delays, as often schools are located in far-flung areas without basic infrastructure. The non-profit motive as a prerequisite in the education sector, either in school or college education, often creates corruption and illegality in the system. The regulated system of the sector is also one of the major problems.

### **Reforms**

Education in Delhi needs a major overhaul in terms of regulatory framework, decision-making and political control. A radical suggestion is deregulation -- devolution of funds and decentralised decision-making should be made the norm. The schools those are not regulated i.e. are unrecognised should also have the right to exist, and thus stifling regulations of licenses and aided/ unaided should be removed. However, they can display a disclaimer, which would make the citizens aware of the risks involved. The budget should be provided to the front-line managers rather entrusted to distant officials who tend to sanction inappropriate spending. Also, the Government can contract out the management of these schools to private parties with clearly defined performance benchmarks. This would ensure better services at more competitive prices.

Some operational reforms are needed immediately. Transparency in expenditure, performance budgets and details of establishment charges of the Directorate are required. The data on per student expenditure, allocation of money under various heads and schemes in more detail should be made public. End-providers should be made directly accountable to end-users.

Introduction of choice, competition and entrepreneurship to the sector of education are ideas that will benefit customers, both students and parents. Education vouchers to cover the cost of their children's education can be given to parents. They can choose the school they want and the school can encash the voucher from the Government. Free bus passes could be also provided to students to facilitate mobility to the chosen school. This would only increase the choice to parents as well as substantially reduce the budget of the providing education. The concept of edupreneurs (educational entrepreneurs) should be encouraged or facilitating more competition and better services.

De-politicisation of the education sector is another important requirement. Control of political parties on the curriculum and other significant aspects should be removed. All the aforementioned principles, if implemented, would lead to better quality education, infrastructure, fund utilisation and more satisfied students and parents.

## **Delhi Bureau of Textbooks**

The Delhi Bureau of Textbooks (DBT) was established in May 1970 under the Societies Registration Act, 1960 as an autonomous government body supervised by the Directorate of Education. Its primary function is to print the books required by all government schools in Delhi. Before 1970, there was a private publication division under which publication was done. But due to poor quality of paper, printing and deficiency in the number of books, the Bureau was formed.

Education is a state subject and thus a State Curriculum Committee designs syllabus for each state. However, in the absence of such a Committee in Delhi, National Council for Education, Research, and Training (NCERT) books were adapted and printed to meet the educational needs.

Till 2002-03, the manuscript of the proposed publications were made available by the textbook branch of the Directorate of Education to DBT either adopting/ adapting or transliterating the textbooks published by NCERT or preparing its own drafts developed by academic experts. However, NCERT withdrew its copyright permission from DBT for printing textbooks in January 2003. In view of the denial of copyright permission, the Bureau got textual material prepared by

SCERT for all titles from classes I to VIII for the academic session 2004-05.

Quality textbooks at a comparatively low price and their timely supply are the hallmark of the Bureau. It aims to aid and promote the advancement of primary and secondary education by producing high quality textbooks and other material, to print, publish stock and distribute textbooks, as well as evaluate and conduct research for improvement of curricula, books and other material.

The books printed by DBT are sold to all government/government aided schools namely Sarvodaya Vidyalayas, MCD schools, government secondary and senior secondary schools, Kendriya Vidyalayas and government-aided schools. Such schools must necessarily use textbooks prescribed by the Directorate of Education. The DBT's method of distributing books is two-pronged: textbooks for MCD schools, Sarvodaya Vidyalayas, and government secondary schools are bought by the MCD and Directorate of Education respectively, and then distributed to students free of cost. For them, the DBT prints textbooks on an order basis. However, for government aided and government senior secondary schools, students must buy textbooks, which are distributed by the DBT through a network of 8 wholesale and 22 retail dealers.

The Delhi Bureau of Textbooks has a Board of Directors that consists of Director of SCERT, Finance Secretary of the Delhi Government, Deputy and Additional Director from the textbook branch of the Directorate of Education. The Bureau also has an Executive Committee, which has a nominated director, a deputy and an additional director, as well as the Finance Secretary of the Delhi Government.

One of the stated aims of the DBT is the "evaluation and research for improvement of curricula and books." However, till date, no evidence has been seen of any "improvement of books" undertaken by the DBT. Private schools do not use DBT's books, clearly indicating the poor quality of textbooks. DBT cannot change the curricula as it does not fall under its purview.

### **Of Pricing and Profits**

The main stance of all DBT officials is that although they are simply

reproducing SCERT textbooks, their contribution lies in printing the same textbooks at much lower prices for poor students studying in government schools.

The production of textbooks is done through purchase of printing paper and cover paper directly from the mills by open tender system. The tender is invited in the month of October and November every year. There is no argument against the fact that they do indeed produce books at a considerably lower price than the NCERT. The price range for all the books published by the DBT is between Rs 8-20. However, the amazing aspect is that despite printing at such low rates, the DBT is still able to make a profit. Table 5 details the total number of print order and total annual sale and profits made by the DBT.

**Table 5: Print Order and Total Annual Sale of DBT**

<i>Year</i>	<i>Print Orders (In lac)</i>	<i>Sale (Rs in lac)</i>	<i>Total Annual Operational Surplus</i>
1995-96	58	582	
1999-2000	61	669	206
2000-01	72	789	253
2001-02	87	936	290
2002-03	66	739	271
2003-04	120	654	208

*Source: Government of NCT Delhi. 2003, 2004. Annual Report 2002-03 and 2003-04. Delhi Textbook Bureau*

The Bureau claims that it is not a commercial organisation and aims only at producing quality textbooks at a very narrow margin, just sufficient to have adequate working capital for its daily transactions and arranging for materials, transport, freight and establishment expenses.

The Bureau registered a sale of Rs 9.6 crore till September 2004<sup>6</sup> and has printed approximately 1.24 crore copies of 77 titles in Hindi and English medium in the year 2005. The operational surplus is utilised in welfare schemes and development of academic material to be supplied free of cost to institutions and students, as well as Braille books for sightless students prepared by the Braille institutes.

Obviously, a question arises about how DBT is able to make such large profits if it sells books at considerably lower prices. The answer lies in the fact that although DBT sells books at a lower price, it also has lower costs. When it buys paper, it is exempt from paying

excise, the effective price of paper is significantly less. Also, the cost of the book includes cost of paper, printing charges and an addition of 60%, thus making wholesome profits on the books printed. The simple economic truth that the DBT has not grasped is that an excise exemption is an effective subsidy, and since profits are being derived from a subsidy, ultimately some arm of the government is paying the price. The Bureau has 23 printers and 26 wholesale dealers who cater to almost 3,500 retailers. In the year 2005-06, one wholesale dealer has been appointed for each zone and for the four non-represented zones.

### Welfare Schemes of the Bureau

The Bureau earmarks a portion of its operational surplus for the welfare of meritorious student of all government and government-aided schools by awarding several sets of textbooks for classes VI- XII, free schoolbags and other schemes. Details of various welfare schemes and expenditure over these schemes are shown in Table 6.

**Table 6: Expenditures on Schemes of Delhi Bureau of Textbooks**

<i>Items</i>	<i>Classes</i>	<i>Expenditure 2002-03 (Rs in lac)</i>	<i>Expenditure 2003-04 (Rs in lac)</i>
Books to meritorious students	VI, VII, VIII	10	12
Pocket Dictionaries	X & XII		2
Exercise Note Books	VI-XII		3
School Bags	For Class I in all Sarvodaya Vidyalayas	13	12
Who is Kalam? (Book)	For all Schools		3
Diaries	Pratibha Vikas Vidyalayas	0.31	
Encyclopaedia			0.23

*Source: Government of NCT Delhi. 2003, 2004. Annual Reports 2002-03 and 2003-04. Delhi Textbook Bureau*

### Problems and Solutions

The main aims of the DBT relate to the printing and publishing of textbooks. Two points can be made in this regard: first, the printing of textbooks can in no way be thought of as an essential activity, or core area, where the presence of a government body is justifiable. Second, a government agency already works in this field: NCERT. It also prints and publishes school textbooks as prescribed by the Directorate of Education in English and Hindi. Its presence renders DBT completely



redundant and superfluous.

If the ultimate aim of the government is simply to make textbooks cheaper for poor people, there are much simpler ways to achieve this. The government could allow schools to get the direct benefit of such a subsidy by distributing textbook vouchers to various schools. This voucher could be a discount slip, which would enable schools to buy books at a lower price: lower by the amount of the slip. If schools must spend a lower part of their budget on textbooks, the relative cost of textbooks is reduced. Hence the end-result is the same as that gained by printing cheaper books.

Vouchers score over the present system in number of ways. They remove red-tape, bring market forces into play and give schools the power of choosing books that suit their teaching style and other requirements. The important thing is that even government and government-aided schools would have the freedom to choose which textbooks they would like to use, and they would be able to still provide them to students at affordable prices. A voucher system would be more cost-effective too, since it would eliminate all costs of running an organisation: administrative costs, salary of employees, land costs, and various miscellaneous costs that crop up on a day-to-day basis.

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### Notes

- <sup>1</sup> Government of NCT Delhi. 2004. *Economic Survey 2003-04*. Department of Planning
- <sup>2</sup> Government of NCT Delhi. 2005. *Annual Plan 2005-06: Plan Outlay & Expenditure*. Department of Planning
- <sup>3</sup> Government of NCT Delhi. 2003, 2004. *Annual Plan: Plan Outlay & Expenditure*. Department of Planning
- <sup>4</sup> Government of NCT Delhi. 2004. *Economic Survey 2003-04*. Department of Planning
- <sup>5</sup> Government of NCT Delhi. 2004. *Annual Plan 2004-05*. Department of Planning
- <sup>6</sup> Government of NCT Delhi. 2003, 2004. *Annual Report 2002-03 and 2003-04*. Delhi Textbook Bureau

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**NEW NORM** | Now, families with annual income below Rs 1 lakh can claim free books, subsidies



Of the 20 lakh students in government schools, more than 80 per cent belong to families having an annual income below Rs 1 lakh. Express photo

256 MCD schools have defective electrical wiring and switch boards



Following the Education Minister's visit in May this year, warning signs suddenly came up over the school building. Photograph showing over the school building. Photo: Sachin Dhillon

**MCD inspects NGO-run kitchens in West Delhi**

**NEW DELHI, NOVEMBER 11**  
 MCD officials today inspected mid-day meals—lunches. These in Haryana that serves to 7,000 children and 100,000 children in Rajasthan that serves to 2 lakh children in west Delhi to check cleanliness.  
 Food cooked in these NGO-run kitchens is provided free of cost to children in MCD schools, as part of the mid-day meal programme. Over 9.05 lakh children benefit from the scheme, officials said.  
 Six thousand kilograms of rice, 7,000 kilograms of dal, 1,000 kilograms of sugar and 10,000 grams are cooked every day in just one kitchen, officials said.  
 MCD officials asked the NGOs who operate the scheme for maintaining its facilities. At the Sri Shakti Kitchens, vessels were put through hot water before being reused—one with water to remove food remnants, a second with detergent, then with water to remove the detergent, and a third with white potassium permanganate, officials said.  
 Officials said children are given a different menu for each meal. The dinner on the menu includes Puri-Chick, Chole and Rice, Aloo-matar and Poha. The rice and Aloo-matar Rice.  
 Population Commissioner, Sri Shakti, said the organisation was committed to giving nutrition to children, as well as empowering women. The organisation, which is headed by the Lt Governor, employs mostly women, especially of the MCD workers. She said the organisation had always been successful in providing to employ more women. Sri Shakti employs 100 people in their kitchen in Barabanki.



Mid-day meals: what's cooking?  
 (see also survey report on learning trends)

## Directorate of Higher Education

In India, after 12 years of schooling, higher education consists of three years of study leading to a Bachelor's degree. In the case of professional fields such as engineering, agriculture, dentistry, engineering, pharmacy, technology and veterinary medicine, this takes four years. Bachelor's degrees in architecture and medicine take at least five years. This is followed by two years of study for a Master's degree, and at least three years beyond that for a PhD.

In Delhi, the Directorate of Higher Education was set up in 1997, prior to which the higher education was under the Directorate of Education. Earlier, subject matter pertaining to higher education was assigned to the 'College Branch' under the Education Department. According to the estimates of the University Grants Commission (UGC), enrolment was 1,72, 218 till 2002-03. To promote excellence in the field of higher education Guru Gobind Singh Indraprastha University (GGSIPU) was established in 1998 through the Indraprastha Vishwavidyalaya Act, 1998. The Delhi Government sponsors 28 colleges through the Directorate, out of which only 12 are fully funded. The other 16 colleges are funded by the UGC and the Delhi Government on a 95:5 sharing basis.

### Organisational Structure

A Director heads the Directorate and is assisted by a Deputy Director and an Assistant Director. There are officers responsible for administration, accounts and research. Dealing assistants basically issue/revalidate No Objection Certificate (NOC) for non-AICTE courses for affiliation to Guru Gobind Singh Indraprastha University, issue grants to government-sponsored colleges, and manage legal disputes of the Department. The number of sanctioned posts in the Directorate in 2004 was 15, but has only 9 employees.<sup>1</sup>

### **Functions and Responsibilities**

The Directorate is responsible for regulating higher education in Delhi. Some of the main functions are listed below:

- Implementation of 14 Plan schemes in pursuance of the objective of promising higher education.
- Providing grants-in-aid to 28 colleges affiliated to Delhi University. Out of these 28 colleges, 12 are fully funded by the Delhi Government for both recurring and non-recurring expenditure and 16 colleges are funded by the Delhi Government and UGC in the ratio of 5:95 for recurring and 50:50 for non-recurring expenditure.
- The Directorate also acts as the administrative department for Guru Gobind Singh Indraprastha University (GGSIPU). The Directorate provides grant-in-aid to the University for both its recurring and non-recurring expenditure. The University runs 8 schools of its own. It has two centres of learning and has given affiliation to 10 government institutions and 63 privately managed self-financing institutions. The total intake of the university is now more than 9,000 seats.
- Providing grant-in-aid to the Indira Gandhi Institute of Technology which is a constituent college of GGSIPU offering engineering and technology courses exclusively for women.
- The Delhi Institute of Heritage Research & Management (DHIRM) is an institution set up by the Delhi Government for the study and preservation of cultural heritage. This institute is also being provided grants-in-aid by the Directorate.
- The Directorate allots land to colleges sponsored by the government.
- The Directorate provides grants up to 50% of the expenditure incurred by the teachers of government-sponsored colleges for attending international academic conferences abroad.
- Restoration and preservation of Delhi University colleges/ institutions of heritage value by providing grants-in-aid up to an amount of Rs 1 crore to each college/ institute.
- Issue of NOC for non-AICTE courses to private institution for

affiliation to GGSIPU. Processing fee of Rs 15,000 per course is charged for the issue/ revalidation of NOC.

- Collection and compilation of statistical data relating to higher education.

### Financial Allocations and Expenditure

The approved outlay for the Tenth Five Year Plan (2002-07) is Rs 240 crore. Approved outlay and expenditure over the years is given in Table 1.

**Table 1: Approved Outlay and Expenditure (Rs in lac)**

Year	Approved Outlay (BE)	Revised Outlay (RE)	Expenditure Up to Feb that year	% <i>w.r.t.</i> BE
2002-03	3,750	3,300	1,252	33
2003-04	6,000	3,138	1,725	28.75
2004-05	7,000	2,098	548	8
2005-06	3,201	--	202 (Up to August 2005)	6.3

*Source: Government of NCT Delhi. Data abstracted from the Annual Plans: Scheme-wise Plan outlay and Expenditure for the years 2002-03, 2003-04, 2004-05, 2005-06. Department of Planning*

After analysing the budget and its utilisation, it can be deduced that in the Tenth Five Year Plan, the money spent is marginal to the funds demanded from the Delhi Government on the pretext of implementing various schemes. The percentage of funds utilised against the approved outlay is dismal, as evident from the Table 1. Out of Rs 70 crore approved in 2004-05, only 8 percent, that is, Rs 548 lac was spent till February 2005.

For example, the Directorate is responsible for construction of girls' hostels for college students. For the Tenth Five Year Plan (2002-07), the target was to construct two hostels. For the Annual Plan 2002-03, again the target was to construct two hostels but this was not completed. For Annual Plan 2003-04, the target was to acquire land for girls' hostels, but this too was not done and it is again mentioned for budget estimates in 2005-06 as well. Approved outlay for this scheme in the Tenth Five Year Plan is Rs 500 lac.

Grants-in-aid to colleges managed by trusts and affiliated with Delhi University is one of the major functions of the Directorate. For

the Tenth Five Year Plan, the target was to cover 25 colleges. In 2002-03, the target was five colleges, and grants of Rs 350 lac were released for restoration and repair of three old buildings. Approved outlay for the Tenth Five Year Plan for this scheme is Rs 25 crore. During 2003-04, funds amounting to Rs 65 lac were released to the Delhi Institute of Heritage Research & Management as grants-in-aid to meet recurring and non-recurring expenditure.

Rs 60 lac was approved for strengthening of the Directorate of Higher Education for 2005-06,. However, only Rs 17 lac was spent for the purpose till August 2005. Similarly, the Directorate is responsible for running special coaching classes for students appearing for medical and engineering exams. In 2002-03, these coaching centres were set up to provide coaching to 500 students. Here, not much money is allocated, but the fact that the government runs these coaching classes in the first place is questionable. There are enough private alternatives in all financial categories that would cater to the needs of the students. The Tenth Five Year Plan outlay for this scheme is Rs 50 lac and the annual outlay for 2004-05 was Rs 10 lac.

### **Problems and Suggestions**

Officials of both the Directorates of Education and Higher Education are extremely indifferent and uncooperative. It has been emphasised earlier that the government should not be a part of providing higher education. Private universities have emerged over the years, and as more private alternatives emerge, competition will ensure better quality education. Private universities should be free to fix fees. If the government wants equal opportunity, then it can achieve it providing full or partial scholarships or student loans to deserving students.

The affiliated colleges in Delhi have to procure a No Objection Certificate from the Directorate. This certificate has to be renewed every year at the renewal cost of Rs 10,000 accompanied by an application giving details of infrastructure, teachers and other components. The University also charges a renewal fee of Rs 20,000 every year until the affiliation becomes permanent. The affiliation procedures are too many. One, the foundation has to be registered under the Societies Registration Act, 1860. This is just a means to keep private entrepreneurs at bay. So

all the self-financing colleges under the Indraprastha University in Delhi, to quote a senior official in the industry "...are functioning with a philanthropist motive."

Another flaw is that the fee to be charged is dictated by the universities and salaries by the UGC. Also, scales of pay must be at par with government colleges. This is done when the UGC does not pay a single penny to these institutions on any grounds. All this only precipitates distortion of the market by not letting forces of supply and demand operate freely. Also, these days, there is a mounting demand for foreign university degrees, institutes in Delhi cannot affiliate themselves to a foreign university along with the home university although they can affiliate a course to run exchange programs.

All this coupled with improper utilisation of funds and lack of schemes that actually benefit the students only make the situation worse. It is necessary to rethink the role of government in providing higher education. For instance, what is the need for the government to provide coaching classes to students? If at all the Directorate wants to help students who cannot afford the coaching for entrances, it can issue vouchers, which can be redeemed at any of the private coaching centres approved by the Directorate. This will not only help students achieve better quality coaching but also dismiss the need of Directorate to incur the expenses of infrastructure, teachers and other prerequisites.

—Prepared by Susmita Pratibast

*With inputs from Karuna Shankar and Baani Choudhary*

## Notes

- <sup>1</sup> Government of NCT of Delhi. *Census of employees of Government of Delhi & Autonomous Bodies 2004, 2004*. Directorate of Economics and Statistics.

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# ***Labour & Employment***

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- Department of Labour & Delhi Labour Welfare Board
- Department of Employment & Department of Manpower and Employment
- Change in Shop Timings: Impact & Success



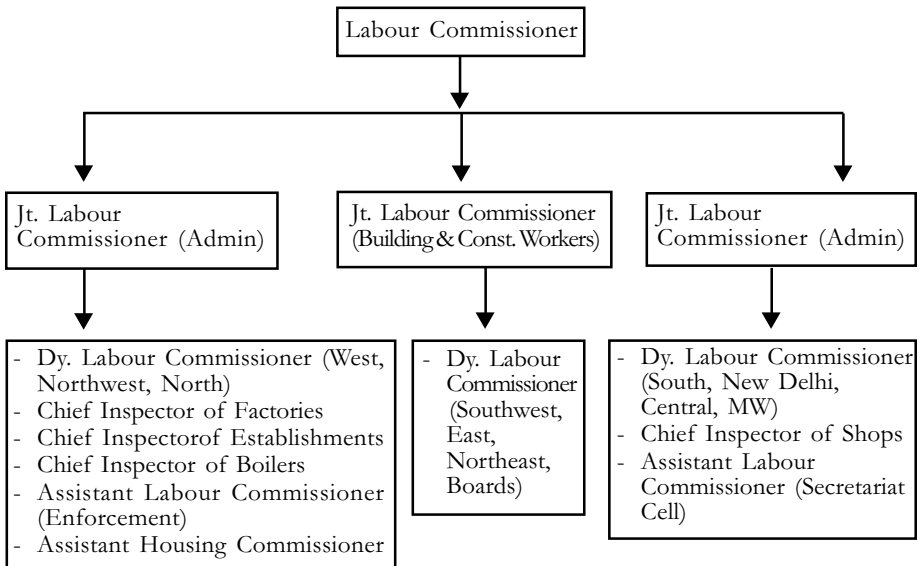
## Department Of Labour

Prior to 1961, the Department of Labour performed under the purview of the Industries Department. During the Second Five-Year Plan, the government decided to give priority to technological development and industrial growth, resulting in many industrial estates and companies. Consequently, to deal with industrial disputes and their settlement as well as to cater to the needs of labourers, the Delhi Government established the Labour Department. It is expected to ensure effective monitoring, keep a check on industrial disputes, bring them to speedy settlement, promote trade union activities, ensure welfare of workers and enforce labour laws under various Acts on a high priority basis. In 1995, the present set-up of functioning through nine administrative districts was introduced to make the administration responsive and efficient.

### Organisational Structure

The organisational set-up of the Department is described in Figure 1.

*Figure 1: Organisational Structure of the Labour Department*



Several labour officers, inspectors, welfare officers and other administrative officers support the Deputy and the Assistant Labour Commissioners. The Department includes 3 industrial tribunals and 10 labour courts. The Department also runs 8 labour welfare centres across the city and 4 holiday homes in different parts of India for the benefit of industrial workers and their families. Table 1 summarises information on employees working in the Department.

**Table 1: Information on Employees of the Department**

Year	Sanctioned Posts	Vacant Posts	Working Posts
2001	509	101	408
2002	504	103	401
2004	518	165	353

*Source: Government of NCT Delhi. 2001, 2002, 2004. Census of Employees of Government of Delhi & Autonomous Bodies. Directorate of Economics & Statistics*

### **Functions and Responsibilities**

The main functions assigned to the Department are:

- Enforcement of various labour laws
- Conciliation of disputes between workers and management
- Registration to various trade unions as per the Trade Unions Act, 1926
- Referring disputes to labour courts & industrial tribunals for adjudication
- Welfare-related activities through welfare boards and departmental machinery by implementing provisions laid down under labour legislations
- Labour research and training
- Labour and employment statistics
- E-governance

### **Acts and Laws**

The Labour Department supervises the effective implementation of more than 20 rules and Acts pertaining to labour and industrial issues. Some of the main Rules and Acts are as follows:<sup>1</sup>

- Delhi Shops and Establishment Acts, 1954
- The Building and Other Construction Workers Welfare Cess Act, 1996; Delhi Building & Other Construction Workers' (Regulation

- of Employment & Condition of Service) Rules, 2002
- The Delhi Labour Welfare Fund Rules, 1997
- The Delhi Contract Labour (Regulation & Abolition) Rules, 1972
- Minimum Wages (Delhi) Rules, 1951
- Payment of Gratuity (Delhi) Rules, 1972
- Delhi Trade Unions Regulations, 1927
- Inter State Migration Workers Rules
- Delhi Factory Rules, 1950
- Delhi Boilers Rules, 1950
- Delhi Lift Rules, 1942
- Delhi Cinematograph Rules, 2002
- Regulation for Licensing & Controlling Places of Amusement and Performance for Public Amusement, 1980

### **Administrative Procedures**

The Department has been organised on a territorial basis into nine districts. A Deputy Labour Commissioner assisted by Assistant Labour Commissioners and Labour Officers head each district. The conciliation machinery and other inspectorates at the grassroot level enforce the functional powers of the Department. Industrial disputes are settled under the Industrial Disputes Act, 1947 through conciliation procedures, failing which the matter is referred to the adjudication machinery. The rights of workers are protected by enforcement of various provisions of labour laws.

One of the other important Acts is the Factories Act, 1948. It aims to inspect factories for investigation of complaints, serious/ fatal accidents as well as suo moto inspections to check compliance with provisions of this Act relating to health, safety, welfare activities, working hours, employment of young persons and annual leave with wages. Enforcement of this legislation is carried out on a district-wise basis by District Inspectors of Factories. After inspection, improvement notices are issued to defaulting managements and in case of non-compliance, legal action is taken against them. Inspectorates of Factories, Inspectorates of Boilers and Electrical Inspectorates enforce the laws relating to safety in industries. The field staffs of these Inspectorates carry out periodical inspections and issue improvement notices in accordance with statutory provisions.

Settlement of disputes happens in two phases: first through the conciliation process administered by conciliation officers, and if the case is not settled, in industrial tribunals or labour courts. Table 2 gives the total number of conciliation cases that were instituted, disposed of and pending over the years 1997-2001.

**Table 2: Status of Conciliation Cases (1997-2001)**

Year	Cases Instituted	Disposal			Total	Pending
		Settled	Closed	Failure		
1997	11,525	653	2,248	4,949	7,850	3,625
1998	11,974	1011	2,286	6,561	9,858	2,116
1999	11,321	973	2,096	6,186	9,255	2,066
2000	11,534	942	2,047	6,193	9,182	2,352
2001	10,644	983	1,656	4,778	7,417	3,227

Source: Government of NCT Delhi. 2001. Labour Statistics 2001, Planning & Statistics Cell. Department of Labour.

Evidently, the conciliation process has not been effective in resolving disputes, and many cases are referred to tribunals and labour courts. Table 3 gives information on the institutions, disposal and pending cases in Industrial Tribunals/ Labour Courts.

**Table 3: Status of Cases in Industrial Tribunals and Labour Courts (1997-2001)**

Year	Institution of cases	Disposal	Pending Cases at the end of year
1997	7,955	4,092	42,880
1998	7,794	13,591	37,083
1999	6,675	13,169	30,589
2000	5,845	7,971	28,463
2001	7,075	7,623	27,915

Source: Government of NCT Delhi. 2001. Labour Statistics 2001, Planning & Statistics Cell. Department of Labour

It is interesting to see that in 1997, lesser cases were disposed of than instituted. However, the trend reversed after that year and the cases disposed of are far more than instituted cases. This is due to the huge number of pending cases each year that gets carried over to the next year. The number of pending cases has gone down over the years, but the pace is very slow and needs a major overhaul. Expenditure on industrial courts and tribunals, however, has only increased over the years. Table 4 shows the expenditure on them over the years.

**Table 4: Estimate and Expenditure on Industrial Courts and Tribunals (Rs in lac)**

Year	Budget Estimate	Expenditure
2000-01	36	23
2001-02	32	22
2002-03	27	35
2003-04	52	49
2004-05	27	
2005-06	84	

Source: Government of NCT Delhi. Data abstracted from the Detailed Demand for grants for the years of 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06

One of the other significant functions of the Department is fixation of minimum wage rates in certain employment. The Minimum Wages Act, 1948 governs it. Delhi Government has already notified rates of minimum wages in 29 scheduled employments. All inspectors in the Department enforce the Act in their respective territorial jurisdictions under the administrative control of the respective Labour Officer/ Assistant Labour Commissioners/ Deputy Labour Commissioners. They take action on complaints received from workmen/ unions. What is most interesting is that Delhi has one of the highest minimum wage rates in the country today.<sup>2</sup> Table 5 details the current minimum wages in Delhi.

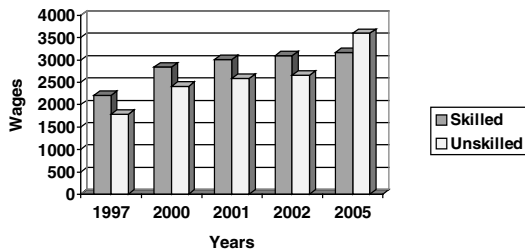
**Table 5: Rates of Minimum Wages Applicable in Delhi (Rs.)**

Category	Rates as on February 2005	Dearness Allowance	Rates from August 2005	
			Per Month	Per Day
Unskilled	3,045	121	3,166	122
Semi Skilled	3,211	121	3,332	128
Skilled	3,469	121	3,590	138

Source: Government of NCT Delhi. Order No. F.12(142)/04/MW/Lab/238. Department of Labour

If a worker gets less payment, he/she can also file a claim before the Competent Authority, in this case, the Deputy Labour Commissioner of each district appointed under the Act. The authority can impose penalty up to 10 times the difference in minimum wages that was due and paid. This kind of punitive measure is important in the wake of wage differential between skilled and unskilled workers and the exploitative tendency of employers. Figure 2 details differences between wages of skilled and unskilled workers over the years.

**Figure 2: Wage Differential of a Skilled and an Unskilled Worker**



Source: Government of NCT Delhi. 2001. Labour Statistics 2001, Planning & Statistical Cell. Department of Labour

### Budgetary Allocations and Expenditure

The Labour Department executes nine schemes as approved for the Tenth Five Year Plan and Annual Plan 2004-05. The schemes and the financial allocations for the financial years are stated in Table 6.

**Table 6: Plans and Schemes for the Tenth Five Year Plan and 2004-05 (Rs in lac)**

Name of the Scheme	TFYP Approved Outlay	Exp. 2002-03	Exp. 2003-04	Annual Plans		
				Approved Outlay 2004-05	Revised Outlay 2004-05	Approved Outlay 2005-06
Strengthening & Re-organisation of Labour Department.	150.00	25.92	24.25	55.00	45.00	50.00
Safety Awards	25.00	1.56		5.00	--	--
Study Tours for Industrial Workers				1.00	--	--
Setting up Holiday Homes for Industrial Workers			3.04	20.00	35.00	30.00
Creation of E.D.P Cell training, education & skill development of the children of workers employed in Organised & Unorganised sectors	50.00	9.24	4.23 0.94	20.00 3.00	20.00 2.00	20.00 5.00
Implementation of Bombay Labour Welfare Fund Act	200.00	28.00	28.00	35.00	35.00	40.00
Construction /renovation of new office complex & renovation of Labour Welfare Centres	150.00	27.23	29.25	20.00	15.00	15.00
Rehabilitation of Child Labour	10.00	0.38		11.00	11.00	15.00
Training & Research in labour relations	5.00	1.91	0.11	5.00	1.00	5.00
Setting up Information & Publicity Cell	5.00	11.54	4.98	10.00	10.00	10.00
Scheme for Social Security for workers in informal and unorganised sector	5.00	0.86		5.00		
<b>TOTAL</b>	<b>600.00</b>	<b>104.64</b>	<b>94.80</b>	<b>190.00</b>	<b>174.00</b>	<b>190.00</b>

Source: Assistant Director, Planning. Department of Labour

TFYP: Tenth Five Year Plan, Exp.- Expenditure



Even though the amount that has been approved to the Department has not been spent, that does not discourage it from asking for more funds from the Government. The non-Plan budget estimate has constantly increased over the years as evident from data in Table 7.

**Table 7: Grants Demanded for the Period 2000-2006 (Rs in lac)**

<i>Year</i>	<i>Budget Estimate</i>	<i>Revised Budget Estimate</i>	<i>Actual Expenditure</i>
2000-01	684	504	476
2001-02	665	529	486
2002-03	614	624	607
2003-04	743	605	557
2004-05	753	736	—
2005-06	797	—	—

*Source: Government of NCT Delhi. Data abstracted from the Detailed Demand for grants for the years of 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06*

Two schemes concerning safety awards and study tours for industrial workers have been dropped in current financial year 2005-06.

### Evaluation of Plans and Schemes

- Strengthening and Reorganisation of the Labour Department**  
According to the Labour Department, the workload has increased manifold over the years due to a large number of new shops, establishments and factories in Delhi. It is therefore considered necessary to reorganise and strengthen it by increasing manpower and infrastructure. The budget allocation of Rs 50 lac for the scheme in 2005-06 is the highest of all allocations. The Department proposes to increase its manpower strength by 507<sup>3</sup> employees in the Tenth Five Year Plan.
- Implementation of Bombay Labour Welfare Fund Act, 1953 (As Extended To Delhi) Grant-in-aid to Delhi Labour Welfare Board**  
All factories, shops and commercial establishment employing five or more workers are covered under the scheme and thus it proposes to cover approximately 4.5 lac workers. This scheme received Rs 40 lac as grant for the financial year 2005-06. The activity of the Board is to develop welfare programmes for workers. The main

expenditure is on rent for hired buildings, equipment, books, periodicals, and salary of the staff carrying out different activities of the Labour Welfare Centres. However, after analysing its schemes, it is evident that the Board is not functioning properly both in terms of administration and implementation of schemes. Also, the Board relies heavily on grants from the Delhi Government.

- **Holiday Homes for Industrial Workers**

The Labour Department runs Holiday Homes at Haridwar, Allahabad, Mussorie and Shimla for the benefit of industrial workers, government and semi-govt staff and officers of the Delhi Government. Retired employees and other categories of employees can stay in these holiday homes along with their families and groups at subsidised rates like Rs 25 per day per room for industrial workers, Rs 50 per day per room for employees working in industrial establishments, shops, factories. This is a continuing scheme. At present, the holiday homes at Mussorie and Haridwar are functioning from rented buildings. The landlord does not take interest in the maintenance of the buildings. Administration and management is a big problem here and according to the evaluation by Planning Department, these homes are not serving any purpose and thus, should be closed down. Despite these problems and recommendations, the Department in the current year 2005-06 has approved a sum of Rs 30 lac for furnishing these homes and proposes to open more homes in Amritsar, Katra, Panaji (Goa), Hyderabad, Bangalore, Jaipur, Puri, Kolkata, Assam, Chennai and Trivandrum.

- **Rehabilitation Of Child Labour**

The Child Labour (Prohibition and Regulation) Act, 1986 prohibits employment of children below the age of 14 years in bidi-making, carpet-weaving, cement manufacture, mica cutting and splitting, wool cleaning, building and construction industry and tanning. The inspectorate staff of the Department conducts inspections for such purposes which includes identification of child labour, provision of vocational education, payment of stipend to children,

arrangement of accommodation and educational facilities through NGOs and helps children to be self-employed. This is one of the most important schemes of the Department, but it gets a meagre amount of only Rs 15 lac.

### **Problems and Drawbacks**

The Department gets funds from the government for its plans and schemes. Most of the funds are not spent properly and more than half of the amount is not utilised for schemes and returned to the government. Funds allocation in the Department is also very skewed. The main schemes that serve the purpose of Department like training and development of children of workers in organised and unorganised sector, provision of vocational training get much lesser funds than those that just require 'strengthening' of the Department or opening an EDP cell.

Labour law cases extend anywhere from one to five years, so when labourers are not able to retain lawyers, they have to drop the case. According to the labourers, officials have a nexus with owners of factories and instead of solving the labourers' problems they take bribes from the owners of factories and force workers to drop the case. The Labour Welfare Centres call workers to solve the disputes, but when date is given, it is often moved forward and no work is done on several occasions.

The child labour situation in Delhi is very grim. In 1986, a law was enacted to prohibit child labour and certain industries were classified as hazardous. Employment of children, even under the pretext of family work, was banned. This meant no one could employ children in these industries by declaring them to be sons, daughters, brothers and sisters. But, according to Secretary of South Asian Coalition on Child Servitude, Kailash Satyarthi, the factory owners insist during the raids that the child workers are his kith and kin and are learning the family business. While it is difficult to believe they employ their own relatives in jobs branded as hazardous, the children endorse their statement out of fear.<sup>4</sup> Laws need amendment as without them even the Department would not be effective.

### **Reforms**

Labour laws should be rationalised with abolition of the redundant ones. This would also indirectly decrease the cases that are instituted for labour law violations. The Department should provide labourers with lawyers to fight cases. In the long run, wherever possible, employers should get their employees accident insurance so that employers do not have to discharge the functions of the insurance companies of verifying the claims. If employees cannot pay the premium, then the Department can provide subsidies by paying the premium in a pre-decided ratio.

The Department should have more active association with the Delhi Legal Service Authority so that more and more labourers get speedy and fair judgement. Faster redressal mechanism for speedy disposal of cases is the prime concern. More local courts should be established and the concept of Lok Adalats should be expanded more to solve labour problems. Allocation of funds should be done on the basis of the relevance of the schemes and whether the schemes are able to achieve the purpose for which the Department was formed. There should be more concentration of funds on schemes of vocational training, social security and settlement of court cases regarding labour law violations.

Schemes run by the Department that involve imparting training to the unskilled workers can be outsourced. A voucher model can be introduced in such a case where people who register for these training programs can be given money and they can enrol in any other private institutes that impart training. It is only in areas where private initiative does not exist that Labour Welfare Centres should come into the picture.

### **Delhi Labour Welfare Board**

The Delhi Government formed the Delhi Labour Welfare Board in accordance with the Bombay Labour Welfare Fund Act, 1953 as extended to Delhi. It was constituted as an autonomous body in 2002, through a grant-in-aid by the Department of Labour for improvement of the social and economic conditions of labourers and providing them with self-employment courses. The newly constituted Delhi Labour

Welfare Board was initiated for speedy and prompt implementation of labour welfare schemes based on Bhagidari principles, which would benefit 20 lac families of the working class employed in various establishment and factories all over Delhi.

The Board should have 11 nominated members including the Labour Commissioner. However as per the information provided by the Welfare Commissioner, the Board has not been constituted yet and the organisation is working without the Board. Administrative officers execute the general administration and welfare officers supervise the 8 labour welfare centres.

Section 3 of the Act statutorily provides for the composition of a Fund for the financing of activities to promote welfare of labour in the state. According to the Act, the Fund consists of all fines realised from employees, unpaid accumulations, voluntary donations, penal interest and any contributions paid, sum borrowed and loan, grant-in-aid or subsidy paid by the government. Contributions made by employees, employers and the Government form the Labour Fund. The Act empowers the Board to defray expenditure on the following facilities:

- Community and social education centres including reading rooms and libraries
- Community necessities
- Games and sports
- Excursions, tours and holiday homes
- Entertainment and other forms of recreation
- Home industries and subsidiary occupations for women and unemployed persons
- Corporate activities of social nature
- Such other objects as would in the opinion of the Administrator improve the standard of living and ameliorate the social conditions of the labour

However, despite various attempts to obtain the Annual Report for the past years that the Board has been functioning, the Board did not furnish the reports. The pretext given by officials was that reports were not prepared as the Board effectively started functioning only in 2004. The state of ambiguity and reluctance to furnish information when the

whole country is cheering the commencement of right to information is astounding.

### Projects and Schemes

The Board envisaged improving the living conditions and economic status of workers and their families and had initially implemented schemes like setting up a Shramik Blood Bank, launching mobile labour welfare van and setting up of free legal aid and welfare centres in Delhi. Some of the major schemes are discussed below.

- **Labour Welfare Centres**

The labour Department operates eight labour welfare centres located at Karampura, Dalit Basti at Reading Road, Kamla Nagar, Giri Nagar, Vishwakarma Nagar, Wazirpur, Pandav Nagar and Nimri Colony. However, out of these eight centres, only four of them are functional, namely, Badli, Karampura, Ashok Vihar, Hari Nagar. The confusion was deepened when the Welfare Commissioner of the Board officially stated that only 2 of the labour welfare centres are managed by the Board. The Labour Department has demanded money from the Delhi Government for construction of new office complexes that include Labour Welfare Centres and the renovation of existing buildings of the Department. Approved outlay in the Tenth Five Year Plan is Rs 150 lac, and annual approved outlays are Rs 20 lac for all years since 2002. Table 8 summarises the expenditures of these welfare centres.

**Table 8: Budget Estimates and Expenditure of the Welfare Centres (Rs in lac)**

Year	Budget Estimate	Actual Expenditure
2000-01	30	26
2001-02	31	26
2002-03	30	27
2003-04	32	21
2004-05	30	–
2005-06	27	–

*Source: Government of NCT Delhi. Data abstracted from the Detailed Demand for grants for the years of 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06*

- **Self-help Employment Courses**

The Delhi Government has substituted the Employment Generation Program with numerous Self-help Employment Courses run by the Board. Initially, 49 courses for unskilled labourers were proposed. However, the Board runs only 22 courses, out of which 17 are short-term and 5 long-term. These self-employment courses are run at Welfare Centres equipped with a library by a coordinator and 3-4 trainers. The coordinators are officials from different departments who supervise these centres and the trainers are hired part-time according to the nature of the course. The duration of the course ranges from a week to three months. Workers have to buy a form costing Rs 10 and enrol themselves. The fee charged by the Board for these courses ranges from Rs 50 to Rs 1,000.

- **Labour Welfare Schemes**

The Board runs various schemes as approved in the Tenth Five Year Plan under the Bhagidari initiative of the Delhi Government. Some of them are listed below:

1. It runs mobile crèches, establishes early child-care for children aged 3-6 years, maternal and child healthcare services and schools.
2. It sets up vocational training centres, income generation programmes, forms self-help groups, social security and group insurance schemes for long-term benefit of organised and unorganised workers and their families.
3. It launches general awareness programmes about educational courses, safety of industrial workers and labour laws, communicable diseases, gender sensitisation, training and legal awareness programmes, social justice and human rights, evils of alcoholism, drug abuse.
4. The welfare centres also gives stipends to deserving students enrolled in courses run by Welfare Centres. This is a welfare measure and students from economically weaker section attend these classes. The number of students who got stipends till the year 2001 was 782. The target for the scheme is 1,000 for the

Tenth Five Year Plan and the annual target is 200. According to the Annual Plan 2004-05, the number of students who got stipends for the year 2002-03 was 215 that exceeded the plan target.

### Financial Allocations and Expenditures

Financial allocation under the Tenth Five Year Plan for the Board is Rs 200 lac. The Board's main expenditure is rent for buildings, equipment, books, periodicals and games material and the salary of staff to run the centres. Expenditure on salary is adjusted in the account of the Welfare Board. The budget estimates and actual expenditure of the Board over the years is detailed in Table 9.

**Table 9: Budget Estimates and Expenditure of Grants to te Board  
(Rs in lac)**

<i>Year</i>	<i>Budget Estimate</i>	<i>Actual Expenditure</i>
2000-01	11	–
2001-02	5	0.76
2002-03	28	28
2003-04	28	22
2004-05	35	–
2005-06	40	–

*Source: Government of NCT Delhi. Data abstracted from the Detailed Demand for grants for the years of 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06*

### Achievements and Drawbacks

The Board has been instrumental in training 10,000 unemployed people through self-help employment programmes, out of whom 6,000 are gainfully employed. In their one and half years of existence, they are collecting contributions from 4 lac workers in Delhi and have collected unpaid dues amounting to Rs 18 lac. Despite various achievements, it is felt that most of the schemes formulated are not reaching the sections for whom they are meant. Money is not being utilised efficiently, and is exhausted in various projects that are unproductive and have been going on for years.

The Board has not been constituted yet and there is no



chairperson who oversees its functioning. The Welfare Commissioner is responsible for administration and implementation of the scheme. Employees working there have been diverted from different departments like health, education and labour. In such a case, lack of accountable employees becomes a significant problem in implementing schemes. Most scheme do not have adequate funds and those scheme that do have funds are unable to use them efficiently. Improper maintenance of accounts and ignorance about most schemes run by the Board also add to the poor performance.

### Suggestions

The Board is run like an autonomous body where it is responsible for helping worker class through its self-help employment schemes and labour welfare centres. Despite such huge expenses every year, they are not able to do their work efficiently in expanding their beneficiaries. What can be done instead is introduction of training vouchers. These vouchers can be given to people who register for these programmes and they can redeem the vouchers by enrolling themselves with any of the private training institutes already registered with the Board. In this way, the Board will act as a facilitator rather than run the courses themselves. This will decrease the costs incurred and will ensure more efficient competent services.

—Chandni, Sweety Teblani, Raja Sirohi and Amit Bharadwaj

### Notes

- <sup>1</sup> Government of NCT Delhi. 2001. *Labour Statistics 2001, Planning & Statistical Cell*. Department of Labour
- <sup>2</sup> Mazumdar, Indrani. *Unorganised Workers of Delhi and the Seven Day Strike of 1988*. Available at <http://www.indialabourarchives.org/publications/Indrani%20Mazumdar.htm>. Accessed on 12 October 2005.
- <sup>3</sup> Government of NCT Delhi. 2005. *Annual Plan 2005-06*. Department of Labour
- <sup>4</sup> [http://www.freeindiamedia.com/child\\_labour/12\\_may-03\\_child\\_labour.htm](http://www.freeindiamedia.com/child_labour/12_may-03_child_labour.htm). Accessed on 15 September 2005

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## **Directorate Of Employment**

The Directorate General of Resettlement and Employment (DGR&E), now known as Directorate General of Employment and Training (DGE&T), was initially set up in July 1945 for the purpose of resettling demobilised Defence Service personnel and other discharged war workers in civilian life. Subsequently, the scope of the Directorate was extended to cover employment services to all categories of job-seekers in early 1948, and training services to all civilians in 1950. On the recommendation of the Shiva Rao Committee (1952), day-to-day administrative control of Employment Exchanges and Industrial Training Institutes was transferred to state governments/ union territory administrations with effect from November 1956 on cost-sharing basis between the Centre and the states. But after 1969, full financial responsibility was transferred to state governments/ union territory administrations. With each successive Five Year Plan, there has been considerable expansion of the activities of the Employment Service and Training Service in the Centre and states.

### **Administrative Structure and Functions**

The Directorate of Employment in Delhi is under the administrative and financial control of the Delhi State Government. There are 20 employment exchanges spread over Delhi, 1 each in 9 districts of Delhi, 2 special employment exchanges for persons with disabilities, 3 University Employment Information and Guidance Bureaus, 5 zonal employment exchanges for rural communities, and 1 ex-servicemen's exchange. The Department also runs counselling centres in each district of the city. The Director is head of the Department and the Joint Director supervises employment officers whose main function is to supervise the district exchanges. There are approximately 250 employees working in this department. It is the primary function of the Additional Director to oversee the functioning of vocational guidance programmes as well as to ensure proper data recording of Employment Market Information (EMI).

The primary objective of the Directorate of Employment is registration, renewal and placement of unemployed persons. Job-seekers are settled either in regular jobs or through self-employment. Employment exchanges provide only employment assistance on the basis of qualification, experience, age and sponsor the names of registered applicants in the ratio 1:20 against the vacancies notified by any employer. Functions of the Directorate basically envisage maintenance of data on job-seekers, imparting vocational guidance and coordinating with other organisations. The Directorate has a sanctioned strength of 399 posts, but there are only 260<sup>1</sup> employees. However, further analysis will show that even this number is high when compared to the functions that the Directorate performs.

### **Acts and Laws**

#### **Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959**

National Employment Service and Employment Exchanges function within the ambit of Employment Exchanges (Compulsory Notification of Vacancies) Act 1959, enacted within the framework of International Labour Organisation (ILO) Convention No. 88. According to the Act, notification of vacancies arising in all public sector establishments and non-agricultural establishments in the private sector employing 25 or more workers is compulsory. However, the Act does not impose any obligation upon any employer to recruit any person through the employment exchange to fill any vacancy merely because that vacancy has been notified under any of those sub-sections.

#### **Apprentice Act, 1961**

Section 9(4) read with section 11 of Apprentice Act, 1961 casts a legal obligation on employers to impart basic training to apprentices. If the staff strength of an establishment is 500 or more, then training has to be given either in a separate part of the workshop building or in a separate

building specially set up by the employer for this purpose. In case the number of workers is less than 500, basic training is to be imparted to apprentices in training institutes set up by the Government. In 1973, the Apprentice Act was amended to bring training of graduates and diploma holders in engineering/ technology within its purview and in 1986, it was extended to those just passed out of school. Every trade apprentice who has completed the period of training appears for a test to be conducted by the National Council, and on passing the exam is granted a certificate of proficiency in the trade.

### **Schemes and Programmes**

The Directorate is responsible for various schemes and projects to facilitate employment opportunities for people registered at the exchanges. Some of the major schemes and programmes of the Directorate are discussed below:

#### **Employment Exchanges**

The DGE&T runs a National Employment Service functioning within the conceptual framework of ILO Convention No. 88 on “Organisation of Employment Services.” It functions through the network of Employment Exchanges administratively and financially run by the State Government. The main functions carried out through the exchanges include registration and placement of job-seekers to ensure balance in demand and supply, collection of comprehensive Employment Market Information (EMI) on a quarterly basis for creation of a database, career counselling and vocational guidance. The Directorate has Vocational Guidance Units (VGU) in the respective Employment Exchanges that are supposed provide vocational guidance to job-seekers, and organises campaigns, career talks to existing as well as outgoing school and college students.

A glance at registrations, renewals and placements during the last 5 years in Table 1 gives a clear picture that the Directorate is not succeeding in what it has set out to do.

**Table 1: Registration, Renewals and placements at Employment Exchanges**

<b>Year</b>	<b>Registration</b>	<b>Renewal</b>	<b>Placement</b>
2000	1,67,789	52,473	123
2001	93,174	48,457	48
2002	1,14,275	50,270	138
2003	79,383	47,012	426
2004	85,113	38,127	167

*Source: Government of NCT Delhi. Delhi Employment Exchange Statistics. Directorate of Employment*

#### **Employment Market Information Programme (EMI)**

The EMI programme was initiated in 1955 as a pilot project in Delhi. Information is collected, compiled, tabulated and presented from both public and private sector establishments regularly through Establishment Reporting Systems. While data on employment in the public sector and those non-agricultural establishments in the private sector employing more than 25 persons is collected under provisions of the Employment Exchanges (Compulsory Notification of Vacancies) Act 1959, the same from non-agricultural establishments in the private sector employing 10 to 24 persons are collected on a voluntary basis. EMI provides information about structure of employment, occupational compositions and educational profile of employees, assessment of manpower shortages in the organised sector, etc. EMI data is furnished by establishments through Employment Returns-I and Employment Returns-II. The number of establishments and their employees under the EMI programme from 1999-2003 is detailed in Table 2.

**Table 2: Information on Employment Market Information Programme**

<b>Year</b>	<b>Establishments</b>	<b>Employment (In lac)</b>
Mar-99	7,753	8.48
Mar-00	7,768	8.47
Mar-01	7,760	8.41
Mar-02	7,734	8.36
Mar-03	7,770	8.36

*Source: Government of NCT Delhi. Delhi Employment Exchange Statistics: Semi Unit Employment Market Information Office. Directorate of Employment*

### **Computerisation of Working Employment Exchanges**

In the wake of high chances of error and waste of time in manual discharge of functions, the Delhi Government decided to fully computerise the Directorate. This, it was hoped, would help people to procure information on the recent initiatives of the Directorate and help in registration and renewal of the same. It would help in transgressing the problem of district differentiation, and employers could search for suitable candidates directly from the database. The Tenth Five Year Plan has an approved outlay of Rs 250 lac, the annual budget for 2005-06 being Rs 36 lac.

### **Construction of Employment Exchange Building at Daryaganj**

The employment exchange at Daryaganj is of pre-independence vintage and has already outlived its utility. For the past two Five Year Plans both Tenth and Ninth, huge amounts of funds have been allocated for the building. The approved outlay for Tenth Five Year Plan is Rs 265 lac. However nothing has been done yet regarding the scheme and money is unaccounted for. The pretext given is administrative. Land of the Daryaganj Exchange belongs to the Ministry of Labour, Government of India and has not yet been transferred to the Delhi Government. Construction was supposed to commence during 2002-03 but not much work has been done.

### **Financial Allocations and Performance**

The Directorate of Employment gets funds from the Delhi Government for management of its administration, maintenance of general Employment Exchanges across the city of Delhi, various other employment services that it runs for handicapped persons, and other heads. Financial outlay for the Ninth Five Year Plan (1997-2002) was Rs 350 lac, out of which only Rs 201.24 lac was spent. Outlay for the Tenth Five Year Plan (2002-07) is Rs 700 lac. Budget estimates and actual expenditure of funds are shown in Table 3.

**Table 3: Budget Estimates and Actual Expenditure (Rs in lac)**

<b>Year</b>	<b>Budget Estimate</b>	<b>Revised Budget Estimate</b>	<b>Actual Expenditure</b>
2000-01	607	576	343
2001-02	534	386	343
2002-03	402	391	346
2003-04	467	425	358
2004-05	463	403	NA
2005-06	490	NA	NA

*Source: Government of NCT Delhi. Data abstracted from the Detailed Demand for grants for the years 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06*

Funds allocated to the Directorate mostly go either to the Employment Exchanges or other employment services for special people. The Directorate spends a considerable amount of funds on direction and administration. This includes salaries, wages, other travel expenses, domestic

travel expenses, office expenses, motor vehicles and professional services. Allocation for the year 2003-04 under this head was around Rs 230 lac. Budget estimates and actual expenditure under various heads of the Directorate are explained in Table 4.

**Table 4: Financial Estimates and Expenditure under Major Heads (Rs in lac)**

Year	Directorate of Employment		General Employment Exchanges	
	Budget Estimate	Actual Expenditure	Budget Estimate	Actual Expenditure
2000-01	146	98	578	229
2001-02	139	96	366	233
2002-03	104	96	278	235
2003-04	125	108	321	230
2004-05	118	--	273	--
2005-06	138	--	293	--

*Source: Government of NCT Delhi. Data abstracted from the Detailed Demand for grants for the years of 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06*

Output, particularly the number of beneficiaries of various schemes, is indicative of the performance of any organisation. However, achievements can only be measured in the light of costs borne by the Directorate in implementing those schemes. Schemes at the university Employment Exchanges incur the least amount of expenditure, which is indicative of the efforts that are put into implementing vocational guidance programmes and various seminars/conferences that exchanges are supposed to organise. It is a mere formality in which the Government is wasting its resources to meet political and social compulsions.

### **Problems**

#### **National Employment Service**

At the initial stage of the National Employment Service, job-seekers registered with Employment Exchanges and placements made through them compared well due to emergence of a large number of public sector undertakings whose manpower requirements were met only by the Employment Exchanges. Therefore, attention was paid mainly to registration, placement and other legitimate functions, namely, creation of database. Career counselling and vocational guidance were relegated to the secondary functional arena. Subsequently, a large number of recruiting agencies like Staff Selection Commission, Railway Recruitment Boards, Banking Service Commissions came up and restricted the area of operation of the Employment Exchanges. Today, almost all the major establishments both in Government and outside have their own recruitment agencies. Therefore the Exchanges are left with only stray cases, usually lower level appointments.

#### **Public Perception of Employment Services**

The general impression among the public is that Employment Exchanges are only to provide jobs. They provide registration for all job-seekers and create a database which should ideally be sent to employers, facilitating finding of better jobs. Also, the placement of job-seekers should be seen vis-à-vis the notification of vacancies to the exchanges, which at present is not very significant. Therefore, there will be a long waiting time. As mentioned earlier, these exchanges just function as registration agency.

A major issue concerning the exchanges is that in order to register, one has to be a resident of Delhi for a period of at least three years. Proof of residence in the form of ration cards issued at least a year before, domicile certificate of Delhi, or inclusion of name in the electoral list of Delhi is a requisite. Further discrimination occurs when they demand a certificate or marksheet of educational qualifications to be issued, specifically from Delhi itself, making it impossible to include people from surrounding areas. This implies that the data thus collected is an inaccurate

indicator of the unemployment number, since such immigrants form a large percentage of Delhi's population.

### **Present Employment Scenario vis-à-vis Employment Exchange Operations**

The Employment Exchange strategy so far had been primarily identifying jobs generated in the public sector. Emphasis on private sector jobs was not to the extent desired. Therefore placement through Employment Exchanges was primarily in the public sector. But now employment generated in the organised sector (both public and private) is not appreciable enough to absorb the job-seekers registered with these exchanges. Figures show clearly the redundancy of employment agencies. Over the last 5 years, while 5,39,734 people were registered at the various Employment Exchanges, only 902 people were provided with placements. This leads one to question the efficiency and utility of the Directorate itself. Several political scientists are of the view that the Employment Exchanges have lost their relevance in the wake of globalisation and economic liberalisation. Despite being of little use to the unemployed, and rendered redundant following a 1996 Supreme Court ruling, Employment Exchanges continue to remain open, attracting hundreds of unemployed people every day.

### **Limitations of EMI Data**

The EMI programme does not cover employment in the unorganised sector, self-employed, part-time employment, in agricultural and allied establishments except plantation, in household sector and non-agricultural establishments employing less than 10 workers in the private sector, in defence forces as well as Indian embassies and missions abroad. Also, the list of establishments maintained at local employment exchanges is not comprehensive due to non-inclusion of new establishments and removing closed establishments.

### **Financial Imprudence**

While analysing funds demanded for the execution of its plans or schemes, it was observed that out of Rs 350 lac allocated for the Ninth Five Year Plan, only Rs 201 lac was spent in five years. It becomes apparent that the Directorate is indulging in inappropriate utilisation of funds, either underutilising or misusing funds. Also, there have been cases where money is demanded for specific productive purposes, but shows no results. The Directorate has been sanctioned a budget of Rs 398 lac for payment of salaries and allowances of staff in 2004-05, and Rs 368 lac was spent. This amount is more than the amount sanctioned for most of the schemes to be implemented by the exchanges.

### **Reforms**

There is a need to reorient Employment Exchanges to play a pro-active role in the present scenario in the context of economic liberalisation, industrial re-structuring and shrinkage of employment opportunities in the organised sector; by way of concentrating on career counselling and vocational guidance and providing updated and reliable labour market information.

There is also a need to construct better facilitating channels within the exchanges so that more employers refer to the exchange database for recruitment. The exchanges can have association or collaboration with other placement agencies and portals so that their database can be merged with them and facilitate in increasing employment opportunities.

The labour pool is unattractive, which also leads to stagnancy in placements. Most of the registrations come from people who are unskilled, thus exchanges can associate and collaborate with NGOs and small-scale industries to make them aware of the database that they possess. Also, NGOs can be involved in providing basic training and guidance programmes to unskilled or low-skilled people. Most NGOs do possess human resources for such training, but these exchanges can play a significant role in providing venue and people for such schemes.

The exchanges' website should act as a forum where private employers can advertise vacancies, and job-seekers can browse through jobs that fit their qualifications and requirements, rather than depending completely on advertising in newspapers. Therefore, it becomes clear that exchanges need to function as professional agencies for employment.

Employment Exchanges have been reduced to just a formality, which is evident from its functioning – even officials of the Directorate agree. In the long run, they should be wound up. The resources can be either diverted to running better self-help courses or paying private placement agencies in just performing these functions more efficiently.

## **Department of Manpower and Employment**

Manpower, in a broad sense, is identical with human resources. Manpower planning involves projecting the supplies and demand for different categories of manpower and ensures that they are kept in balance both qualitatively and quantitatively. It is regulatory as well as identifies areas where shortages emerge in different skills.

The Department of Manpower and Employment is entrusted with the responsibility of making detailed estimates of available manpower and projecting employment generation/ opportunities in various government departments/ autonomous bodies and also to carry out studies in the field of manpower and employment. The main objectives are to collect, compile and analyse data relating to manpower and employment in Delhi, to prepare annual plans/ Five Year Plans, manpower profile, status report on creation of new posts, career guidance booklet on technical training facilities available in Delhi and also to conduct studies relating to manpower and employment. The vision of this Office is to provide detailed information relating to manpower and employment to the planner/ policy makers/ research scholars through its various documents/ publications, because manpower is the basic input for socio-economic development activities.

The Department is headed by a Principal Secretary, assisted by an Additional Secretary, Joint Director and Deputy Director. There are 2 Assistant Directors, 2 Statistical Officers and 2 Research Officers. The officers are supported by statistical assistants, investigators and supporting staff. In 2004, the number of sanctioned posts was 26 – however, only 18 are working in the Department at present.<sup>2</sup>

### **Functioning and Finances**

The decision-making process envisaged is not in vogue in this Department since it is not a public dealing office. The Statistical Officer is responsible for administration, preparation of Plan document on manpower and employment, booklet on technical training facilities in Delhi, status report on creation of new posts in Delhi Government, whereas the other Statistical Officer prepares the manpower profile. The Research Officer is responsible for supervision of field survey, preparation of draft report and Statistical Officer and Investigator carry out the field survey, collection, compilation and analysis of data.

Preparation of draft document is made at the level of research officer/ statistical officers and the report is finalised by the Deputy Director/ Joint Director. Approval on the final report is obtained from additional Secretary/ Principal Secretary. Thereafter, the documents are forwarded to concerned departments/ agencies.

The budget estimate for 2005-06 under non-Plan is Rs 46 lac and under Plan is Rs 11 lac. The expenditure of the Department for 2004-05 was Rs 32.4 lac under non-Plan and Rs 7 lac under Plan budget. Approved outlay and expenditure are given in Table 5.

***Table 5: Outlay and Expenditure of the Department (Rs in lac)***

Year	Approved Outlay (BE)	Revised Outlay	Expenditure Up to February that year	% w.r.t BE
2002-03	15	7	5.38	36



2003-04	10	8	7.88	79
2004-05	10	8	5.72	57.2
2005-06	11		3.75 (August 2005)	34

Source: Government of NCT Delhi. Data abstracted from the Annual Plans: Plan Outlay and Expenditure for the years of 2002-03, 2003-04, 2004-05, 2005-06. Department of Planning

### Problems and Suggestions

The Department's only function is to create annual reports on the employment situation in government departments and autonomous bodies. It does publish other reports on manpower profile and employment scenario. However, the pertinent question is whether there is a need for a separate department for these functions. The fact is that most of the information is already available and the Department just compiles them. The report on number of employees can be given to the Principal Accounts Office that deals in salaries, pensions and other financial

Reports on manpower and employment situation in Delhi can be done by the Employment Department as well. Officials of the same department or officials from other departments in diverted capacities can work on the compilation.

-- With inputs from Deepti Rao, Chandni and Raja Sirohi

### Notes

<sup>1</sup> Government of NCT Delhi. 2004. *Census of Employees of Government of Delhi & Autonomous Bodies*. Directorate of Economics & Statistics

<sup>2</sup> Government of NCT Delhi. 2004. *Census of Employees of Government of Delhi & Autonomous Bodies*. Directorate of Economics & Statistics

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Directorate of Economics & Statistics

Website of Directorate of Employment

## Change in Shop Timings: Impact and Success

The Delhi Government supervises and monitors shops and commercial establishments under the Delhi Shops and Establishment Act, 1954. The Act is enforced through Chief Inspectors of Shops, who are posted in nine districts of Delhi. These inspectors function directly under the control of district Deputy/ Assistant Labour Commissioner. Section 15 of the Act deals with shop opening and closing times. From time to time, amendments were made in the Act. At times, special orders were passed by the Government to close shops by a certain time on grounds of security. Some of the general provisions of the Act are regarding the opening and closing of shops are as follows:

- **§ Opening and closing hours of shops and commercial establishment**

Section 15 of the Act states that no shop or commercial establishment can be opened earlier than such hour or closed later than the hour fixed by the government. The Delhi Government can hold an inquiry to ensure implementation of timings. It is also empowered to fix separate opening and closing hours for different classes of shops and establishments for different areas and for different times of the year. Table 1 shows the shop timings as practised before the amendments.

***Table 1: Opening and Closing Hours of Shops and Establishments***

<i>Nature of establishment</i>	<i>Opening hours</i>	<i>Closing hours</i>
Shops (during summers)	9:30 AM	7:30 PM
Shops (during winters)	9:00 AM	7:00PM
Commercial establishments	8:00AM	6:00PM

- **Closed day of the shops and commercial establishments**

Section 16 of the Act provides for closing of shops and establishments. It states that all the shops and establishment shall remain closed one specified day in a week, and three national holidays. The

Delhi Government by notification can specify different closed days for different classes of shops and commercial establishments, or for different areas. A shop or commercial establishment may open on a closed day, provided a notice to this effect is given to the Chief Inspector of Shops at least 24 hours before such a closed day.

### **Amendment to the Delhi Shops and Establishments Act, 1954**

Long overdue amendments to Sections 15 and 16 of the Act were brought about in September 2004 by the Lieutenant Governor of Delhi. The amended provisions are:

- Unless otherwise previously exempted, shops shall not remain open beyond 11 pm.
- Overtime wages shall be paid to eligible employees at double the normal rate as provided in Section 8 (48 hrs a week and 9 hrs a day) of the Act.
- Work in shifts, if any, shall be in such a way that neither is any employee is forced to work on a night shift, nor is there overlapping of shifts.
- If a shop remains open on all seven days of the week, weekly off to employees shall be given in rotation.
- Employees working on a national holiday shall be given a compensatory holiday in addition to overtime wages, in lieu thereof.
- Employers and market associations will be responsible for compliance with conditions on which the exemption is granted. In case of violations detected during inspections, the Government would take action against the employer as prescribed in the Act.

It is interesting to see the emphasis only on the closing time of shops; opening time remains the discretion of shopkeepers. The South District Inspector felt that shops can be chalaaned for opening later than the stipulated time in the morning, i.e., between 9 and 9:30 am. However, the Central District Inspector and the Chief Inspector of Shops said that no penalty could be imposed on shop owners for opening their shops later than the stipulated time in the mornings. But if a shop opens before 9 am, it can be chalaaned!

The extension of 11 pm is completely optional. Shop-owners cannot be forced to keep their shops open till then, and no employee can be made to work till 11 pm against his will. The timings depend solely on the needs and wishes of the owners as long as they are within the stipulated time mentioned in the Act, i.e., 9-9:30 am-11pm.

### **Licenses from MCD**

The Municipal Corporation of Delhi (MCD) gives trade licences as per Section 417 of the Delhi Municipal Corporation Act, 1957 for opening shops where these licences also mention the permissible working hours. In case of an ad hoc licence issued in a non-conforming zone, the shop is supposed to close by 6 pm. Shops with commercial license are supposed to close by 7 pm. On enquiring with the MCD Licence Department whether timings on the licences have been changed, officials of the Department were clueless about the changed timings, and said that as long as officers could be bribed, timings would remain flexible.

### **Reasons for Amending the Act and Impact**

- One of the primary reasons for the amendment of the Act was to end Inspector Raj. Laws forbid the shops to operate beyond a stipulated time of 7:30 pm. However, a large majority of shops used to find it profitable to stay open longer. Thus, the only way feasible was to either get legal exemption, which was the privilege of only big shops, or bribing inspectors.

Officials of the Labour Department and other government officials emphasised the fact that Inspector Raj has been wiped out, as inspectors could no longer ask for bribes or be tempted to take them on the persistence of shopkeepers. As shopkeepers have the discretion of keeping their shops open longer, inspections are not carried out now. Various shop-owners and market associations echo the same sentiment. The same shop-owners who used to pay Rs 1,000 as *hafta* are not harassed by any inspectors today.

- The need was felt to increase the hours when shops would be open because work hours of the general public have also increased. Ex-

tension of shop timings was meant to allow people to do shopping. However, in reality, most shops in Delhi close by 8:30-9 pm. Hence, the workforce has not really benefited.

- This change was also expected to increase business for shop-owners, since extension in time could mean more customers and more sales. However, due to lack of substantial change in timings, there is no significant change in monetary gains. Since there was an expected increase in sales, increase in sales tax was also expected. Due to an insignificant increase in revenue, there is no impact on collection of sales tax.
- Competition was another major concern that needed to be addressed.<sup>1</sup> The changes necessitated by growing competition and the pressure of losing business to Noida and Gurgaon malls. New Delhi Trader's Association (NDTA) President Manoj Agarwal had said, "The already functional malls are making merry at our cost, especially on public holidays and Sundays. A change is needed so that at least there will be a level playing field." Managers of malls in Gurgaon do not share the same experience and suggest that there has been no change in the number of consumers.
- The amendment was passed keeping in mind the need to reduce congestion, caused by heavy customer inflow restricted to only a few hours in the evening, in turn leading to parking problems
- Another predicted benefit was that cases of sexual harassment might reduce since with markets remaining open till late, there would be better safety arrangements on the streets and they will be less deserted at night. However, there has been no positive impact on safety of women.

In the earlier system, Inspectors would inspect the licensed shops and commercial establishments to ensure adherence to the closing time. However, in the new system, inspections are redundant, and so should have been the services of inspectors as well. But the number of inspectors has been reduced only from 75 to 25, as the Department claims that there are other functions of registering, filling and redressing complaints received by the Department.

The Delhi Shops and Establishments Act, 1954 regulates hours of work, payment of wages, leave, holidays, terms of service and other conditions of persons employed in shops, commercial establishments, establishments for public entertainment or amusement, and other matters connected therewith.<sup>2</sup> These inspectors are responsible for ensuring the smooth implementation of as many as 28 Acts such as the Minimum Wages Act, Industrial Disputes Act, Equal Remuneration Act, et al. However, according to the chief Inspector of Shops, inspections to ensure the implementation of even these Acts have been completely stopped. The functioning of these 25 inspectors in the light of this information becomes questionable.

The next step in evaluating the role of inspectors was to analyse the redressal mechanism of the Department. Delhi has been divided into 9 districts, and complaints can be filed with the respective district inspectors. Most of the complaints deal with unfair termination or dismissal and non-payment of wages. The number of complaints varies with each district.

There is no set format or form for filing complaints. A letter of complaint can be submitted to the District Inspector either by the employee himself or any official of a registered trade union authorised in writing to act on his behalf, or any legal practitioner, provided that such applications should be presented within one year of the date of termination or claim for wages, unless the applicant satisfies the authority that he had sufficient cause for delay. Inspectors register the complaint and the hearing is conducted giving the concerned parties opportunity to reconcile. If the dispute sustains, then it is forwarded to Conciliation Officers appointed as per Section 4 of Industrial Disputes Act, 1947. The employee with a complaint can also directly approach labour courts. It takes approximately one month for the complaint to reach labour courts in case of failure in conciliation. On reaching labour courts, it can take years on end. Thus, the insignificance of inspectors in complaint redressal is quite self-evident.

### **Problems Envisaged**

- One of the major reasons against the amendment of the Act was

the probable increase in the violation of labour laws. Since the inspections would either be reduced or stopped, there would be no way to keep check on corruption and employee harassment. The shops might choose to stay open till 11 pm - however, employers may exploit their staff by not increasing employees and overworking the current staff without paying overtime or implementing the shift system.

- Most employees are unaware of their rights and the complaint procedure against any kind of exploitation. There are various instances where employees, mostly in small commercial establishments, work as many as 11 hours. However, officials of the Department are not ready to accept this fact, and feel that it is the responsibility of the trade unions to sensitise the working class. Most interestingly, there has been no increase in the type or number of complaints received since changes in shop timings. Working hours of women and young persons have not been changed.
- Another reservation about this amendment was that law and order could further deteriorate. Crime against women could increase. However shops do not remain open later than 8:30 pm mostly therefore the security situation is as before. However, steps have been taken to monitor shopping areas. For example 28 closed circuit television cameras have been installed in the Karol Bagh Market area.
- New Delhi Trade Association President, Mr Manoj Agarwal felt that small traders would have to choose between bribery and competition. According to some other Market Associations, there was no marked change in shop timings due to already overworked shop-owners, family obligations and lack of customers.
- Opening markets till late at night could put a strain on the already limited infrastructure available in the city such as power, water supply and parking. There could be a tug-of-war between adjoining residential colonies and commercial establishments, and the probability is that residents would suffer. Parking is likely to become less tiresome since customers will spread over a greater time period.

This, theoretically, should give an incentive to shopkeepers to take advantage of the change in timings. Various shop-owners, government officials and market associations felt that there has been no negative impact on power and water supply. Most markets feel that parking is already an existing problem and parking problems are in fact a deterrent for shopkeepers to keep their shops open longer. Some people felt that customers stay away due to unavailability of public transport and inadequate lighting, which seems unlikely.

### **Exemptions to the Amendment**

Shops and establishments can be exempted from various sections of the Act provided they have a valid reason for such exemption. There is supposed to be a special form that has to be filled in order to get exemption. However, the Central District Inspector said there was no special form available.

Shops mainly apply for exemption from Sections 15 and 16 of the Act. They can apply for exemption from the second provision of Section 8 dealing with requirement of 3-day advance intimation with respect to overtime. Shops can also apply for exemption from section 14 dealing with restriction of timings for women and young persons. It is interesting to note that according to the Chief Inspector of Shops, the exemption procedure takes about 3-6 months, however as per the Central Inspector, it does not take more than one month.

In actual fact, there is no fixed method of granting exemptions. The Chief Inspector can ask the respective District Inspectors to check on the shops and whether they will be able to follow various conditions such as security of employees if working overtime, shift system, weekly day off allowed in rotation and other specifications. If the chief inspector feels that there is a genuine need and capability exists to carry out the conditions, he grants the exemptions after giving an undertaking. Quarterly checks are carried out to ensure that labour laws are not being violated.



### **A Case Study on Automated Teller Machines (ATMs)**

During this analysis, a unique case came up with regard to ATM machines of various banks in the context of both labour laws and closure rules of commercial establishments. According to senior government officials, there are no exceptions, i.e., generalised exemptions to the amendment. Contradictory answers were given when asked about ATMs specifically.

According to Central District Inspector S C Yadav, individual exemptions need to be taken by all banks with an ATM facility to make sure that specific conditions are followed. However, according to Chief Inspector of Shops, N R Ahluwalia, a generalised exemption is provided. The list of exemptions states that all banking establishments under the control of banks in Delhi, covered by the Second Schedule of the Reserve Bank of India Act, 1934 are exempted from Sections 15 and 16 of this Act. According to the RBI, most banks are covered in this schedule and a list of non-schedule banks is not available.

### **Conclusion**

The actual scenario is that shops have not really accepted this extension of timings and continue to operate almost as before, except extending their working for a few hours. There are two main reasons for this: social and family obligation of shop-owners, and habit patterns. Inspections have been completely stopped, leading to the end of Inspector Raj. Employees need to be educated about the complaint system and employee rights. The procedure for filing a complaint against overtime issues of employees should be formalised. Affected persons should be made aware of the process so that more and more cases of exploitation come to light.

Also, Provision 2 of Section 8 of the Act dealing with 3-day prior intimation for overtime work should be done away with, as no one implements or follows this unwieldy rule anyway. Late evening shopping culture will catch on in Delhi sooner or later. On the whole, the amendment has been a success due to the end of Inspector Raj and

reduction of one more redundant rule to follow.

—Prepared by Shreya Agarwal

### Notes

- <sup>1</sup> *The Times of India*. 2005. *The Countdown Begins: Delhi to Shed its Cinderella Bag*. Available at <http://timesofindia.indiatimes.com/articleshow/840343.cms>. Accessed on 12 September 2005
- <sup>2</sup> *The Times of India*. 2003. *High Time for all Night-shops*. Available at <http://timesofindia.indiatimes.com/articleshow/208828.cms>. Accessed on 12 September 2005

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## *Raising Revenues*

- Municipal Taxes
- State Taxes
- Registration of Documents



## Municipal Taxes

Empowerment of local authorities and citizens is the primary objective of decentralisation. One of the ways to achieve that is fiscal decentralisation, as there is a close link between fiscal determinants and empowerment of both citizens and local governments. Therefore, an evaluation of the revenue system prevailing in Delhi would be a crucial component in assessing the extent of local governance and performance over the years. In this chapter, we cover the revenues generated by two nodal local authorities in Delhi, namely, Municipal Corporation of Delhi and New Delhi Municipal Council.

### Municipal Corporation of Delhi

Municipal Corporation of Delhi (MCD) administers more than 95 percent of the city, catering to approximately 13.78 million people. It constitutes of rural and urban villages, resettlement colonies, regularised, unauthorised colonies, JJ squatter settlement, slums and private katras. The Constitution of MCD is governed and regulated by the provisions mentioned in the Delhi Municipal Corporation Act (DMC) 1957. The Corporation levies taxes in its own jurisdiction. The Corporation can levy the following taxes:<sup>1</sup>

- Property taxes
- Tax on vehicles and animals
- Theatre tax
- Tax on advertisements other than the advertisements published in newspapers
- Duty on the transfer of property
- A tax on buildings payable along with the application for the sanction of the building plan

The organisational structure of the Department is quite complex. The Commissioner heads the MCD, assisted by Additional Commissioners

and Deputy Commissioners. The Deputy Assessor and Collector who are responsible for tax collection directly reports to the Joint Commissioner. They are assisted by Deputy Assistant Assessor and Collector.

**Taxes levied by MCD**

***Property Tax***

Property tax is a source of MCD revenue earnings. The Corporation levies property tax on all land and buildings under its jurisdiction in order to meet its civic obligations.<sup>2</sup> Section 114 of the DMC Act enumerates that property tax in Delhi would constitute a general tax between 10-30 percent of the rateable value of lands and buildings within the urban areas and on all land and buildings within the rural areas at rates determined by the Corporation. Higher levels of tax rates are applicable on buildings that run any kind of trade or business.

Earlier, properties were taxed on the basis of annual rent at which land and buildings could reasonably be expected to be let out on a yearly basis. This system was questionable on various grounds, primarily on inequity. It created wide disparity in property tax of properties in the same locality, subjectivity in assessments and excessive litigation. In order to overcome these problems, the system of Unit Area Method<sup>3</sup> of property tax was implemented from April 2004.

The MCD area is classified into seven categories<sup>4</sup> of colonies/ areas/ localities from 'A' to 'H.' This categorisation is based on parameters like settlement pattern, access to infrastructure, land prices and purpose for which the land/ building is being used. The concept of self-assessment is inherent in the new system. Unit areas of different categories are given in Annexure 1. In cases where different portions are put to different uses, annual value will be calculated for each portion separately. In the tax calculated, rebates or concessions are deducted from the total value.

Annual value = Covered area of property\* Unit area given by MCD\*  
 Multiplicative factors (age factor, occupancy factor and use factor)  
 Tax = (Annual value \* rate of tax) - Rebates/ Concessions applicable

Rates of tax for residential properties are 10% for categories A to E and 6% for categories F to H, whereas non-residential properties are

charged at ten percent. The tax can be paid either in lump sum amount during April-June of any financial year or in four quarters over the year in any of the Citizen Service Bureaus (CSB) established in each zonal office of MCD. In the new system, a form has to be filled and submitted, along with the cheque of the amount calculated, in the collection department. A receipt is given. The process of receiving the forms and payment is contracted out to a private company. The company deputes its own staff for the purpose, but MCD also deploys two employees for supervising smooth functioning and helping people in the documentation process. However, innumerable problems that people face during the process are indicative of the fact that the assistance provided is not satisfactory.

The Act provides for punitive measures for people who wilfully default on payment or try to evade tax. However, the extent to which tax evasion is evaded in the case of Unit Area Method is still to be studied. One of the main features of the new method is that it shifts the onus of property tax from the Corporation to citizens. The revision of rates will be done every three years on the recommendation of the Valuation Committee. The system is simple and transparent, removes the need for architect certification, increases the exemption limit of covered area and introduces better payment facilities.

### ***Theatre Tax***

MCD imposes an entertainment tax on theatre, drama, concerts, circuses, variety entertainment, fetes and other types of entertainment.<sup>5</sup> The rates of tax range from Rs 7-10 per show. However, MCD feels that the tax is outdated, and new revised tax rates should be imposed. But the increase in tax rates is correlated to policies of the ruling government. Annexure 2 gives the amount that is levied by MCD under theatre tax. Tax is collected indirectly in the form of ticket prices. The price that people pay for the ticket has an implicit tax component, which is later calculated and submitted to the theatre tax department at Kashmere Gate.

### ***Tax on Advertisements other than Published in the Newspapers***

MCD levies a tax on advertisements other than those published in newspapers. These advertisements are on hoardings, land, buildings,



frame posts, and structures. Some others on the list are non-illuminated advertisements carried by animals, human beings and vehicles, those that are exhibited on cinema screens or those that are suspended across streets. Exemption from this tax is given only to those businesses or persons who put advertisements on buildings where the business is being done. Rates of tax on these advertisements are fixed by the MCD as shown in Annexure 3.

The procedure of putting advertisements on hoardings and paying a tax on it is quite simple. According to the Commercial Officer, all the advertisers register themselves with the Department. The Department maintains a list of all the registered advertisers. This registration gives advertisers the right to participate in the tender and bidding system of the Department. Whenever a place has to be given for advertising, registered advertisers are called for tenders and bids are made. The successful tender gets the contract. All those who advertise are supposed to pay a tax on this advertisement. The process for payment is to go to the Department office at Kashmere Gate, submit the tax and take the receipt. Income generated by the Department is next only to that collected by the property tax department. Total income generated in the year 2003-04 was Rs 12 crore, and Rs 509 lac was earned till July 2005.<sup>6</sup> The comparative statement of income from various other departments is given in Table 1.

**Table 1: Comparative Incomes from Departments & Companies (Rs in lac)**

<i>Year</i>	<i>DTC</i>	<i>DND Flyway</i>	<i>Northern Railways</i>	<i>Luminelle solar Technologies Limited</i>
2000-01	784	–	–	–
2001-02	596	–	–	–
2002-03	527	–	–	–
2003-04	634	–	–	0.55
2004-05	650	19	30	2
2005-06	300	5 (till April)	–	3

*Source: Commercial Officer. Municipal Corporation of Delhi. Advertisement Department.*

### ***Duty on Transfer of Property***

This tax is applicable with respect to all property situated within or outside Delhi.<sup>7</sup> The said duty is levied in the form of surcharge on duty imposed by the Indian Stamp Act 1899 on every instrument of the

description specified, and the rate as determined by the Corporation, not exceeding 5%. The property tax department collects this tax.

### ***Tax on Buildings Payable along with the Application for Sanction of the Building Plans***

The Corporation can levy a tax on buildings, payable along with the application for the sanction of building plans.<sup>8</sup> Annexure 4 details the rates of tax as determined by the Corporation. Tax rates remain the same for any further additions and alterations. In the case of areas more than 100 square yards but not exceeding 250 square yards, no tax is levied if the estimated cost of a proposed structure is below Rs 500. This is also estimated and submitted at the property tax department.

### ***Tax on vehicles and Animals***

MCD levies a tax on vehicles and animals. The Motor Vehicles Tax is collected at the time of purchase. According to the CAG Report 2004, the percentage expenditure to gross collection is much higher in Delhi than the all-India percentage of cost of collection. In Delhi, it averages 6 percent, whereas the all-India figure is around 3 percent. Tax on animals, also known as pet tax, is collected by MCD. Annexure 5 describes the tax imposed by the Corporation. It is meant for any animal drawing a vehicle; this implies that the person who owns the vehicle will pay the tax rather than the person who owns the animal.

### ***Supplementary Taxes***

The Corporation has been given constitutional freedom to levy some other supplementary taxes.<sup>9</sup> These are education cess, a local rate on land revenue, professional tax, tax on consumption of electricity, betterment tax, toll on boats and toll tax. Some of the taxes that are actually levied by the Corporation are discussed below.

### ***Tax on Consumption of Electricity***

The Corporation levies tax on consumption of electricity. Annexure 6 gives the rates of taxes levied by the Corporation. Five percent tax is charged on the total electricity consumed by a household or commercial establishment. Distribution companies include this tax component in the electricity bill, thus collecting the tax on behalf of the Corporation,

and retain three percent as collection charges. The amount collected is submitted to the electrical branch of the Engineering Department of MCD.

***Toll Tax***

In January 2000, MCD started levying toll tax on all commercial vehicles entering Delhi. Vehicles are charged per entry, as per rates prescribed by the Corporation as listed in Annexure 7. Vehicles like ambulances, fire-fighting vehicles, police vehicles and government vehicles having red and amber lights, defence vehicles and hearses are exempted from toll tax. Toll tax was started with an initial estimation of Rs 100 crore per year, but collections decreased over time, and the system was fraught with inherent defects. Income decreased from Rs 57 crore in 2000-01 to Rs 54 crore in 2002-03.<sup>10</sup>

Toll plazas at various junctures like Badarpur and GT Road Shahdara, and the borders of KGT, Tikri, Mandoli, Kalindi Kunj and Kapashera have been constructed by MCD to smoothen the flow of traffic and restrain the entry of non-Delhi destined goods and commercial vehicles. MCD has awarded the work to M/s Banas Sands, which is implementing the modernisation of existing toll collection stations.

***Budgets and Finances***

The actual income and expenditure of MCD in Table 2 gives the finances of the municipal body.

***Table 2: Actual Income and Expenditure of MCD (Rs in lac)***

<i>Year</i>	<i>Income</i>	<i>Expenditure</i>
2001-02	1,57,065.54	1,57,064.58
2002-03	1,65,949.75	1,62,407.12
2003-04	1,68,284.26	1,67,772.59

*Source: Municipal Corporation of Delhi. 2003, 2004. Non-Plan Income & Expenditure Budget, Revised Budget Estimates 2003-04 and Budget Estimates 2004-05*

The Corporation has been spending less than its income generated; this is due to the fact that till 2004 the Corporation was using single entry system, which does not show the liabilities and loans taken by MCD and spent. From 2005, MCD has started the double entry system for its accounting. The income generated by MCD in the form of taxes for

the past financial years are enumerated in Table 3.

**Table 3: Municipal Taxes and Internal Revenues (Rs in lac)**

<i>Taxes</i>	<i>Actual Income 2002-03</i>	<i>Budget Estimate 2003-04</i>	<i>Actual Income 2003-04</i>	<i>Budget Estimate 2004-05</i>	<i>Budget Estimate 2005-06</i>
General tax from rural and urban areas	70,415	1,29,050	76,894	1,24,560	1,37,076
Tax on vehicles and animals	57	92	77	112	100
Milch and dog tax	6	12	11	12	13
Theatre tax	9	70	13	20	15
Tax on advertisements	1,038	1,670	1159	1,670	3,000
Duty on transfer of property	11,298	11,150	14,337	12,000	20,000
Tax on building application	39	90	288	90	300
Tax on consumption of electricity	7,592	10,000	8,444	10,000	12,000
Profession tax				12,000	5,000
Betterment tax				7,000	
Toll tax	5,398	7,500	6,803	10,000	7,900
Total	95,852	1,59,634	1,08,026	1,77,464	1,85,404

*Source: Municipal Corporation of Delhi. 2003, 2004, 2005. Data abstracted from Revised Budget Estimates and Budget Estimates for the years of 2003-04, 2004-05, 2005-06.*

The amount of tax collected shows a fluctuating trend over the years. According to MCD officials, the Corporation spends a minuscule amount of the total revenue generated on its collection. Expenditure on collection of tax is detailed in Table 4.

**Table 4: Cost of Collection of Taxes (Rs in lac)**

<i>Taxes</i>	<i>Expenditure 2002-03</i>	<i>Expenditure 2003-04</i>
Property tax	1,497	1,847
Tax on vehicles and animals	14	14
Theatre tax	1	1
Advertisement tax	7	35
Tax on consumption of electricity	228	247
Miscellaneous	20	0
Total	1,767	2,144

*Source: Municipal Corporation of Delhi. 2003, 2004, 2005. Data abstracted from Revised Budget Estimates and Budget Estimates for the years of 2003-04, 2004-05, 2005-06.*

### **Taxing People: Problems and Predicaments**

Collecting taxes is a mammoth responsibility by any standard. Even though the organisation is spending significant amounts of resources to make the system effective, efficient and transparent, there are still a few problems that need to be reformed.

- Under the new system of Unit Area Method, the main problem is that it is unable to cover all the properties in Delhi. There are around 25 lac properties<sup>11</sup> in Delhi, out of which only four lac are under property tax. The system was inspired by the good results shown by the same system in Gujarat. However, the success of the system is still to be analysed.
- There is a lack of centralised information. There is no central office that disburses information regarding taxes collected, details of the departments that collect them and the officials concerned. Even Town Hall, that holds the headquarters of MCD, does not provide relevant information. There are various offices that stretch around the city, causing significant problems in the absence of a central information system.
- The new property tax form that is introduced by the Corporation is very complex, and involves lengthy calculations. Most people find it very difficult to complete. There is also under valuation of property by taxpayers for paying less tax. As the process is just a year old, there are reports of losses made by the Corporation on account of property tax. Concerned officials blame it on either the new-fangled system or on taxpayers who undervalue their properties. However, the problem is the absence of a system that has a provision for scrutinising a sample size to govern the system better. The Act does provide for a tribunal that would scrutinise a few cases to eliminate under valuation; however, the Corporation has not set up the tribunal yet. Officials say that once such cases are caught, the department could collect arrears, but that will only increase the cost of compliance and lead to loss of revenue.
- There is a lack of coordination between MCD employees and the private company contracted for collecting property taxes. This creates confusion and causes innumerable problems in payment of taxes. The demand for rounding off the cheque amount during payment exacerbates the problem. The form does not mention that the cheque should be in round figures, due to which people come with cheques that have amounts including paise. Private employees at the payment counter refuse to accept the cheques and MCD officials do not take any initiatives to help the customers, as it is not

their jurisdiction. In such a case the taxpayer has no option but to return with a new cheque.

- The other problem lies with the revenue generated by the advertisement tax department. The problem in this department is more to do with the Act than with the process, The Act only recognises those advertisers who are registered with the department, and as the registration is optional, most of the hoardings in the city are unauthorised and illegal. The only authorised hoardings are those that are seen on bus shelters, DND flyways and advertisements beside railway lines whose tender is given by the railway authorities.

One can only imagine the loss of revenue in such a case. Officials do claim that there are inspections, but one can see innumerable unauthorised hoardings all around the city. There are other operational difficulties like lack of supervision and inter-departmental problems.

- Porous borders, fake passes, forcible entry by muscle power, absence of proper penalty for defaulters, non-cooperation of the police force are some of the main reasons for decline in the tax collection or income generated by the MCD through toll tax.

### **Recommendations**

A centralised information system should be introduced to cover information about various kinds of taxes, their procedures and the concerned departments. A Municipal Taxation Tribunal should be established to scrutinise cases of tax evasion in property tax. There is a need for better coordination between MCD officials and the private company employees in providing better and more efficient service to people while paying their property tax. The property tax form should be simplified and should facilitate the process of self-assessment. An incentive-based approach can be introduced, and functions provided by the private company can be performed by MCD employees themselves.

There is a need to rationalise taxes. The motive should not be to tax everything but to tax enough to raise revenues. Theatre tax should be clubbed with entertainment tax. There is a need to remove duplication of taxes and collect one comprehensive tax rather than various kinds of taxes. With regard to advertisement tax user fees and service

charges should be introduced. In most countries of the world, tax revenues are generated merely through income tax and property tax and various other kinds of user charges, rather than various kinds of taxes.

### New Delhi Municipal Council

The New Delhi Municipal Council (NDMC) was constituted under the New Delhi Municipal Council Act, 1994. It covers around 2.88% of the total area in Delhi. NDMC is a mini-government that provides basic civic amenities to residents in its jurisdiction. It is responsible for water, electricity and social facilities, promoting sports and culture as well as ensuring social, cultural, educational and medical facilities. The Council constitutes of a Chairman, Secretary, Financial Advisor as well as a Chief Auditor. There are Chief Engineers for project & building maintenance, road maintenance and electricity. There are Directors who head departments like finance, estates, enforcement, vigilance and taxes. Other officers include medical officers and superintendents. At present 18,525 employees are working in NDMC, out of which 18,039 are regular employees.

#### Functions and Responsibilities

Revenue generation is the responsibility of the NDMC's Finance Department. Major sources of revenue and expenditure of the council during 2004-05 are shown in Table 5.

**Table 5: Sources of Revenue and Expenditure**

<i>Sources of Revenue</i>	<i>Percentage of Total Revenue</i>
Sale of Electricity	54%
License fee from Properties	8%
Property Taxes	13%
Government Assistance	3%
Interest on Investments	18%
Other Revenue	4%
<i>Areas of Expenditure</i>	<i>Percentage of Total Revenue</i>
Purchase of Electricity & Water	54%
Education & Social Services	12%
Roads, Public Works & Projects	11%
Administration	06%
Sanitation & Health	12%
Deposit Works	01%
Debt Service	04%

Source: Website of New Delhi Municipal Corporation.

## Taxes Levied By NDMC

NDMC also levies the same taxes in its geographical jurisdiction as levied by MCD. They are discussed below.

### *Property Tax and other Related Taxes*

Revenue is realised in the shape of property tax and service charges from about 35,000 private and government properties situated within the NDMC area. Revenue is also realised from a few hotels falling in the jurisdiction of NDMC. Property tax is a percentage of the rateable value of land and buildings.

$$\text{Property Tax} = \text{Rate of Tax} * \text{Rateable value of land and building}$$

Property is divided into residential, non-residential and special categories. Tax rates have changed over the years depending on the categories into which they fall. Rates of various taxes are given in Annexure 8. Property tax should be paid within 15 days of receipt of the property tax bill. If tax is not paid, notice of demand is issued under Section 100 of the Act. If tax is not paid within 30 days of the issue of notice, the tax is recoverable with a penalty up to 20% by attachment of rent, bank accounts and attachment and sale of movable and immovable properties.

The procedure of assessment and collection of property tax in the NDMC area is different from MCD. Here inspectors assess the property on the basis of the market value or rent plus the cost of construction. In case of rented houses, assessment of the house is done on the basis of annual rent paid by the tenant. The assessment and tax collection is quite labour-intensive. Bills are sent to taxpayers after the assessment, and they have to pay at the property tax office at Palika Kendra.

The Council has not adopted the Unit Area Method of property tax as done by the MCD, citing various reasons. One of the reasons is the lack of buoyancy in generating taxes. According to officials, there will not be much increase in buildings in the area, due to which the tax will not increase. Covered area is the basis of unit area method and not the actual rent or comparable rent as revised in course of time by the NDMC. This is also one of the reasons that make the authorities apprehensive about the method.

The tax on buildings payable along with the application payable for the sanction of building plans is also levied on the same rates as



MCD. The duty on transfer of property also comes under the jurisdiction of property tax. Duty is collected primarily during the registration of sale or purchase of property. 8% tax is supposed to be paid as stamp duty on the total value of the property, where five percent is on the sale or purchase of the property and three percent is the municipal tax on transfer of property. In such a case, either the owner of the property notifies the authorities regarding sale and purchase during the process of mutation and the NDMC requests the Collector of Stamp Duty to pay the municipal share, or the purchaser directly pays the three percent municipal tax at the NDMC and pays five percent while registration.

***Theatre Tax and Advertisement Tax***

The tax rates on theatre, advertisement and duty on transfer of property remain the same in NDMC as MCD. However, not much emphasis is given to this instrument.

***Service Charge on Government Buildings***

The service charge on government buildings is a unique fee levied by the Council in its jurisdiction. The geographical area of the Council constitutes various government offices and residential colonies that form around 80% of the area. As one government agency cannot levy a tax on another government agency, the Council administers a service charge on these Central Public Works Department (CPWD) buildings and generates revenues. Revenue generated from these taxes in various years is enumerated in Table 6.

***Table 6: Actual Receipts and Budget Estimates for NDMC  
(Rs in lac)***

<i>Taxes</i>	<i>Actual Receipts 1999-00</i>	<i>Actual Receipts 2000-01</i>	<i>Actual Receipts 2001-02</i>	<i>Actual Receipts 2002-03</i>	<i>Actual Receipts 2003-04</i>	<i>Budget Estimate 2005-06</i>
Tax, Duties & Other						
principal revenue	7,991	10,283	12,395	15,217	14,592	15,051
House Tax	7,072	8,946	11,026	13,281	12,789	12,700
Assigned Share of Taxes	202	336	428	628	639	1252
Advertisement Tax	9	3	5	4	8	7
Theatre & Show Tax	1	1	1	0.36	1	0.5
Duty on Transfer of property	434	710	610	558	795	900
Other Taxes	0.51	0.47	2	2	2	5

*Source: New Delhi Municipal Council. Data abstracted from Budget Reports for the years of 1999-00, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06.*

## Suggestions

There is a need to rationalised tax system and the rates in NDMC. Tax rationalisation would help the authorities in raising revenue. People would not be burdened by too many taxes, and the authorities would not have to incur huge compliance cost and cost of collection. It is important to impose tax in a way that more revenue is generated by fewer instruments. It can be done by either enlarging the base or levying user charges. These options are much better alternatives than levying too many taxes.

—Prepared by Susmita Pratibast

## Notes

- <sup>1</sup> Delhi Municipal Corporation Act, 1957. New Delhi: Verma Publications.
- <sup>2</sup> Delhi Municipal Corporation Act, 1957. New Delhi: Verma Publications.
- <sup>3</sup> Delhi Municipal Corporation (Amendment) Act, 2003. New Delhi: Verma Publications.
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- <sup>6</sup> Commercial Officer. Municipal Corporation of Delhi. Advertisement Department.
- <sup>7</sup> Indian Stamp Act, 1899.
- <sup>8</sup> Delhi Municipal Corporation Act, 1957. New Delhi: Verma Publications
- <sup>9</sup> Delhi Municipal Corporation Act, 1957. New Delhi: Verma Publications
- <sup>10</sup> Municipal Corporation of Delhi. 2005. *Civic guide 2005*.
- <sup>11</sup> Municipal Corporation of Delhi. 2004. *Revised Budget Estimates 2003-04 & Revised Budget Estimates 2004-05*.

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**Paying MCD property dues is a taxing job**

Better services will ensure higher tax mop up, says report

**Delhi Excise policy all set for a review**

**Liquor policy: Officials worry about govt monopoly**

Post-VAT, 30% jump in city's collections

## **Delhi State Taxes**

### **Department of Excise, Entertainment & Luxury Tax**

A well-planned, well-defined and just system of revenue collection is one of the most significant prerequisites of a developed society. Excise, entertainment and luxury taxes levied by the Delhi Government have been an important instrument of revenue collection. The Excise, Entertainment and Luxury Tax Commissionerate of Delhi has two major objectives. First, it regulates the liquor trade in Delhi without promoting consumption. Second, it mobilises revenue generation under the heads that it administers. The Commissionerate consists of the Excise Department, Luxury Tax Department and Entertainment Tax Department that function independently under the same Commissionerate.

### **The Excise Department**

The Department makes safe quality of liquor intoxicants and narcotics available to consumers. The Acts that govern the Department are Punjab Excise Act, 1914, Medicinal & Toilet Preparation Act, 1955 and rules made there under. There are four government organisations in Delhi that manage the liquor trade, namely Delhi Tourism and Transport Development Corporation (DTTDC), the Delhi State Industrial Development Corporation (DSIDC), the Delhi State Civil Supply Corporation (DSCSC), and the DCCWS (expansion unknown). They control 309 shops for Indian Made Foreign Liquor (IMFL) and beer, whereas private entrepreneurs hold the remaining 84 shops. A Commissioner assisted by two Deputy Commissioners heads the Department, which has 20 other gazetted officers and a staff strength of 296.

### ***Functions and Responsibilities***

The Department's main responsibility is issuing various kinds of licenses for regulating the liquor trade in Delhi. Some of the important licences

are:

- L-1 granted to distilleries/ bottling plants for the wholesale supply of Indian Made Foreign Liquor (IMFL) and beer
- L-1A to country liquor manufacturers
- L-2 to retail liquor trade, mainly government undertakings
- L-52 for retail trade in IMFL to private entrepreneurs
- Licences for consumption of liquor on site premises like hotels and clubs
- L-9 for wholesale supply of country liquor from bottling plants
- L-10 for supply for retail through DTTDC, DSCSC, DSIDC and DCCWS. Licences are also given for holding/ hosting private parties as well as for storage for personal consumption beyond the permissible limits.

One of the other primary functions of the Department is regulation of consumption/ distribution/ issue of rectified spirit, denatured spirit, and life-saving drugs to various government hospitals, private nursing homes, and doctors. Licences have to be procured for such business.

### ***Procedures of Licenses***

#### *IMFL Branch/ Licenses of Liquor*

The IMFL branch issues L-1 licences to distilleries/ bottling plants for supply of liquor to retail outlets, licensed hotels, restaurants and clubs. Applications are invited through public notice. Once licences are granted, a pre-determined licence fee has to be deposited. Price structures are issued after the payment of brand fee and brand registration fee. Payment of brand fee is on pro-rata basis. The licensees have to maintain bonded warehouses that are supervised by the Department. L-1 licence grants an import permit that allows stocks for in bounding and permits authorising transport of specific quantities to a specified destination.

#### *Country Liquor Branch*

L-9 licences are granted to two or more tenderers to supply country liquor in Delhi. It is done through inviting tenders for supply of coun-

try liquor from distilleries. They are allotted quota (in terms of percentage) depending on their capacity and competitiveness of rates. A licence in the form CLW-1 for bonded warehouses is also granted to store country liquor. There are no private vends for the sale of country liquor. The Excise Department collects excise revenue from L-10 licensees well in advance of the supplies. L-2 licenses are granted for sale of cheaper IMFL and beer through country liquor retail vends.

#### *Import/ Transport Permit Branch*

The permit branch issues import permits for import of liquor into Delhi and transport permits for transportation of liquor from bonded warehouses to licensed consumption premises. The licensees are L-2 (Retail Vends), L-3 (Hotel-Room Service), L-4 (Restaurant), L-5 (Hotel-Bar) and L-19 (Club). On an average, 80 import permits and 1,800 transport permits are issued daily. For issue of import permits, import duty of Rs 5 per bulk litre for regular brands and Rs 1.25 per bulk litre for cheaper brands has to be paid. There are 67 L-1 licensees for a year, who are authorised to supply liquor/ beer to retailers. Separate transport permits are prepared as per the order placed by retailers with L-1 licensees.

#### ***Budgets and Revenues***

Table 1 details the budget estimates, expenditure and revenues collected over the years.

***Table 1: Budget Estimates & Actual Expenditure***

Year	Budget Estimate (Rs in lac)			Actual Expenditure (Rs in lac)	Revenues (Rs in crore)
	Plan	Non-Plan	Total		
2000-01	150	300	450	349	560
2001-02	175	303	478	387	611
2002-03	200	324	524	375	725
2003-04	70	349	419	1306	
2004-05	70	502	572		
2005-06	90	567	657		

*Source: Government of NCT Delhi. Data abstracted from the Detailed Demand for Grants for the years of 2001-02, 2002-03, 2003-04, 2004-05, 2005-06 and Website of the Excise Department*

The amount of revenue generated by the Department has been substantial. The number of licences issued is also increasing over the years, thus generating considerable amount of revenue. Table 2 gives the number of various kinds of licenses granted by the Department over the years since 1994.

<i>Year</i>	<b><i>Table 2: Number of Licenses Granted</i></b>			<i>L-4</i>
1994-95		172	43	37
1995-96	53	188	43	43
1996-97	57	184	44	48
1997-98	55	189	45	56
1998-99	55	208	45	65
1999-00	75	224	45	72
2000-01	76	235	47	96
2001-02	63	251	47	121
2002-03	68	273	51	173
2003-04	65	276	51	183
2005	67	309	44	231

*Source: Website of Excise, Entertainment & Luxury Tax Department*

### **Entertainment & Luxury Tax Department**

The Entertainment Tax Department regulates entertainment activities in Delhi as per the provisions of the Delhi Entertainment and Betting Tax Act, 1996. Entertainment means any exhibition, performance, amusement, game, sport or race, (including horse race) and cinematographic exhibitions. The liability to collect entertainment tax from the patrons and to deposit the same with the authorities lies with the proprietors/ organisers of entertainment programmes. It is mandatory to obtain permission from the Department before organising any entertainment program.

#### ***Taxed Programmes***

Permission is required for tax-paid programmes, invitee programmes, tax-free programmes, amusement parks and cable network.

#### ***Tax paid Programmes***

Where entry to an entertainment venue is through priced tickets of Rs 500 or more, the patron has to pay entertainment tax at the rate of 25% of entry charges. The organiser of the programs has to obtain prior permission from the Department by making an application in Form-5 and full house tax has to be deposited in advance.

*Invitee Programmes*

Where entry to a programme is only through invitation cards, an application has to be made by the organizers in Form-6 along with an affidavit of the organizer, a sample of the invitation card and the details of the invitees. The notary should attest all these papers and expenditure account of the program has to be furnished within 15 days of the program. Those sponsored programs have to pay a tax of 25% of the amount of sponsorship to the Department.

*Tax Exempted Programmes*

The Department also grants exemption from the payment of entertainment tax for the conduct of entertainment programmes where the objective is to promote philanthropic, charitable or religious activities. The exemptions extend to all the societies registered under the Societies Registration Act, 1860 magic shows and circus performances on prior information.

*Tax on Amusement Parks/ Video Game Parlours, Cable Television Networks and Betting*

Amusement parks, video game parlours, bowling alleys and billiards/pool joints also come within the ambit of the Entertainment Tax Department and are required to obtain permission before commencing operations. Patrons have to pay entertainment tax at 25% of admission charges for gaining entry to these entertainment venues, except video game parlours, where the rate of tax is Rs 50 per machine per week in case a token of Re 1 is used.

Cable tax is the second major source of Entertainment Tax. Proprietors of cable television networks are liable to pay entertainment tax at the rate of Rs 20 per subscriber per month. Hoteliers providing cable service in their rooms have to pay tax at the rate of Rs 50 per room per month. Form 10 has to be filled while submitting the tax amount.

***Budgets and Revenues***

Table 3 estimates the revenues and actual expenditure done over the years.



**Table 3: Revenues and Expenditure**

<i>Year</i>	<i>Budget Estimate (Rs in lac)</i>	<i>Actual Expenditure (Rs in lac)</i>	<i>Revenues (Rs in crore)</i>
2000-01	33	27	48
2001-02	35	28	50
2002-03	30	23	51
2003-04	25	25	NA
2004-05	30	–	NA
2005-06	35	–	NA

*Source: Government of NCT Delhi. Data abstracted from the Detailed Demand for Grants for the years of 2001-02, 2002-03, 2003-04, 2004-05, 2005-06 and Website of the Excise Department.*

Moderate levels of tax are envisaged for any economy. This benefits both taxpayers as well as authorities in raising tax revenues. Also, rationalisation of tax system helps in the long run by lowering the compliance cost and increasing revenue base.

### ***Luxury Tax Department***

The Delhi government has explored a hitherto untapped source of revenue, namely, the hospitality industry. Luxury Tax has been imposed since 1996 on various hotels, lodging houses and clubs. 'Luxury provided in hotel' means accommodation and other services provided in a hotel. Every hotel that comes under the purview of Delhi Tax on Luxuries Act, 1996 should get registered in the Department. Hoteliers have to file an application in Form 4 under Section 8 of the Act within 30 days from the appointed day if they are liable to pay tax under the Act.

### ***Rates of Tax***

Luxury Tax is levied on the turnover of receipts of hoteliers at the notified rate, not exceeding 15%. The Government may notify different rate(s) periodically and for different classes of hotels as described in Table 4.

**Table 4: Rates of Taxes in Different Classes of Hotels**

<i>Year</i>	<i>Type of Tariff</i>	<i>Rates %</i>
1996	Declared tariff	10
1999	Actual/ Charged Tariff	10
2000	Actual/ Charged Tariff	12.5
2001	Actual/ Charged Tariff	10
2002	Actual/ Charged Tariff	12.5
Dec 2002 - March 2003	Actual/ Charged Tariff	10
April 2003	Actual/ Charged Tariff	12.5
2004	Actual/ Charged Tariff	12.5

*Source: Website of Excise, Entertainment & Luxury Tax Department*

Revenue collected by the Luxury Tax Department is substantial, but has fluctuated over the years. It decreased from Rs 85 crore in 2000-01 to Rs 65 crore in 2002-03. The total approved plan outlay for the Department of Excise, Entertainment & Luxury Taxes for the Tenth Five Year Plan (2002-07) was Rs 430 lac, out which Rs 155 lac has already been spent. This is around 36 percent of the total allocation.

Thus, after discussing all the three departments of the Excise, Entertainment and Luxury Tax, a snapshot of budget estimates and revenue collected over past years will put the functioning of the whole Commissionerate in better perspective. This is illustrated in Table 5.

**Table 5: Revenue Collected by the Commissionerate (Rs in Crore)**

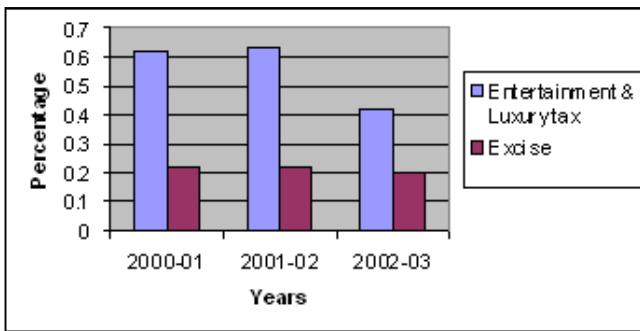
<i>Major Heads</i>	<i>Financial Years</i>	<i>Budget Estimates</i>	<i>Revised Budget Estimates</i>	<i>Actual Collection</i>
Excise	1999-2000	575	535	565.62
	2000-01	545	600	560.43
	2001-02	655	600	606.40
	2002-03	770	725	725.49
	2003-04	850	700	708.36
	2004-05	850	820	858.10
	2005-06	900		
Entertainment Tax	1999-2000	41.3	43	41.94
Cable Tax		6.00	2.50	3.59
Betting Tax		2.97	2.50	2.58
Local Tax		120	105	113
<b>Total</b>		<b>170.27</b>	<b>153</b>	<b>161.11</b>
Entertainment Tax	2000-01	45	39	39.73
Cable Tax		2.50	4	5.16
Betting Tax		2.50	3	3.02
Local Tax		125	90	85
<b>Total</b>		<b>175</b>	<b>136</b>	<b>132.91</b>
Entertainment Tax	2001-02	38	41	46.65
Cable Tax		4	5	4.70
Betting Tax		3	4	2.79
Local Tax		110	92	73.44
<b>Total</b>		<b>155</b>	<b>142</b>	<b>127.58</b>
Entertainment Tax + Cable Tax	2002-03	58	45	39.62
Betting Tax		5	5	2.82
Local Tax		86	60	62.95
<b>Total</b>		<b>149</b>	<b>110</b>	<b>111.69</b>
Entertainment Tax + Cable Tax	2003-04	60	35	27.37
Betting Tax		6	3	3.01
Local Tax		88	88	89.44
<b>Total</b>		<b>154</b>	<b>126</b>	<b>126.80</b>

Entertainment Tax + Cable Tax	2004-05	45	35	36
Betting Tax		3.50	3	3.01
Local Tax		123	123	149.30
<b>Total</b>		<b>171.50</b>	<b>161</b>	<b>188.31</b>
Entertainment Tax + Cable Tax	2005-06	50		
Betting Tax		3		
Local Tax		140		

Source: Government of NCT Delhi. Deputy Commissioner of Accounts, Excise Department.

Revenue has shown a fluctuating trend over the years. The Commissionerate spends only a small proportion of the revenue for collection of the same. Figure 1 gives the ratio between revenue collection and expenditure of the entertainment and luxury tax departments.

**Figure 1: Ratio of Revenue Collection and Expenditure**



Source: Government of NCT Delhi. Deputy Commissioner of Accounts, Excise Department

### Problems of the Commissionerate

Bureaucratic ways of functioning is the biggest problem faced by the Commissionerate. Departments marginalize office orders issued by the Finance Ministry and, despite liberalisation there is not much that the Department can boast about. The Delhi Government is the sole buyer and seller of alcohol in Delhi, which gives unlimited power to the authorities. For instance, there was Rs 4 crore worth of liquor of inferior quality lying in the government retail outlets.<sup>1</sup> What is meant by inferior quality no one knows. On asking, concerned officials in the DTTDC head office in Lakshmi Nagar said that it was just unsold stock.

The government's excise policy is subject to a lot of sudden changes. Manufacturers' sometimes just need to get their L-1 licenses renewed, and at times they need to apply afresh, like in the year 2001. In

1993, L-1 license holders were allowed to set up 5 'dedicated' shops in Delhi in which they could sell their approved brands in addition to having them sold in the government retail shops. The policy was withdrawn in an ad hoc manner in 1994. On being questioned about the effects, an official in one of the country's leading breweries said that the introduction of this policy had led to increase in revenue by almost 30%, which they have lost out on since. Recently, the government's policy to open up 45 private liquor shops was quashed by the cabinet, because it meant that the MLA's power in issuing a no-objection certificate for setting up a retail outlet would be questioned. Had this policy been implemented, the government would have earned Rs 7.5 lacs on each vend as licence fee annually.<sup>2</sup> Customers often complain that they buy the alcohol that is made available to them and that the brand of their choice is difficult to get. Sometimes the scarcity is real, at other times it may be a case of "brand pushing". Lines are long, stocks inadequate, and the service leaves a lot to be desired.

Due to high luxury tax, customers-both individuals and groups-incline towards neighbouring states as they have less or no luxury tax. As of October 2004, Rajasthan had eight percent and Uttar Pradesh had five percent luxury tax.<sup>3</sup> The added taxes also create problems in attracting tourists to India as prices become less competitive. When other states like Tamil Nadu and other coastal areas are planning to cut tax to encourage tourism, rationalisation of taxes seems to be the need of the hour.

According to a study done by the World Travel and Tourism Council, Delhi is one of the most taxed cities in the world for international travellers. Multiple taxes and high levels of entertainment and luxury taxes are a bane for tourism industry.

### **Recommendations**

Moderation of taxes is one of the most important reforms that needs immediate implementation. The maze of licensing should be reduced and better systems put in place for making the process user-friendly and transparent. Licensing procedures should be simplified and clearer methods should be introduced. Bureaucratic red-tape and corruption are also major problems. Less staff and stricter regulations are major prerequisites for sound management.

More private liquor shops should be introduced. The government would definitely not be worse off with the introduction of private stores. In fact, more revenue, in the form of licence fee as well as tax would accrue to the government from these vends. Studies conducted by the Fraser Institute of Canada in Alberta, a place where alcohol is sold privately, have shown that privatisation of the liquor retail has not led to increase in consumption or crime. More vends, particularly private ones, would be welcomed by customers. Luxury tax should be rationalised and tourism should be encouraged by lowering taxes.

## **Value Added Tax**

Another important source of revenue that has just been introduced is Value Added Tax. The Ministry of Finance launched Value Added Tax (VAT) in 21 Indian states on 1 April 2005. VAT is a multi-point tax system which is collected at different stages of sale with a provision for set-off for tax paid at the previous stage/ tax paid on inputs. It is a simplified form of tax allowing full input tax credit on procurements and capital goods, except for a few restrictions, which differ from state to state. VAT has replaced local intra state taxes levied at state level like local (basic) sales tax, turnover tax (tot), additional taxes and surcharges including taxes levied on deemed sales, namely, work contract (WC) and leasing transactions. VAT moves down to every level of the chain, which includes manufacturers, dealers, third party manufacturers, hospitals and customers.

VAT encourages voluntary compliance and thereby simplifies assessment procedures. In addition, it aims to fully eliminate disputes with regard to tax liability of a transaction or rate of tax applicable and reduces compliance costs. VAT seeks to prevent the problem of under-valuing and inflation as all stages of production and distribution are subject to tax. It proposes to permit claims of credit for taxes only on the receipt of invoice.

VAT is implemented by Delhi Sales Tax Department and thus the system of functioning and implementation remains the same. The Department is headed by a Commissioner. Four Additional Commissioners and 11 Joint Commissioner assist him in monitoring the process of collection of VAT.

## Laws and Revenues

The primary function and responsibility of the Department is to impose taxes on the sale or purchase of goods and services in the state and collect the corresponding amount of money from traders, retailers, and manufacturers. The Delhi Value Added Tax Act 2004 governs VAT. Some of the main features include voluntary registration where the threshold is Rs 10 lac and documents like details of bank account, constitution of firm and details of its premises and grounds for seeking registration have to be furnished during the payment of VAT. Table 6 lists various schedules, rates and commodities that are taxed at these rates.

**Table 6: Rates of Delhi Value Added Tax**

<i>Schedule</i>	<i>Rates of Tax %</i>	<i>Sample list of Commodities</i>
Second	1	Bullion, articles of gold, silver, precious metals, precious and semi-precious stones etc.
Third	4	Agricultural implements, IT products, drugs, eatables, Kirana items etc.
Fourth	20	Petroleum products, liquor, country liquor, narcotics, molasses, rectified spirit, lottery tickets, brake fluid etc.

*Source: Website of Delhi Sales Tax Department*

The main exemptions from VAT are sales that include inter-state trade or commerce, those that are done outside Delhi or in the course of import of goods into or export of the goods out of the territory of India.

The procedure for filing returns is quite simple. The dealer himself computes the tax liability. The returns can be filed online through the unique registration number and password allocated to the dealer. The prescribed form will then be available to the dealer where he/ she will file the Gross Turnover (GTO) for period of return. A system will be introduced where return will not be introduced till the GTO does not tally with the total of the quantum of sales reported under each head. The system will automatically calculate the amount of tax payable by the dealer for the period of return. A hard copy of the return generated online shall have to be deposited with the Department along with the proof for deposit of tax within prescribed period.

Section 3 (4) of the Act requires any dealer to pay the net tax within 28 days of the conclusion of the dealer's tax period. For the

recovery of tax, dealers have to maintain invoices and normal documents that they possessed during the earlier system of sales tax. In case of disputes, the disputed demand will be considered stayed automatically once there is an objection to the same. One opportunity of appeal is given, which basically checks unnecessary litigation. The dispute shall be disposed off within a period of five years from the date of commencement of the Act. Table 7 enumerates the revenues that have been collected in the past 5 months since its implementation.

**Table 7: Revenue Collected by the VAT Department (Rs in crore)**

<i>Months 2005</i>	<i>Revenue Collection</i>
April	442.43
May	588.83
June	478.38
July	573.76
Till August 23rd	220.59
Total	2303.99

*Source: Accounts Officer, Value Added Tax Department*

Even though VAT seems to be better and more efficient than the earlier system, there are some apprehensions. There are criticisms about the design of the tax. It is opined that the Delhi government should have incorporated the destination principle, which means that tax should be levied on final consumption and should be appropriated by the state of destination. One of the major reasons for opposition to VAT in Delhi is the proposal to collect entry tax from transporters. This has led to a perception of burden among dealers. It is believed that the government should have adopted a floor rate mechanism of about 8 percent to begin with instead of the rate of 12.5 percent. Despite such apprehensions, VAT is a more productive, remunerative and a better system of generating income for the government.

*—Prepared by Susmita Pratibast*

## Notes

- <sup>1</sup> *Times of India*. 2001.
- <sup>2</sup> Soumya, H.B. 2001. [http://www.ccsindia.org/RP01\\_6.html](http://www.ccsindia.org/RP01_6.html)
- <sup>3</sup> *Travel & Tourism*. 2004. *Luxury Tax Set To Kill the Golden Goose*. October 2004. Available at <http://www.expresstravelandtourism.com/200410/macrovie02.shtml>. Accessed on 15 September 2005.

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States underplay VAT gains to get aid





## **Registration of Documents**

Financial and economic growth is the foundation of any developing economy. The process of registration of documents plays an important role in generating revenue for the Delhi Government. Registration means recording the contents of a document with a Registering Officer and preserving the copies of original documents. The documents are registered for the purpose of conservation of evidence, assurance of title, publicity and prevention of fraud. The Registration process encompasses sub-functions such as receipt generation, valuation, and recovery of evaded stamp duty, refund of excess stamp duty, adjudication and issuing notices. Also, registration helps an intending purchaser to know if the title deeds of a particular property have been deposited with any person or financial institution for the purpose of obtaining an advance against the security of that property. Documents relating to transactions of immovable property are required to be compulsorily registered.

Payment of requisite stamp duty completes the registration of documents. It is a type of tax that is paid for the transaction performed by way of document or instrument under provisions of the Indian Stamp Act, 1899. It is payable on instruments and not on transactions. The payment of proper stamp duty on instruments bestows legality on them. Such instruments get evidentiary value and are admitted in evidence in courts of law. The stamps have to be purchased in the name of one of the executors to the instrument.

### **Registration Act, 1908**

Registration of documents is done under provisions of the Registration Act, 1908. The main purpose of designing the Act was to ensure information about all deals concerning land, so that correct land records could be maintained. The Act is used for proper recording of transactions relating to other immovable property also.

Documents relating to immovable property need compulsory registration like Sale/ Title Deed, Conveyance Deed, Lease Deed and Agreement to Sale. Documents like Will Adoption Deed, General Power of Attorney, Trust Deed, and Partnership Deed do not require compulsory registration.

The document should be submitted for registration within 4 months from the date of execution. If several persons are executing the document at different times, it may be presented for registration within 4 months from the date of each execution. Documents relating to immovable property should be registered in the office of the Sub-Registrar (SR) of the sub-district within which the whole or some portion of property is situated. All persons executing the document or their representatives, or agents holding power of attorney, must appear before the registering officer. They have to admit execution and sign the document in the presence of the Registrar.

If a document relates to transfer of ownership of immovable property, passport-size photographs and fingerprints of each buyer and seller of such property has to be affixed to the document. These documents are authenticated by the Registering Officer and admit execution of documents, registration fee is paid, and documents are registered. After registration, the document will be returned to the person who presented the document and the duplicate pasted in registers maintained by the SR for official records.

If a document which is required to be registered under Section 17 or under provisions of Transfer of Property Act, 1882 is not registered, the effect is that such an unregistered document does not affect any immovable property comprised therein, and cannot be received as evidence of any transaction affecting such property. Thus, the document becomes redundant and useless for all practical purposes.

### **General Procedure for Registration**

The office of the Sub-Registrar (SR) performs the function of registering documents pertaining to property, adoption and wills under the Registration Act, 1908. The SR is the representative of the District Collector (DC). It is the duty of SR to entertain documents for the

purpose of registration; so that documents related to property, sale and purchase, rent, adoption, inheritance, and gifts have legal standing in a court of law. For this purpose, a registration fee is collected. Thus it is one of the most important sources of revenue in Delhi, collecting as much as an average of Rs 156 lac every year. Also, some documents are required to be produced in printed form on stamp paper, thus further serving the purpose of collecting revenue for the Delhi Government. Broadly speaking, the process of registration consists of three steps:

- Purchase of the requisite amount of stamp paper (if required) as stipulated by the stamp duties (Appendix III). For small values (up to Rs 40,000) the requisite stamp paper can be purchased from an authorised stamp vendor. For larger amounts, the purchasing party has to deposit the amount needed in the bank at Tis Hazari and collect the stamp paper from the office there.
- A licensed deed writer, a lawyer or an advocate can write out the document. It has to be printed on either the stamp paper or on ordinary paper, as stipulated (Appendix III). The last step involves going to the office of the concerned SR and getting the document registered.

After this, the document becomes legal and has standing in a court of law. For purposes of document registration, nine offices have been set up, one in each of the nine districts of Delhi. These are at Kashmere Gate, Seelampur, Asif Ali Road, INA, Mehrauli, Kapashera, Janakpuri, Pitampura and Geeta Colony. There are 20-30 types of documents that can be registered and all are classified into 3 books as follows:

Book I: Deeds concerning rent, sale, gift, partition, and title transfer

Book III: Power of Attorney

Book IV: Will and Adoption Deed

### **Documents to be Submitted for Registration**

- Document required to be registered (in duplicate) signed by two

witnesses

- Two passport-size photographs of both parties
- Proof of identification of each party and witnesses. This can be an election identity card, passport, identity card issued by Government of India, semi-government and autonomous bodies or identification by a gazetted officer
- In case the property is/was under a lease from DDA, L&DO, MCD, Industries Department, Labour Department of Delhi Government, and permission of the lessor for registration of the document.
- No Objection Certificate (NOC) under Section 8 of the Delhi Land (Restriction and Transfer) Act, 1972 from the Tehsildar of the Sub-Division of the District to the effect that the property is not under acquisition.
- Income Tax Clearance Certificate in prescribed proforma 34A, under Section 230 of Income Tax Act, from the concerned Income Tax Officer, where the transaction exceeds Rs 5 lac
- Permission from the appropriate authority in prescribed proforma 37 I, where the transaction exceeds Rs 50 lac under the provisions contained in Section 269 of Income Tax Act, 1961.

### **Procedure**

The document is submitted to the Reader for scrutiny. After scrutiny, the Reader indicates the registration fee required on the document itself. The registration fee is deposited with the cashier against a receipt. After depositing the fee, the documents are presented before the SR by the parties in accordance with Section 32 of the Registration Act, 1908. Endorsements are made under Section 52, 58 and 60 of the Act on the document after completion of formalities before SR. Delivery of document is done on production of the receipt issued by the cashier in respect of the document at the time of presentation.

Presentation is an important aspect of the process of registration. According to Section 32 of the Registration Act, 1908, every document to be registered is required to be presented at the Registration Office

by the same person who is executing the document or a person who has been duly authorised to represent the owner of the document through power of attorney. Persons who are in jail under civil or criminal process, those exempt by law from personal appearances in court and those who, by reason of bodily infirmity, are exempted from attending the presentation.

### **Common Problems during Registration**

SRs and the general public encounter a number of problems during the process of registration.

- **Document acceptance and delivery**

Document acceptance and more importantly, delivery is the biggest problems faced by applicants. Getting a certified copy of registered documents is a problem, since copies are retained in paper form and 'stored' for reference, making them difficult to trace. Duplicate documents are pasted in the record books for purposes of storage, and this function is contracted out. However, the contract given by the Delhi government has expired, and thus it has been discontinued for the past year. At the SR office, Asif Ali Road, it was found that document delivery took 2-3 months and people had to come to the office several times to obtain it. Government officials claim that it takes at most a week, but there is a complete contradiction between the SR's and applicants' claims about delivery of documents.

- **Storage**

The registered documents are stored for the purpose of record in paper form, thus creating a storage problem. It is one of the most common problems faced by all the nine offices of Delhi. In fact, the SR office at Kashmere Gate is storing documents from the 19th century! Shortage of space and ill-planned design of offices show their effects in the innumerable problems faced by applicants.

- **Lack of information about procedures**

Most applicants are unsure about the procedure and the number of

supporting documents that are required to be produced during the submission, making consultation of lawyers necessary. The Delhi Government website fails to provide adequate information for the process.

- **Lack of circle rates**

The basis for valuation of property that needs registration is very ambiguous. The property is scrutinised and evaluated by the SR, thus leaving a lot of space for confusion and discretionary powers to the SR. Also, it gives a chance to people to undervalue their property in order to pay less stamp duty.

- **Presence of unlicensed deed writers and touts in and around the Office**

All SR offices teem with lawyers and advocates, licensed and unlicensed, who have set up shop in and around the premises. They help applicants through the process, from drafting the document to getting it registered. In the SR office at Seelampur, the parking lot has been taken over by 'lawyers.' Some SR offices fall in areas that are relatively poor. Here, most applicants do not have their own lawyers and get their deeds written at the office premises.

- **Overload of documents for registration**

Some of the larger SR offices like Janakpuri, Pitampura and Seelampur face the problem of overload of documents for registration. The Janakpuri office deals with a huge number of documents--about 500-600--everyday. The offices don't have enough infrastructure and staff to cope with such influx, thus creating the problem of touts and corruption. There have been some suggestions to split these offices into sub-zonal offices to increase efficiency - however, nothing has been done to this effect. Table 1 substantiates the problem.

- **Problems relating to background documents**

One of the other very common problems faced by the applicants is difficulty in procuring background documents. The No Objection

**Table 1: Average revenue, average number of documents registered & the average number of documents pending in a month in each SR office.**

<i>Office</i>	<i>Location</i>	<i>Average Revenue</i>	<i>Average Number of Documents Registered</i>	<i>Average of Documents Pending</i>
SR I	Kashmere Gate	1,10,441	2,710	256
SR II	Janakpuri	3,93,518	9,837	4,917
SR III	Asif Ali Road	1,49,872	5,033	22
SR IV	Seelampur	1,15,797	7,674	732
SR V	Mehrauli	Not Available	3,241	262
SR VI	Pitampura	Not Available	13,192	7,821
SR VII	INA	1,42,844	1,709	4
SR VIII	Geeta Colony	1,40,537	4,619	69
SR IX	Kapasedha	1,14,893	2,175	0

*Source: Office of the Sub-Registrar*

Certificate (NOC), which has to be obtained from the SDM's office, is very hard to get. Major problems occur in areas that were once unauthorised residential colonies, now regularised by law. This consists of 2,000-odd Delhi colonies. All these colonies do not need an NOC, but the SRs still insist on an NOC for property here. Even in case of genuine requirements, the procedure is rarely followed, and the applicant has to make innumerable trips to the tehsildar to get an NOC. Also, in case of DDA conveyance deeds, the procedure at the DDA office is extremely longwinded, which further prolongs the registration process.

- **Space problems**

Most offices, barring the computerised ones are extremely short of space. There is hardly any waiting area for applicants in most cases, and even working area for officials is extremely limited. The SR office is the only source of information, and thus it teems with people looking for information. No information is provided via the Internet, as done by most other states of India.

- **Financial irregularities**

According to the CAG report 2004, scrutiny of the records of the



Delhi Treasury as well as of the nine SR offices indicated that the value of documents registered was higher than stamp paper sold for them as shown in Table 2. There is variation in the value of stamp paper not sold by Delhi Treasury or by deposit of the difference of stamp duty through challans as per the Indian Stamp Act, 1899.

**Table 2: Variation in the Value of Stamp Paper (Rs in crore)**

Year	Value of Stamp Paper Sold by Treasury	Value of Documents Registered in SR offices	Shortfall (-) Excess (+)
1999-2000	104.06	94.65	(-) 9.41
2000-01	145.66	171.65	(+) 26.09
2001-02	231.79	251.73	(+) 19.94
2002-03	362.70	344.46	(-) 18.24
Total	844.21	862.59	(+) 18.38

Source: Government of NCT Delhi. 2004. CAG Report

Also as per rules, the stamp vendor shall write in his own hand, at the time of sale, on the back of every non-judicial or court fee-impressed stamp which he sells, the serial number, date, and details of the purchaser for whom the stamp is purchased. However, there have been cases where stamp paper worth Rs 1.05 lac could not be verified due to absence of treasury issue number and date.

There are also cases of misuse of power delegated under the Act. In case the document is not duty stamped and has been brought to the notice of the Collector of Stamps, the Collector can either impound the document or receive such amount according to Section 41 of the Indian Stamps Act, 1899. However, misuse of power was observed in lots of cases, leaving scope for loss of revenue arising from incorrect certification of receipt of correct value of stamps.

Other irregularities noticed by the CAG were breaking rules governing maintenance of records, failure to cancel licenses of vendors that are involved in criminal offences and non-maintenance of vend registers. Ineffective internal control by the internal audit wing of the Finance Department of Delhi Government is also responsible for such inconsistencies.

### Experiences of the States

All problems in the document registration process suggest that there is a need for a major overhaul in order to increase efficiency, transparency and accountability. States like Karnataka, Kerala, Andhra Pradesh and Maharashtra have a more accessible and efficient system of document registration. The main aim is to make all information readily available to people through information technology as well as maintain standard procedures of evaluation of property.

Most states have fixed circle rates for different areas keeping in mind the districts, the SRO, the blocks, roads as well as whether the property is on agricultural/ non-agricultural land. Discretionary powers of the SR have been removed and market value is displayed on the website of the Department. Most public utility forms, addresses of relevant SR offices, details of stamp duty to be paid and stamp vendor details are available on the Internet. In such a case, people can execute the whole process by themselves, thus bringing more awareness and transparency in the system.

Most of the southern states use customised software that is designed to eliminate the maladies of the registration process through electronic delivery of services. Andhra Pradesh has a system of providing information through a chain of cyber cafes known as Public Kiosks Services. There are e-seva centres that provide services like Market Value Assistance and document writing. The USP of these services is that there is no need for the citizens to approach middlemen or public servants of the Department. It not only helps in curbing corruption on the part of department officials but also prevents people from undervaluing their property with the intention of paying less stamp duty.

Most states copy the registered documents electronically for record purposes to cope with the problem of storage. One of the other benefits is that the applicant obtains the original documents within few hours of the presentation.

### Reforms

- Initially, duplication of documents and pasting them in record books were contracted out to one agency in Delhi that deputed its

people to each SR office. The contract expired more than a year ago and hasn't been renewed since. A better solution would be to introduce the concept of electronic copying or scanning which can then be contracted out. This would help in reducing problems of storage and document delivery.

- Circle rates for the evaluation of property should be fixed. It would not only make the SR's function easier but also less controversial. Once property rates are fixed, valuation would be easier and stamp duty evasion would definitely lessen. One of the easier ways would be to peg circle rates at the same rates that are used to calculate property rates. The Unit Area Method is working well, with the rates for valuation of property being adjusted for age, occupancy, use and structure. This will reduce problems of discrepancy and undervaluation.
- Computerisation and use of information technology is one of the most important reforms required. Complete description of documentation of the entire process, details of various rates of stamp duties, jurisdiction of the nine offices and relevant SR offices, formats of deeds and the required supporting documents should be made available online.
- Most of the offices are non-computerised and face high inflow of documents everyday. An easy way to solve the problem without increasing the number of government official would be to contract out front office functions like reading documents, entering data and keeping records, thus leaving the SR with the responsibility of simply signing the documents.
- The process of obtaining No Objection Certificate (NOC) needs improvement for making document registration easier. One solution would be to make the Gazette that was issued during the regularisation of these erstwhile-unregularised colonies available to each SR. This would make things clearer to some people, if not all.
- The process of buying stamp paper can be completely eliminated, as has been done in Karnataka. Banks can be associated with each SR office, in which the payment of stamp duty is done according to

the valuation of the property based on circle rates and the kind of document being registered, and a receipt issued for the same. This definitely reduces the discretion of SRs and reduces chances of stamp duty fraud.

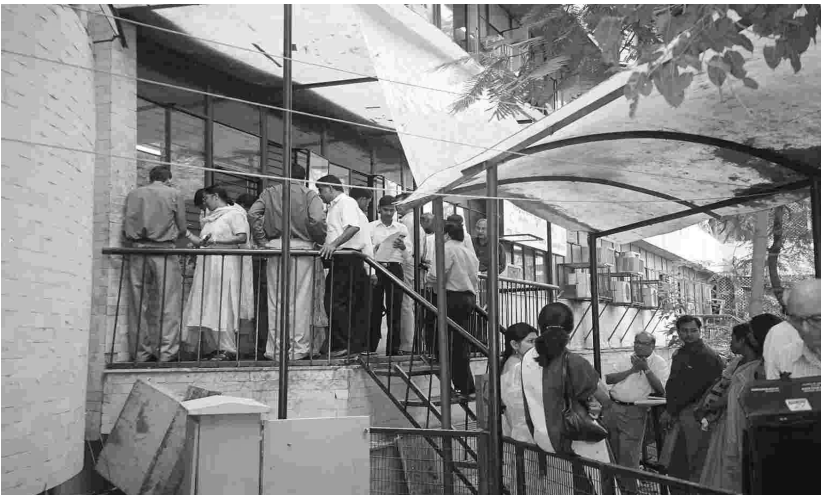
- SRs do not enjoy much freedom in taking small administrative decisions, which creates a lot of day-to-day problems in smooth working of the office. They should be given training for the job and should be briefed about procedures and discretionary powers. They should know the laws that pertain to registration. Working conditions in offices should be improved. Constructions below road level, roads blocked by deed writers, absence of parking space, lack of basic amenities and seating areas, lack of telephone connections are some of the problems that need immediate improvement.
- Nine SR offices should be evaluated on a quarterly basis, and the results of the evaluation should be made public. The evaluation should be based on the average number of documents registered, pending, revenue generated and number of hours spent by the applicants in getting their documents registered. The evaluation process and its transparency would encourage efficiency and competition that could act as an incentive for them to deliver better.
- The Delhi Treasury should be computerised, enabling linkage of issue of stamps by the Treasury Officer with registration of the documents in the SR offices.
- Functioning of the Delhi Treasury should be decentralised for purpose of both sale of stamps as well as registration of documents facilitating close monitoring and control. This could be accompanied by instructions requiring registration of documents with specific registrars depending on location of the property, residence of the executants or subject matter of the registering documents.
- A system of coding and numbering of stamps making them state specific to enable monitoring of sale of stamps and linking with the registered documents for verification of their authenticity when required would be a good measure in ensuring safety of stamps. There also should be close monitoring of stamp vendors and it

should be ensured that all necessary records are duly maintained and periodically inspected.

*—Prepared by H.B. Soumya and Vidisha Maitra*



**13 sub-registrars transferred**





## *Allocations, Audit & Accounts*

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- Department of Finance, Audit & Principal Accounts Office



## **Allocations, Audit & Accounts**

Financial prudence is a highly desirable quality in governing a state or country. Any government should be vigilant about allocating budgets to various departments and schemes implemented by them. There should be judicious allocation of existing resources and efficient and well-organised schemes and projects. The Department of Finance has been entrusted with allocation of budgets after detailed scrutiny and the Department of Audit does the auditing of various departmental budgets and expenditure. The Principal Accounts Office manages Delhi Government's accounts and its employees. Here we attempt to study the functioning of these departments and suggest measures for better processes and approaches.

### **Department of Finance**

All departments, boards, agencies and corporations in Delhi Government run schemes, projects and programmes for the benefit of all sections of society. For this purpose, budgets have to be estimated and allocated to various departments of the state government. The Department of Finance is entrusted with responsibility for budget allocation to various departments after scrutinising their budget proposals in a financial year. The role and functions of the Department are laid down under Section 44 of the Government of NCT of Delhi Act, 1991 by promulgating the Government of NCT of Delhi (Allocation of Business) Rules, 1993. The main objectives of the Department are to make budgets for all the Departments of Delhi Government in accordance with the proposals sent to them. It also works on instruments of revenue generation so that there are enough resources to run the Government.



## **Organisational Structure and Responsibilities**

The Department has four sub-departments, namely, Expenditure, Accounts, Budgets and Taxes & Establishments. The Delhi Government has approximately 90 departments working under it. The Finance Department allocates funds for all the expenditure, including non-plan expenses. All Delhi Government departments are distributed amongst these sub-departments of Finance Department who examine, justify as well as check the proposals sent by them. The main functions of the Finance Department are:

- Fiscal policy and financial management
- Preparation of budget and annual statement of accounts
- Re-appropriation of funds and appropriation of accounts
- Follow-up on the report of the Comptroller and Auditor General of India
- Internal Audit of finance and accounts of government departments and funded organisations
- Expenditure sanction and its review, allotment of funds for conveyance and HRA
- Public debt management, banking and institutional finance
- Trade, services and international trade
- Taxation policy like excise, entertainment, land, sale and purchase of goods, and stamp duty
- Money-lending and national small savings
- Residuary work of lotteries, compulsory deposit schemes, chit funds and non-banking financial companies
- Foreign exchange, Central Finance Commission and Central Pay Commission

The key functions of the sub-departments of the Finance Department are explained below:

- **Budgets:** It consolidates and authorises the budgets. It deals with Demand for Grants and reviews the proposals of the departments under them.
- **Expenditure:** It sanctions the expenditure of the Department in

the proposals made by them and ensures proper implementation of the sanctions made. It also reviews the proposals of departments under them

- **Taxes & Establishments:** It monitors the revenues and process of generating revenues as well as deals with budget proposals. It makes a rough estimate of the revenues to be collected and on that basis decides how much expenditure should be made.
- **Accounts:** This branch is responsible for management of cadre officers like transfers, positions and promotions. Cadre officers include Joint Accounts Officers, Assistant Accounts Officers, Deputy Controllers and Controllers. It also advises various departments on the state of their budget proposals.

The Principal Secretary (Finance) is the official head of the Department supported by an Additional Secretary, four Deputy Secretaries heading sub-departments and 20 subordinate staff members in each sub-department. There are 90 employees working in the Department.

### **Functioning of the Department**

Budget proposals made by departments are sent to the Finance Department for approval. They are examined and put up for consideration and "Noted". After that they are handed over to the dealing assistants, who take notes and see to the rule positioning in the proposals. Proposals are analysed and then approved. The file then does numerous rounds of Superintendents, the Under Secretary, the Deputy Secretary and the Additional Secretary for suggestions and approvals. Finally, it goes to the Finance Secretary, who sanctions it.

Once the Budget is approved, it goes to the Finance Minister. The Cabinet of Delhi Government reviews it and sends it to the Lieutenant Governor of Delhi, after which it is debated in the Legislative Assembly. Once the budget is debated, it is sanctioned with the assent of the Lieutenant Governor.

### **Financial Profile**

The approved outlay for the Tenth Five Year Plan of the Department is Rs 40 crore. Table 1 shows the approved outlay and expenditure over the years.

**Table 1: Outlays and Expenditure (Rs in lac)**

Year	Approved Outlay	Revised Outlay	Expenditure till Feb that Year	% w.r.t BE
2002-03	810	1,200	761	94
2003-04	1,000	990	945	94.5
2004-05	1,000	1,000	726	73
2005-06	1,000			

Source: Government of NCT Delhi. 2002, 2003, 2004, 2005. Annual Plans: Plan Outlay and Expenditure. Department of Planning

According to the Demand for Grants, there has been underutilisation of the allocated amount. For instance, only Rs 70 lac was spent from the allocated budget of Rs 100 lac in 2003-04.

## Directorate of Audit

The internal audit organisation was set up in Delhi in July 1977. It continued to work as one of the branches of the Principal Accounts Organisation till May 1981 and assumed an independent identity in June 1981 as the Directorate of Audit. The role of audit is to detect procedural or substantial lapses that lead to losses, infructuous expenditure, non-recovery of government dues, ineffective implementation of plan schemes and to advice government departments on rectification thereof. Internal Audit verifies the accuracy and completeness of the accounts, ensures that all revenue receipts collected are brought to account under proper heads, expenditure and disbursement is duly authorised, vouched and correctly classified and that the final accounts represent a complete and true statement of financial transaction it purports to exhibit. The Directorate of Audit consists of the following three wings:

1. Internal Audit
2. Examiner, Local Fund Accounts
3. Finance Accounts

### Functions and Responsibilities

The main function of the Directorate is to check the initial accounts of various government departments, institutions receiving grants-in-aid

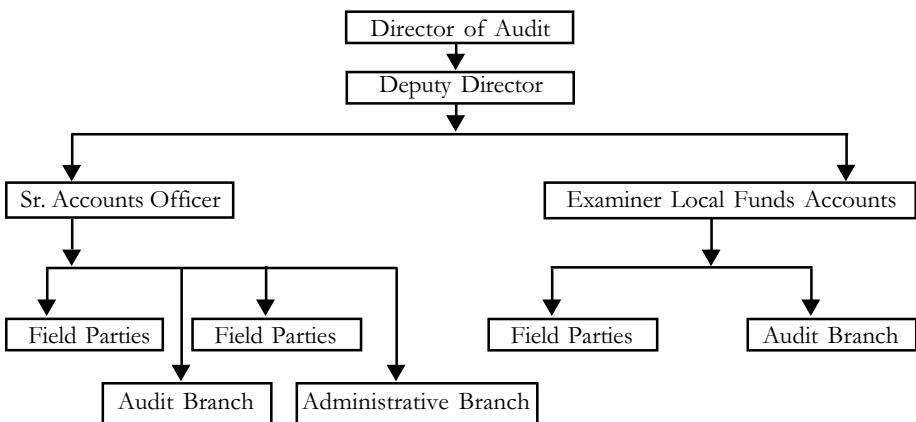
from the government, companies under liquidation, gram panchayats and autonomous organisations under the Delhi Government. It is also responsible for conducting special audits as and when requested by the concerned departments and directed by the higher authorities. The organisation shall check the initial accounts maintained in executive offices with a view to ascertain as to how far they are following the rules in financial matters. The internal audit should cover checking of all account records including those relating to fund accounts, loans and advances and records of physical verification of stores, equipments, tools and plants.

The inspection wing of the Directorate is responsible for inspection and audit of various departments. This involves studying accounting standards and procedures adopted by the department to see that they are correct and free of defects, as well as supervising the implementation of prescribed standards and removing the irregularities observed. Auditing and scrutinising the general office management, disposal of assets and purchase and store procedures are also some of the significant functions of the Directorate.

### Organisational Structure

The Directorate of Audit is headed by Principal Secretary (Finance) and is assisted by Additional Secretary (Finance) and Deputy Secretary (Accounts). The Additional Secretary (Finance) is the controlling authority of Directorate of Audit. Figure 1 shows the organisational structure of the Directorate.

*Figure 1: Organisational Structure of the Department*



The Internal Audit wing consists of field parties headed by internal audit officers and carries out audit of the departments. The Local Fund Account Examiner carries out the audit of 100% grantee institutions and is headed by a Senior Accounts Officer. The third part is Finance Accounts, which is headed by Deputy Secretary, Finance (Accounts). It mainly deals with advice cases referred to it by the other departments. The number of employees working in the Directorate has not changed much over the years, the sanctioned strength being 173. The number of employees actually working was around 131 in the year 2004.<sup>1</sup> According to Detailed Demand for Grants 2005-06, the Directorate spends more than 90% of their budget estimates on their salaries in 2003-04.<sup>2</sup>

The Directorate carries audits of departments and 100% grantee institutions according to the books containing financial rules, administrative instructions and circulars issued by the Finance Department periodically, in addition to the directions contained in Manual of Internal Audit and Reports.

### **Functioning and Finances**

The field parties carry out audit of the departments and 100% grantee institutions. Their reports, after scrutiny, are forwarded to the head of the audit unit by Senior Accounts Officers (HQ). In addition, special audits are conducted on the direction of higher officers. Special audit reports are submitted for perusal by the Principal Secretary (Finance)/ Director of Audit and reports are sent to the Administrative Secretary of the departments that have been subjected to special audit.

While department authorities are primarily responsible for seeing that revenue or other debt due to the government is correctly and properly assessed, realised and credited to government account, the internal inspection wing has to see that adequate regulations and procedures have been prescribed to the department. This would secure an effective check on collections, accounted revenue receipts and refunds. Before commencing expenditure audit in local audit, budget estimates and the actual expenditure incurred by the office under various heads of account are examined to know the nature and extent of expenditure under each head of account. The total number of audits done in 2004-05 is 309 and the target for 2005-06 is 386.<sup>3</sup> The total sanctioned non-plan budget for 2005-06 is Rs 345 lac and expenditure was Rs 287 lac. The actual allocation and expenditure of the Directorate

is given in Table 2.

**Table 2: Allocations and Expenditure of the Directorate  
(Rs in lac)**

<i>Year</i>	<i>Budget Estimate</i>	<i>Revised Budget Estimate</i>	<i>Actual Expenditure</i>
2001-02	215	206	196
2002-03	228	224	218
2003-04	235	229	227
2004-05	268	303	—
2005-06	349	—	—

*Source: Government of NCT Delhi. Data abstracted from the Detailed Demand for Grants for the years of 2001-02, 2002-03, 2003-04, 2004-05, 2005-06*

The largest chunk of funds is spent on salaries, as there are a large number of people on the payroll. Corruption is rampant in the Directorate, as misleading information is given about audits and internal nexus between departments is common. Mechanisms used by the Directorate are not foolproof either as corruption is widely prevalent in the government.

### **Principal Accounts Office**

After being separated from the Audit Department, the Departmentalised Pay & Accounts Organisation came into existence in 1977. Pay & Accounts Offices (PAO) constitute the nodes of departmentalised accounts system. The Principal Accounts Office is the organic headquarters of various constituents of the system. Principal Accounts Office comprising 25 Pay & Accounts Offices, GPF Cell and Pension Cell provides services like payment for all schemes, salaries, pensions, and contingent payments to Delhi Government staff. It also maintains accounts of revenue receipts collected by departments and other centrally sponsored schemes. The Office is responsible for expenditure control and maintenance of accounts and pension adalats for grievances redressal.

### **Organizational Structure**

The Controller of Accounts heads the Office assisted by four Deputy Controllers of Accounts, who are responsible for various branches like Administration, Technical and Accounts, Pension and Funds. There are 25 pay and accounts offices in various districts of Delhi. There are 9 Accounts Officers assisted by 24 Junior Accounts Officer. The Office

also has junior accountants, senior accountants and lower division clerks. The number of employees employed by the Office is quite substantial. In 2004, 647 employees were working in the Office out of 778 sanctioned posts.<sup>4</sup>

### Functions and Responsibilities

The Office, through the Controller of Accounts, is responsible for compilation and consolidation of accounts as prescribed by the Delhi Government, and its submission to Finance Department, preparation of finance accounts, payment of loans, grants and pensions, presentation of finance and appropriation accounts before the Legislative Assembly, and attending to pensioners' grievances. It has administrative, establishment as well as expenditure control functions. The Office is responsible for implementation of voucher-level computerisation in the pay and accounts office and scheme for payment of salaries of Delhi Government staff through electronic clearance system (ECS).

### Finances

The approved outlay for the Tenth Five Year Plan is Rs 500 lac. The major scheme envisaged is strengthening of the Principal Accounts Office and establishing an Electronic Data Processing (EDP) cell. The annual approved outlay and expenditure of the Office is shown in Table 3.

**Table 3: Outlay and Expenditure of Principal Accounts Office**  
(Rs in lac)

Year	Approved Outlay (BE)	Revised Outlay (RE)	Expenditure till February that year	% w.r.t BE
2002-03	200	190	21.05	10.5
2003-04	210	125	28.5	13.5
2004-05	110	250	85.6	78.18
2005-06	500		18.4 (August 2005)	3.68

Source: Government of NCT Delhi. 2002, 2003, 2004, 2005. Annual Plans: Plan Outlay and Expenditure. Department of Planning

The Office has not been judiciously using the approved funds that are allocated to the Office. Only 10% was utilised in 2002-03 and it only increased to 13% in the next year. According to Demand for Grants 2005-06, Rs 12 crore has been allocated for its non-plan expenditure.

For schemes relating to strengthening of the Principal Accounts Office and setting up of an EDP Cell, a sum of Rs 5 lac has been approved, basically to take care of computerisation of the entire working of the Office. A sum of Rs 10 lac has been approved for preliminary survey/ other steps essential for construction of Lekha Bhawan.

### **Recommendations**

The Department of Finance makes budgets and provides money to various departments of Delhi Government. However, budget making is still shrouded in secrecy and bureaucratic hassles. Budgets should be made in the open and subjected to public debate. The format should be made user-friendly, and the information should be put on the government website.

For sound budget management, zero-based budgeting with performance orientation should be adopted for improving transparency and efficiency in government expenditure. The accounting system should be on accrual basis and fund-based accounting should be used for evaluating per unit cost of services and in matching costs with performance standards. Transparency is also one of the most important features needed in the functioning of the Department, so that citizens know how budgets are made and utilised by relevant departments.

The Directorate of Audit has been under utilising the budget allocated to it, and the mechanism of audit is also not strong and reliable. This is evident from the rampant corruption and inefficiencies prevalent in major departments of Delhi Government. If the audit mechanism had been competent, it would have acted as a deterrent to fraud and misuse of taxpayers' money. It is suggested that audit mechanism be strengthened. This can be done by adopting the best audit practices from around the world. Contracts can be given to private companies to cross-check audit reports. A citizens' oversight committee can be formed that would comprise representation from civil society, elected candidates and experts in audit and accounts.

The most important factor would be to introduce transparency in the audit mechanism. Audit reports are not published, thus giving immense discretion to field parties and concerned officials. Reports should be published every year so that pressure can be generated to ensure better services. The Principal Accounts Office also can use



information technology to make the system better and reduce the manpower of the Department. This would make the system more efficient at lower costs.

-- Siddharth Bijpuria and Deepti Rao

### Notes

- <sup>1</sup> Government of NCT Delhi. 2004. *Census of Employees Working in Delhi Government and Autonomous Bodies*. Directorate of Economics and Statistics
- <sup>2</sup> Government of NCT Delhi. 2005. *Detailed Demand for Grants 2005-06*.
- <sup>3</sup> Directorate of Audit's Website: <http://audit.delhigovt.nic.in/>
- <sup>4</sup> Government of NCT Delhi. 2004. *Census of Employees Working in Delhi Government and Autonomous Bodies*. Directorate of Economics and Statistics

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## *Culture & Communities*

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- Language, Archaeology and Archives
- The State in Religion: Delhi State Haj Committee, Gurudwara Election Office and Delhi Waqf board



## Language, Archaeology & Archives

The Language, Art and Culture Department aims to preserve heritage monuments. Promotion and development of languages, literature, art and culture are its other activities. These activities are carried out through Sahitya Kala Parishad and the Language Academies: Punjabi, Hindi, Urdu, Sanskrit and Sindhi, which are autonomous bodies. The Archives Department is responsible for preservation of records, which are more than 25 years old whereas the Archaeology Department is responsible for preservation and maintenance of monuments in Delhi. The total approved outlay for the Tenth Five Year Plan is Rs 69 crore. Table 1 details the approved outlay for various bodies under the Department.

**Table 1: Approved Outlay (Rs in lac)**

<i>Name of Department/ Sector</i>	<i>Approved Outlay 2003-04</i>	<i>Approved Outlay 2004-05</i>	<i>Approved Outlay 2005-06</i>
Department of Archaeology	125	100	150
Delhi Archives	35	120	160
Hindi Academy	135	135	135
Punjabi Academy	240	240	245
Urdu Academy	185	185	185
Sanskrit Academy	130	130	125
Sindhi Academy	47	44	43
Sahitya Kala Parishad	800	280	425
Delhi Gazetteer	5	5	1
Setting up of City Museum	1	1	
Library in all Assembly Constituencies	75	75	80
Total	1,780	1,315	1,549

*Source: Govt of NCT Delhi. 2003, 2004, 2005. Annual Plan: Plan Outlay and Expenditure. Vol. 3. Department of Planning*

There are more than 1,300 historical monuments of different periods spread throughout the length and breadth of Delhi, out of which 165 monuments are of national importance thus, are preserved by Archaeological Survey of India (ASI). At present only 20 monuments are under the maintenance of the Department of Archaeology. The

Haveli of Mirza Ghalib at Chandni Chowk was restored and conserved to its original splendor.

An archaeological museum has been set up in Dara Shikoh Library Building at Kashmere Gate comprising of two galleries. Artifacts unearthed from excavations from the sites in Delhi ranging from the late Harappan times to the medieval period are on display in one gallery and sculptures in the custody of the Department are on display in the second gallery. Thus, the Department is currently maintaining only these two museums. While the citizen charter of the Department says that the Department is supposed to set up a City Museum behind Kashmere Gate, which would reflect the history, and culture of the city in its totality, the scheme has been dropped in 2005-06.

### **Delhi Archives**

The Department of Delhi Archives, established in 1972, has been in consonance with the Archival Policy Resolution discharging its archival function in preserving precious and valuable dimensions of heritage in various modes such as manuscripts, maps, books and microfilms having information since 1785. The functions of this Department are:

- To accumulate and preserve every bit of information relevant and make it available to those who need
- Organise exhibitions, seminars and symposium to generate awareness among people about the importance of archives
- Acquire any sort of archival material in people's possession by way of donation, purchase and gift
- Freedom fighters or prominent personalities of Delhi are contacted for oral history programs.
- Extensive guidance in relation to preservation and effective record management of old records is offered to officials responsible for record rooms of various departments
- Preserved records are microfilmed for everlasting retention.

All the functions mentioned above are actually undertaken by the Department. The Department performs exhibitions at least twice a year on specific topics like health and life in Chandni Chowk. The Department maintains an Archival Library at its premises. The Library con-

tains records like Central Jail Records, Deputy Commissioner Office Records, Registrar Office Records, Gazette records and Properties or Rent Records. On considering the decaying and torn condition of precious archival records, digital conversion seemed beneficial. A budget of Rs 25 lac has now been placed at the disposal of this department for the same purpose.

### **Delhi Gazetteer**

The Gazetteer Unit is a part of the Archaeology Department. In 1995, Chauhan Committee was set up by the Delhi Government to provide recommendations to the Art, Culture and Language Department. This Committee came up with a Report on Preservation and Development of Cultural Heritage of Delhi. Some of the recommendations by the Committee are as follows:

- Listing and mapping all ancient monuments remains and sites in Delhi with reference to an existing list of 1,317 monuments and new discoveries
- Implementation of the antiquities and art treasures at Delhi to encourage private collectors to get their collections duly registered
- Strengthening of the conservation wing of the Department by appointing more Conservation Assistants and Foremen
- Conservation of the monuments through the Memorandum of Understanding with non-government organisations like the Indian National Trust for Art and Cultural Heritage (INTACH)

### **Language Department**

The Language Department coordinates the activities of language academies and Sahitya Kala Parishad. It processes and sanctions the grant to these autonomous bodies. It also processes applications for financial assistance and land allotment from Delhi Kalyan Samiti and Government of India to NGOs/ registered cultural institutions. This Department organises Hindi and Urdu workshops, competitions, training in Hindi typing, shorthand, noting and drafting with a view to encourage government officials to do maximum work in Hindi. All the academies of Department perform their activities under the following plan schemes:

- Seminars and conferences are organised in Delhi on various literary

subjects by the Academies in collaboration with colleges, universities and various literary institutions and reputed NGOs.

- Manuscripts received from authors are scrutinised and selected by the Sub-committees of the Academies. Financial assistance ranging between Rs 7,000 to Rs 15,000 is offered for publication of literary books.
- 20 scholarships or fellowships are available for research work on important and eminent subjects to needy writers and scholars. The quantum of financial assistance is a maximum of Rs 15,000 per annum to an individual.
- The language academies sponsor writers, artists and poets for participation in programs organised by Delhi-based schools, colleges, NGOs and trusts.
- Under another scheme run by the Language Department, NGOs in all assembly constituencies will provide library facilities with the assistance of Delhi Government. A minimum of one and maximum of two libraries can be opened by the NGOs. For this, grant in aid of Rs 1.03 lac for five years per library is given to each NGO, subject to the condition of availability of funds, fixture and reading material. 56 libraries have been opened so far and applications are being invited for setting up more libraries.
- The academies publish their own books and magazines containing masterpieces of eminent authors and writers. The old and famous books of various languages are also published by the academies after translating them into other languages.
- Awards and prizes ranging from Rs 5,100 to Rs one lac is given to eminent writers, scholars, artists and journalists for their excellence in promotion of language, art, literature and culture.
- The academies run teaching centres and conduct job-oriented training in computers, typewriting and shorthand in different parts of Delhi. Hindi Academy runs a special programme of Hindi translation and editing at the academy premises. In addition, the Urdu Academy runs 300 and Punjabi Academy runs 160 adult education centres. Preference is given to the socio-economically underprivileged and some seats are reserved for them.
- The academies have started new schemes under which conferences, seminars, symposiums and poets meet will be organised in other

states and in Delhi by collaborating with state academies or NGOs and renowned institutions.

The number of employees in the Department is shown in Table 2. It only substantiates the size of the department and how little is actually achieved.

**Table 2: Information on Employees in the Departments 2004**

<i>Name of Agency</i>	<i>Sanctioned Posts 2004</i>	<i>Working Employees 2004</i>
Department of Archaeology	53	43
Delhi Archives	42	39
Hindi Academy	118	111
Punjabi Academy	15	57
Urdu Academy	11	51
Sanskrit Academy	48	24
Sindhi Academy	29	19
Sahitya Kala Parishad	44	43

*Source: Government of NCT Delhi. 2004. Census on Employees in Government of Delhi & Autonomous Bodies. Directorate of Economics and Statistics*

### Reforms

The language academies of the Art and Culture Department divulge into the area of language promotion, which is not its core competence. This could be delegated to the Education Department or the universities in Delhi. The work can be just contracted out to them. The Department has a total allocation of about Rs 15 crore, which can be utilised in a better manner if the functions are given to professionals whose core competence is teaching and propagation of languages.

There is definitely a need for more libraries in the city. The idea of NGOs' opening libraries in their respective constituency is also an example of those people being handed down functions unsuited for their competence. A better way to have more libraries in Delhi would be to expand the existing network of state libraries, and also open new libraries through collaboration with the other competent departments of Delhi Government. The libraries should be managed by public-private collaborations and private parties should be given more incentives like tax breaks, prizes and other supportive schemes for encouraging their participation in this sector.

The ASI should be handed over the entire responsibility of



preserving and conserving the monuments, as it is the most competent authority in this field. Rs 1.25 crore that the Department is allocated for the same purpose should be diverted to ASI. The entire staff could be utilised by the ASI for its work that would ensure better quality of maintenance and preservation.

The management and maintenance can also be given to private parties. It is necessary to have a participative collaboration between communities, individuals and corporations for promotion of art, culture and language in Delhi.

*—Prepared by Kriti Kapur with the help of Sabith Khan*

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## Delhi State Haj Committee

Haj Committees were established in India to facilitate the process of going for Haj. The Haj Committee was first formed in Mumbai in 1927. The Port Haj Committees Act, 1932 was passed to establish Haj committees in the principal ports of pilgrim traffic and assist the Muslim pilgrims to Hedjaz. It envisaged the constitution of Port Haj Committee, Calcutta and Port Haj Committee, Bombay. With increase in the number of pilgrims and embarkation points, it was felt to diversify the management of Haj and have appropriate representation from all parts of the country in the Haj Committee of India. Accordingly, Haj Committee Act, 2002 was passed. According to Section 4(ii) of the Act, the whole country has been divided into six zones. Zone 1 comprises National Capital Territory of Delhi, Rajasthan, Jammu & Kashmir, Punjab, Haryana, Himachal Pradesh and Union Territory of Chandigarh.

### Organisational Structure

The Delhi Government set up the Delhi State Haj Committee (DSHC) in 1983. The Chapter III of the Haj Committee Act, 2002 states the composition of the State Haj Committees under the Central Haj Committee located in Mumbai. The Delhi Government is responsible for constituting the Delhi State Haj Committee. According to the Act, the State Committee shall be a body corporate, having perpetual succession, to acquire, hold and dispose of property, both movable and immovable, create a charitable trust or endowment, and to contract. The Committee should consist of 16 members who are nominated by the state government. This would include

- 3 Muslim Members of Parliament of the State, State Legislative Assembly and Legislative Council
- 3 members representing local bodies in the state
- 3 members having expertise in Muslim theology and law including one who shall be a Shia Muslim

- 5 member representing Muslim voluntary organizations working in the fields of public administration, finance, education, culture or social work
- The Chairperson of the State Wakf Board and Executive Officer of the Committee should be the ex-officio member of the State Committee.

A Chairman, directly appointed by the Delhi Government, heads the Committee. The Secretary and the Assistant Secretary assist the Chairman. However, the Delhi State Haj Committee has only 10 permanent employees. According to officials, during the period of Haj 25 more people are employed on a temporary basis.

### **Functions of the Committee**

Section 27 of the Act elucidates that the duty of a State Haj Committee is to implement the policy and directions in the interests of Haj pilgrims. The State Committee shall provide assistance to the Haj pilgrims including their transport between their home states and the point of exit from India and their transit accommodation at points of exit. The State Haj Committees are responsible for supervising the application forms at the state level. The Central Haj Committee supplies the Haj application forms to the State Haj Committee free of cost. The applications are received by the state committees from the pilgrims of their state and submitted to the Haj Committee of India after the expiry of last date, along with the consolidated amount of the initial remittance received from the pilgrims.

The Government fixes the Haj Quota. The state-wise quota of Haj seats is distributed among the states and union territories on the basis of Muslim population of these states/ union territories. In case the State Haj Committees receive applications in excess of the quota, then the seats are confirmed to the intending pilgrims through draw of lots. This also becomes a major responsibility as the states often receive more number of application forms than seats. To conduct a fair and just selection process through lots is one of the primary functions of the state committees. Once pilgrims have been finalized and notified, the State Committees with the Central Committee does travel bookings verification of remittance and distribution of travel

documents to the pilgrims.

Delhi is one of the major embarkation centres of Haj pilgrims in India and thus apart from serving Haj pilgrims of Delhi, it also functions as embarkation centre. The pilgrims from the states such as Uttar Pradesh, Himachal Pradesh, Punjab, Haryana and Union Territory of Chandigarh proceed on Haj from Delhi. As most of the Haj pilgrims are accompanied by their relatives and family members, the Delhi State Haj Committee is responsible for 15-20 thousand people who stay at Haj Manzil and Haj Camp in Delhi. It makes arrangement for stay, drinking water, sanitation, inoculation, medicines and free transport from Haj Manzil, Delhi to the airport at the time of departure and arrival.

### **Finances**

The State Haj Committee maintains the State Haj Fund. It consists of grant received from Central Haj Committee, grant from the Delhi Government and money received from any other source such as donations. The fund according to the Haj Committee Act, 2002 should be spent on pay and allowances of the employees of the State Committee, payment of charges and expenses incidental to the due performance of its duties for the objects specified in Section 27 and any other expenses required to be met by the State Committee.

According to the officials of DSHC, every year the Committee demands around Rs 1.5 crore from the Delhi Government. However, they get only Rs 50 lac in any financial year, as was the case in 2004-05. Procuring the budgets of the Committee was the most difficult piece of information. It is shrouded in secrecy and was not disclosed even by the highest official like the Chairman himself. Only when a request under Right to Information Act was in the process of being filed that the Chairman took the matters in his hands and disclosed what ever little information could be gathered. The extent of mismanagement can be guessed through this!

### **Problems and Suggestions**

Even though it is known that lot of corruption exists in the process administered by the State Haj Committee, it is difficult to get information regarding it. However the most astonishing feature is that

officials openly talk about these issues. The common phrase used by them is "*upar ki kamai*" "under the table" and many others. Even though the Central Haj Committee fixes the rate of the Haj, extra money is charged illegally from people who want to perform Haj. The State Haj committee does not have a building of its own. Evidently, the Haj Committee is merely acting like a travel agent. A government body responsible for functions of such kind indicates the wasteful indulgence of the government.

The pertinent question is whether the government should manage such organisations, let alone their management and finances. However, it would be too far fetched to expect that the government would have no role to play in managing these agencies and that it should function independently. A short-term reform would be to engage reputed travel agents of the city and give them government sanction of making the Haj arrangements. All the pilgrims can go through the same process with these travel agents. This would not only save cost but also help the government mobilise its physical and financial resources.

## **Delhi Waqf Board**

The concept of Waqf is rooted to the Quranic injunctions, which deal with charity. Literally, the waqf means endowment of moveable or immovable property dedicated to God by the Muslims for the welfare of needy and poor. The Waqif (settler) in his deed appoints Mutawalli (Manager) for the administration of the Waqf. The Waqif has the right either to appoint himself or any Muslim as Mutawalli.<sup>1</sup>

The Waqf Board is established in the state to supervise and maintain the Muslim properties like mosques, madrasas, tombs, graveyards and orphanages. It provides financial aid to widows, students and destitutes. It fights legal disputes for all Waqf property and the rent received by renting out these properties is distributed to the needy and poor. The Board retains 33 percent of the rent received by renting out properties and rest goes in the maintenance of the property. It has the power to revise the rates accordingly. The Waqf Board also gives one percent of the rent collected to the Central Waqf Board as a part of the financial obligation towards the central authority.

## **Organizational Structure and Legislations**

The Department of Waqf, Government of India is responsible for supervising 3 lac Waqf (properties) in India. The apex body is the Central Waqf Council consisting of 20 members from a cross section of eminent personalities that include representatives of muslim organisations, Members of Parliament, chairpersons of Waqf Boards, former judges of Supreme Court and High Courts, Mutwallis, eminent scholars in Muslim Law and persons having experience in administration. Under this, there are different State Waqf boards that work in different states.

A Chairman, assisted by seven honorary board members, Chief Executive Office, Secretary and Assistant Secretary, heads the Delhi Waqf Board. There are other administrative staffs like superintendent, legal officers and clerks. The Board has 62 sanctioned posts however only 42 employees are working in the Board presently. There were various enactments made with respect to Waqf since the advent of British rule. Some of them are as follows:

- Religious Endowment Act XX of 1863
- Waqf Validating Act, 1913
- Mussalman Waqf Act, 1923
- Delhi Muslim Waqf Act, 1943
- Central Waqf Act, 1954
- Waqf Amendment Act, 1959
- Waqf Amendment Act, 1969
- The Waqf Amendment Act, 1984
- The Waqf Act, 1995

The ruling Act presently is The Waqf Act, 1995. The working of the Waqf Act, 1954 brought out various inefficiencies in management as well as organisation of the Waqf Boards. The mismanagement was most visible in the powers of superintendent and control of individual waqfs. The Act was amended in 1959, 1964 and 1969 in the period of 15 years. The Act was further amended in 1984 and two provisions relating to time period for filing suits with respect to waqf and applications for the evacuee properties were introduced. Some of the main features of the Act are as follows:

- The State Waqf Boards should have 7-13 members
- To strengthen the finances of the Waqf Board, one of the measures being contemplated is to raise the rate of the contribution to the Waqf Board from 6 per cent of its annual income to 7 per cent. It is also intended to put certain restrictions on the powers of Mutawallis in the interest of better management of Waqf properties.
- Establishment of Waqf Tribunals to consider questions and disputes pertaining to waqfs. There are instances of misuse of waqf properties either with or without the connivance of the Mutawallis, thus, provisions are there to reduce the alienation of the Waqf properties.

### Financial Profile

The Board gets funds from the Delhi Government to meet its administrative and capital expenses. According to the Annual Plan 2002-03, the approved outlay for that year was Rs 40 lac, out of which only Rs 20 lac was spent. The budget estimate and actual expenditure of the Board is shown in Table 1.

**Table 1: Budget Estimates and Expenditure (Rs in lac)**

Year	Budget Estimate	Revised Budget Estimate	Actual Expenditure
2001-02	109	100	50
2002-03	48	38	23
2003-04	27	12	12
2004-05	17	21	–
2005-06	25	–	–

*Source: Government of NCT Delhi. Data abstracted from the Detailed Demand for Grants for the years of 2001-02, 2002-03, 2003-04, 2004-05, 2005-06*

Evidently, the expenditure in all the years mentoned are much below the estimate and allocated amounts. In all the years the expenditure has been around 50 percent of what the Board gets. To get a better idea of the expenses and how they incur, Table 2 shows more detailed information on major receipts and expenditure of the Board.

### Irregularities and Solutions

The Waqf Board has always been in the midst of controversies and political debate. There are various sensitive issues involved in the management and administration of the functions that they are responsible for.

**Table 2: Budget Estimate of Receipts and Payments for 2005-06**

<i>Heads</i>	<i>Actual Income 2003-04</i>	<i>Budget Estimate 2004-05</i>	<i>Actual Income Dec'04</i>	<i>Budget Estimate 2005-06</i>	<i>Heads</i>	<i>Actual Exp. 2003-04</i>	<i>Budget Estimate 2004-05</i>	<i>Actual Exp. Dec'04</i>	<i>Budget Estimate 2005-06</i>
Donation	40	200	200	300	Office Expenditure	28	83	64	96
Grants-in-aid	10	100	100	100	Works	1	147	122	183
Miscellaneous Receipts	30	96	100	107	Religious Education & Charity	36	174	140	262
Deposit & Advances, Remittances & Mutawallis Accounts	19	34	42	54	General Deposits/ Advance Miscellaneous/ taxes & Remittances	7 3	61 36	96 22	107 40

*Source: Delhi Waqf Board. 2005. Budget Estimate of Receipts and Payments for the Financial Year 2005-06 Exp. - Expenditure*

Most of the Waqf Boards feel that waqf properties cannot be protected unless the state governments implement the Public Premises Act. No Waqf Board has the authority to evacuate illegal encroachers on waqf lands as panchayat or municipality has except Karnataka. 10 states have not been exempted even from the Rent Control Act. In many states no waqf tribunal has been set up which causes delay in generation of income and in settlement of disputes and even if they do exist, they are not so efficient in performing the task.

The administrative structure of the Delhi Waqf Board is not delineated properly.<sup>2</sup> No concrete steps have been taken for land acquisitions and revenues. The management is either not aware of misappropriation of funds or they deliberately ignore it. The Delhi Waqf Board has around 10, 000 properties which is valued at more than Rs 2000 crore. However, only 300 are paying rent to the Board. The earnings per month come to merely Rs 10 lac. Board sources describe government agencies to be the largest occupants of Waqf properties.<sup>3</sup> The land allotment racket has been a long- time affair in the Waqf Board where people were issued fake receipts and lease agreements. The files were pilfered and the Board was unable to establish its claim over its illegally transferred properties.

## **Gurudwara Election office**

The Gurudwara Election Office was formed in 1971 in accordance



with the Delhi Sikh Gurudwara Act, 1971 by notification in the official gazette of Union Government. The main aim of this Department is to hold elections of the members of Delhi Sikh Gurudwara Management Committee after a period of every four years. The office has divided Delhi in 46 wards, each represented by one member. The Lieutenant Governor of Delhi appoints the Director of Gurudwara Election Office. Apart from holding elections of members, this Directorate is responsible for amendments in the Delhi Sikh Gurudwara Act, 1971 periodically. It is also responsible for delimitation of wards and revision of electoral roles. In addition to 46 elected members, nine members are co-opted by elected members. With regard to procedure of elections it is same as other elections held for MCD, Vidhan Sabha and Parliament.

**Organisational Structure**

The Director is the over all head of the department. Apart from the Director, there is a Secretary who is responsible for financial sanctions. There is an Election Officer to assist the Director in all matters and also to discharge statutory responsibilities as per Delhi Sikh Gurudwara Act, 1971. The election officer is subordinated by superintendents, head clerks, upper division clerks, lower division clerks, and class four employees. The Office has only three sanctioned posts.

**Financial Allocations**

The Gurudwara Election Office was unrelenting when asked about their financial position. This indicates the lack of transparency that engulfs each department of Delhi Government and especially the smaller departments that are less in public view and thus, less accountable. Table 3 gives estimates and expenditure over the years.

*Table 3: Estimates and Expenditure of the Office*

<i>Year</i>	<i>Budget Estimate</i>	<i>Revised Budget Estimate</i>	<i>Actual Expenditure</i>
2001-02	86	86	17
2002-03	86	83	82
2003-04	6	5	5
2004-05	7	5	—
2005-06	24	—	—

*Source: Government of NCT Delhi. Data abstracted from the Detailed Demand for Grants for the years of 2001-02, 2002-03, 2003-04, 2004-05, 2005-06*

As evident from the table, the Office has not been utilising money appropriately over the years. The starkest case is 2001-02 when the Office had a budget estimate of Rs 86 lac, out which only Rs 17 lac was spent. The estimated amount also came drastically down after 2002-03 to single digit numbers.

### Problems and Solutions

The debate is not just about whether this office should exist or not with funding and support from the government but also how the office is being managed currently. The main function of the office is to conduct elections for Gurudwara committees, which is supposed to happen every four years. However, most of the times, this is not the case. The general election to the committee held in 1995 was almost after 16 years.<sup>4</sup> Even if the committee completes its four-year tenure, the elections are generally delayed due to some political pretext or the other.

Thus it does become the responsibility of a concerned citizen to think about these issues and question the role of government in such areas. There are various other issues where a more proactive role of government would play a far more productive and significant role. Religion and managing interests of communities can not be a priority for a government so limited by resources and burdened with issues.

—Prepared by Susmita Pratibast

With Inputs from Rati Sawant, Jamal-ul-Haque and Karuna Shankar

### Notes

- <sup>1</sup> <http://www.saag.org/%5Cpapers12%5Cpaper1136.html>
- <sup>2</sup> *The Milli Gazette*. 2001. October Issue. Accessed on 28 November 2005.
- <sup>3</sup> *Islamic Voice*. 1998. April Issue. Accessed on 29 November 2005
- <sup>4</sup> *Tribune India*. 2002. <http://www.tribuneindia.com/2002/20020128/ncr1.htm>. Accessed on 1 Dec 2005.

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A photograph of a newspaper clipping with text that reads: "Let the wakf board first gets its act together. It can't look after crores worth of property that it's sitting over and wants the Taj Mahal"

A photograph of a newspaper clipping with text that reads: "Anti-Wakf protest a flop show"



# *Land & Development Management*

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- Delhi Development Authority
- Department of Irrigation & Flood Control





## **Developing Urban Delhi From Vikas Sadan to Vikas Bhawan**

Rapid economic development and consequent unregulated migration have resulted in a drastic increase in Delhi's population. What is needed in such a scenario is sustainable development and expansion of urban areas to equitably meet the demand for housing, transport as well as judicious use of non-renewable resources. There are multiple agencies in Delhi<sup>1</sup> responsible for handling land. While land development is handled by the Land and Development Office, Ministry of Urban Development (MoUD), Government of India, land acquisition is the responsibility of the Delhi Government's Department of Land and Building. The Deputy Commissioner (Revenues), Delhi Government looks after agricultural/ rural lands. Accordingly, the responsibility of the Delhi Development Authority is solely to deal with the Delhi Master Plan and housing and estate development.<sup>2</sup>

DDA was set up in 1955 under the Delhi (Control of Building Operations) Ordinance. Section 6 of the Delhi Development Act, 1957 outlines the purposes of DDA: promoting and securing planned development of Delhi, acquiring, holding, managing and disposing of land for requisite purposes, carrying out mining, building, engineering and other related activities as well as providing services and amenities like water, electricity incidental to the above activities.

DDA has a Governing Council consisting of 15 members. It is headed by the Lieutenant Governor of Delhi who is the Chairman, followed by a Vice-Chairman, a whole-time finance member and two engineering members, three MLAs, two Municipal Corporation of Delhi members (non-official members) and five nominees of the Central Government. In November 2004, a report in Hindustan Times put the average age of a DDA employee at that time as 48 years. There is no available record of number of sanctioned posts in the DDA, with the Personnel Department also not being able to provide with the information. According to Annual Report 2003-2004, this figure stands at 21,396.

**Functions and Performances: The Real Picture**

The main objective of constituting DDA was to undertake the development and disposal of land for various purposes. In 1967, however, DDA found that residential plot allottees took a long time to raise construction, hesitating to move into new areas due to lack of requisite infrastructure. Its activities were therefore expanded to include construction of houses and also to generate funds for development activities.<sup>3</sup> Post-1968, construction and development of residential plots and housing schemes has remained DDA's core activity. DDA constructs four categories of housing units, namely, High Income Group (HIG) and Self Financing Schemes (SFS), the Middle Income Group (MIG), the Lower Income Group (LIG) and the Janta Housing or housing units for the Economically Weaker Sections (EWS).

As of March 2003, out of the 67,355 acres of land under the supervision of DDA, 30,713.95 acres has been used in residential schemes. In all, 39 schemes have been floated till March 2004, out of which only five schemes are active. A few schemes have a backlog in allotment. There remains a backlog of allotment of 20,476 housing units. Table 1 details DDA's physical targets.

**Table 1: Physical Targets of Housing**

	2000-2001				2001-2002				2003-2003			
	SFS/ HIG	MIG	LIG	Janta	SFS/ HIG	MIG	LIG	Janta	SFS/ HIG	MIG	LIG	Janta
Targeted projects	8,021	3,212	1,262	1,207	5,633	3,826	13,095	482	3895	3,375	8,456	3,240
Initiated	132	1008	448	496	3971	1982	11,159	64	-	830	1,540	-
Target to be completed	1,566	368	526	5,600	209	1390	542	5,200	878	1,761	1,408	2,576
Completed	888	288	526	5,600	1,715	390	590	5,164	790	1,627	1,072	2,032

*Source: Delhi Development Authority. Data abstracted from the Annual Reports for the years of 2000-01, 2001-02, 2002-03.*

In recent years, the focus of the DDA has shifted from construction of houses in LIG/ Janta and EWS sections to the HIG/ Self Finance and MIG group. One scheme was taken up in 2002 for the resettlement of jhuggi-jhonpri dwellers (JJ dwellers) with construction of around 10,000 tenements. As per the 2003-04 Annual Report, the scheme has been closed with 1,288 allotments. Also, these allotments are at far-flung places where slum-dwellers are hesitant to go due to little or no employment opportunities. An independent survey conducted by the

Hazards Centre found that while the planned housing targets set for the rich were achieved more than three times over, only 40 percent of the Janata flats were occupied by the poor. Further, 81 percent of LIG housing is owned by middle-income and rich groups. Despite 23,000 applicants waiting for allotments, DDA announced that it would take up schemes only for high-income group (HIG) flats and that Janata flats would not be constructed any more.

A discernible trend can also be seen with respect to increased involvement in commercial activities, with the percentage of commercial plots, land and estate being dealt with by DDA on the rise in the past five years.<sup>4</sup> Further, there seems to be an inclination towards disposal of plots and land as a whole rather than undertaking of construction activity by the DDA. The Comptroller and Auditor General (CAG) 2004 Audit Report on Autonomous Bodies<sup>5</sup> observed that DDA failed to enforce the terms of allotment of institutional land, consequent to which the primary objective of the allotments was not achieved.<sup>6</sup> According to the Report, allotment of land was made to three ineligible institutions, which deprived DDA of revenue of Rs 38.5 crore. 23 out of 27 hospitals had not started functioning as of July 2003 even after a lapse of 4-30 years from the date of allotment of land.

During 1990-2004, DDA allotted land to 381 registered societies for constructing buildings to establish schools. According to the Annual Audit Report 2005, in 70 cases the stipulated period of two years, after taking possession of land by allottees had elapsed. 27 societies could not meet the cost of land and 46 out of 90 schools were yet to be functional. DDA had outstanding dues of Rs 1.8 crore from 89 societies.

### **Vigilance and Corruption Issues**

Another important issue is corruption. Despite the known fact of rampant corruption in DDA, there is no available record of complaints of bribery and corruption reported by the public. The public probably does not even register complaints. Many echo the sentiment that anything is better than an interaction with DDA officials. Even on Mondays and Thursdays, the public meeting days, there is hardly anybody in DDA offices to meet officials.<sup>7</sup>

Even the former Housing Commissioner at DDA, Mr K J Alphons, has been quoted in the World Development Report by the



World Bank that DDA is the "most corrupt organisation in the world." According to him, no activity, whether legal or illegal, can be undertaken without payment of a bribe. In the 2004-05 Report, the Parliamentary Standing Committee has observed that property dealers operate hand-in-glove with field staff and DDA officers in areas where allotments are due. The report cited proliferation of hoardings and boards in Mayur Vihar put up by property dealers, advertising sale and transfer of upcoming DDA properties at higher prices.

### Financial Allocations and Performance

DDA is a statutory authority, and therefore no part of its funding comes from the Delhi Government or the Central Government. The Budget and Accounts Rules, 1982 read with the Act mention only presenting of the budget estimates for a particular year to the Central Government after they have been approved by DDA itself.<sup>9</sup> The only source of income is disposal of land, houses, shops, commercial and institutional plots. Table 2 details the receipts and expenditure in these three accounts.

**Table 2: Receipts and Expenditure in the Three Accounts**  
(Rs in crore)

	2000-2001		2001-2002		2002-2003		2003-2004	
	Receipt	Exp.	Receipt	Exp.	Receipt	Exp.	Receipt	Exp.
NAZUL I <sup>10</sup>	1.62	15.21	2.73	14.18	9.16	17.22	2.86	12.38
Actual						<b>(14.76)</b>		
Revised								
Estimate	4.93	17.49	5.16	17.90	3.03	21.02	18	16.61
NAZUL I	350.02	450.80	440.65	731.11	632.98	919.20	2,466.83	675.61
Actual			<b>(478.53)</b>	<b>(739.48)</b>	<b>(705.92)</b>	<b>(940.94)</b>		
Revised								
Estimate	325.91	592.97	446.98	871.59	50376	1,065.54	2,824.81	1,077.97
General								
Development								
Account								
Actual	630.69	353.81	532.35	428.65	541.71	447.46	522.09	572.83
			<b>(486.38)</b>	<b>(436.08)</b>	<b>(487.99)</b>	<b>(487.21)</b>		
Revised								
Estimate	639.45	352.89	647.89	427.50	657.00	511.62	727.80	723.88

Source: Delhi Development Authority. Data abstracted from the Annual Reports of DDA for the years of 2000-01, 2001-02, 2002-03, 2003-04.

While going through the Annual Reports, we came across an anomaly. While the 2001-02 and 2002-03 Annual Revenue and Expenditure (actual) mention similar figures for revenue and expenditure of the three

Accounts, different figures are mentioned in the 2003-04 Annual Report. The figures mentioned in bold in brackets indicate the same. With respect to expenditure heads, land development remains the area in which maximum expenditure has been done. Although there is a decrease in DDA's housing construction activity, increase in the expenditure on construction of houses may be due to the increase in cost of construction. Table 3 gives the particulars of income earned by DDA in the past four years by disposing of various kinds of plots and buildings.

**Table 3: Income earned (Rs in crore)**

<i>Units &amp; Income</i>	<i>2000-2001</i>		<i>2001-2002</i>		<i>2002-2003</i>		<i>2003-2004</i>	
	House & Shops	Income	House & Shops	Income	House & Shops	Income	House & Shops	Income
Income on Disposal of Houses and Shops	248	84		219			510	36
Commercial Plots/ Built up units	1,661	168	1,192	205	94	450	98	2,073
Institutional Use	142	70	339	120	-	-	-	-
Residential Plots	-	-	290	1,344	-	-	-	-
Commercial Land and Estate	-	-	-	-	-	462	-	2,109

*Source: Delhi Development Authority. Data abstracted from the Annual Reports of DDA for the years of 2000-01, 2001-02, 2002-03, 2003-04.*

### Public Interface and Processes

There are different procedures prescribed for mutation, conversion, additions and alterations to be followed by the general public.<sup>11</sup> Some of the most vexing problems faced by public while approaching the DDA include<sup>12</sup> delays in conversion of property from leasehold to freehold, in refunding excess payments which should be paid within 28 days from application, in allotment of possession letters to be disposed off within 60 days of completion of all formalities and in transfer of property.

Builders and construction firms are a hassled lot when it comes to the DDA. A FICCI study on Delhi Building Bye-laws indicated the extremely long process that has to be followed by builders in order to obtain a building permit from the DDA.<sup>13</sup> It can take a builder anywhere between six months to two years, besides a set of 20 documents (minimum) to get a building permit. Then, after the project is complete,

he has to repeat the process to obtain a completion-cum-occupancy certificate from the DDA/ Municipal Corporation of Delhi (MCD) again, which can take another eight months to two years. When sanctioning the building plan, the DDA asks for some 25 documents to which another 15 can be added in case the project comes under group housing, institutional, commercial or industrial scheme. Ordinarily, the plan gets sanctioned in 60 days, but it may get delayed if there are objections raised. The FICCI study further indicates that any kind of delay in obtaining permission and approval can increase project costs by almost 30 to 50 percent.<sup>14</sup>

About the transfer of DDA to Delhi Government, it was told that it has not taken place may be because the provision of the Bill was not acceptable to all and therefore it was left out! However, a more plausible explanation to the same is that the Delhi Statehood Bill 2003 which initially included the provision for transfer of DDA to Delhi Government was BJP led NDA government, while the actual Act was passed under a Congress led government. Maybe, the provision of transfer of DDA was not included in the next Bill considering the anxiety of Union Government to transfer control of land, law and order to the state government, bearing in mind the National Capital Region (NCR) status of Delhi.

### **Land Acquisition and Land Management:**

#### **Department of Land and Building, Delhi Government**

Land acquisition for DDA and other government agencies for various development projects is done by the Department of Land and Building. The Department has 4 main branches:

- The Land Acquisition branch acquires land for DDA and other government agencies for development projects. A select committee fixes the cost of land acquisition and the cost in its entirety is borne by the DDA or the concerned government authority for which the acquisition has been made. The Delhi Government provides no cash emoluments or assistance in land acquisition.
- The Evacuee Property branch manages and looks after the disposal of evacuee urban and rural properties and lands that were transferred to Delhi Administration
- The Alternative Plot branch makes recommendations to the DDA

for allotment of alternative residential built up plots to those people whose land has been compulsorily acquired. Residential plots are allotted only when land acquired measures over one *bigha*.<sup>15</sup>

- The Housing Loan branch used to give housing loans for construction of houses; the scheme has been discontinued from 1983. Even though the officials gave illogical reasons for its closure, one justification can be that recovery of the loans extended is still being processed.

A Principal Secretary heads the Department, where he is assisted by Deputy Directors/ Secretaries of various branches, their assistants and other sub-ordinate staff. Queries about the total number of working staff in the Department brought the response that such figures were never recorded. The total number of employees working in the Department is 153, out of a sanctioned staff strength of 208.<sup>16</sup> The Department gets grants from the Delhi Government for its maintenance and other activities. Besides, it has various branches like Land Management, Revenue Cell (Land Acquisition) and a Planning Branch. The officials were reluctant to even divulge details about the functions of these branches.

The Department spends a large proportion on administration of the Department. Table 4 gives allocations on salaries, OTA, domestic travel, office expenses, professional expenses and other administrative expenses of the Department, all of which are substantial.

**Table 4: Expenditure on Administration of the Department (Rs in lac)**

Year	Budget Estimates		Actual	
	Plan	Non-Plan	Plan	Non-Plan
2000-01	15	364	8	261
2001-02	11	303	5	288
2002-03	16	294	8	295
2003-04	30	350	9	314
2004-05	20	344	N/A	N/A
2005-06				

*Source: Government Of NCT Delhi. Data abstracted from Detailed Demand for Grants for the years of 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06*

The Department of Land and Building spent Rs 3.24 crore in 2003-04 only on office salaries and other administrative expenses. Considering the total workforce and the overlapping nature of the functions of the

Department including the non-working Housing Loan branch, this spending is nothing but wasteful expenditure. Gross irregularities came to light during the CAG audit of 2002 included incorrect determination of compensation and interest resulting in excess payments aggregating to Rs 263 lac, made by Land Acquisition Collectors. Besides this, slow progress in completion of land acquisition proceedings led to retention of substantial amounts outside government account. Problems also arise because there is a similar branch in DDA as well.

### **Problems**

- ***Overlap of functions and activities***

Several functions performed by the DDA, especially construction of flyovers, development and maintenance of horticulture services overlap with the Public Works Department as well as the Delhi Government's Development Department.

- ***Faulty land acquisition approach***

Delhi Development Act, 1957 gives DDA the authority to acquire any land it deems fit for acquisition and further development. However, it is suggested that this approach to land acquisition is incorrect. It devolves upon DDA high autonomy to acquire land wherever it wants and leave it vacant for long periods of time.

- ***Ineffective decentralisation***

Although DDA is divided into six different zones for effective functioning and has offices at various locations, the majority of the offices are situated at the Vikas Sadan, INA Colony. The DDA office in Vikas Minar houses branches like Planning, Master Plan, Offices of Architects and Quality Control Cell.

- ***Redressal of public grievances***

There is no allotted time period for disposal of grievances. No record is available for the number and type of any public grievances filed, and it is doubtful that they are addressed in a timely fashion.

- ***Closed organisation***

DDA is very "closed" organisation. Corruption, bureaucratic atti-

tudes have seeped down to its roots, visitors are viewed with suspicion, details of various issues and problems are hard to come by. This is obviously the result of extreme concentration of power and authority.

- ***Lack of knowledge***

People working under both the authorities (DDA as well as Department of Land and Building) are ill-informed about the policy decisions taken by their own bodies, for example the Housing Loan policy of the Department of Land and Building.

- ***Lack of association with RWAs***

DDA was instrumental in setting up the procedures and rules for Resident Welfare Associations (RWAs). However DDA is hardly involved with RWAs, and is unaware of the civic problems affecting built habitat for which it is responsible till a particular period of time.

### **Recommendations**

The mammoth tasks of restructuring DDA and reforming its role in land management demand extreme measures -- some short-term, some long-term. A discussion on both would be relevant here. In the short term, it is most important to separate the overlapping jurisdiction of the functions performed by DDA and other departments. This merely leads to wasteful expenditure due to duplication of efforts and processes. The Delhi Development Act, 1957 that empowers DDA in matters of acquisition of land should be amended.

The grievance redressal mechanism should be made more speedy and a statutory time frame should be provided for disposal of disputes and grievances. A one-window approach should be adopted and grievances should be addressed through the Public Grievances Branch. They should not be asked to go to the concerned branch and directly seek a reply. There should be external monitoring mechanisms to observe internal issues like vigilance, finances, quality of building materials. Currently, the procedures are such that DDA sits in judgement on its own controversies and issues. This leads to further red-tapism and corruption. Institutional land is available at highly subsidised rates to institu-

tional societies and one way of avoiding flagrant violations of allotment agreement would be to increase the cost of land to such institutional societies. Unfinished projects should be auctioned off to private developers with extensive flexibility regarding area specifications. However certain minimum standards have to be adhered to. Another step could be Transfer of Development Rights model as practised in United States of America, wherein development rights are separated from ownership of land and are tradable in the market. However, it is the duty of the owner of the land to clear encumbrances on the land and make it free from all liabilities.

These are suggestions for the short term. Long-term reform would involve removal of DDA from having a role in issue of land. Land use plans should not be a matter of legislative processes. DDA is heavily influenced by Ministry of Urban Development and Home Ministry, both of which are far removed from people's participatory processes and subject to political vagaries. Land agencies should stop further acquisition of land and reallocate existing undeveloped land to the original title-holders at the original price, since it is unfair for the agency to even auction and benefit from what was not theirs in the first place. Most government agencies own land far in excess of their requirements and for reasons that do not hold much weight. Such excess land could be surveyed and sold to private parties for development. These private parties should not have any restrictions on land assembly.

—Prepared by *Neha Bhat*

### Notes

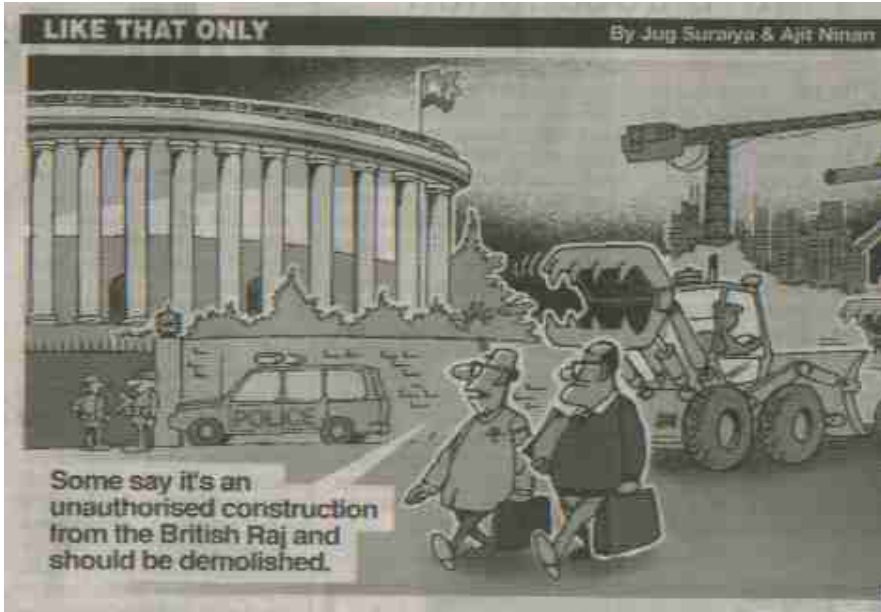
- <sup>1</sup> Delhi became a State in 2003 vide the Delhi Statehood Act 2003.
- <sup>2</sup> Land Housing and Estate available online at <http://delhigovt.nic.in/land.asp>. Accessed on 22 October 2005.
- <sup>3</sup> Gill Harbans Singh. *Policies and Projects for Land and Shelter Development for Delhi: Implementation Mechanisms*. Available online at [http://naredco.org/11\\_policiesandprojectsforlandandshelterdevelopmentfordelhi-implementationmechanisms\\_hhgill.doc](http://naredco.org/11_policiesandprojectsforlandandshelterdevelopmentfordelhi-implementationmechanisms_hhgill.doc). Accessed on 22 October 2005.
- <sup>4</sup> For example, while in 2000-2001, housing activities undertaken were to the tune of 33 per cent of total activities undertaken, commercial activities stood at 41 per cent. See DDA Annual Report 2000-2001.

- <sup>5</sup> Report No. 4 of 2004 (Civil) Autonomous Bodies available online at [http://cag.nic.in/html/audit\\_reports\\_say5.htm](http://cag.nic.in/html/audit_reports_say5.htm), Last visited 26 October 2005.
- <sup>6</sup> These lands are allotted to institutions at concessional rates on the condition that free services (health, education etc.) will be provided to the members of economically and socially weaker sections of the society.
- <sup>7</sup> Joshi Sandhya, DDA corrupt, says Vice- Chairman, 28 November 2000. Available online at <http://www.newsinsight.net/archivespecialreports/nat2.asp?recno=5&ctg=Community>, Accessed on 24 October 2005.
- <sup>8</sup> See World Bank takes Housing Commissioner Alphons's word on corruption in DDA. Available online at [http://mahendra-agarwalonline.20m.com/PR\\_DDA\\_MostCorruptInIndia.htm](http://mahendra-agarwalonline.20m.com/PR_DDA_MostCorruptInIndia.htm), Accessed on 24 October 2005.
- <sup>9</sup> See DDA Annual Report 2003-2004 available online at [http://www.ddadelhi.com/about\\_us/pop\\_ups/ENGLISH\\_DDA\\_AR.pdf](http://www.ddadelhi.com/about_us/pop_ups/ENGLISH_DDA_AR.pdf), Last visited 26 October 2005.
- <sup>10</sup> DDA has three accounts, Nazul I Account dealing with all the land handed over in 1957, Nazul II Account dealing with large scale acquisition development & disposal of land and General Development Account that pays for all the developmental expenditure incurred by DDA.
- <sup>11</sup> For the Guidelines to various Housing Procedures, see <http://www.ddadelhi.com/assistance/housing.htm#>, Last visited 25 October 2005.
- <sup>12</sup> Joshi, Sandhya. *DDA's corrupt, says Vice- Chairman*. Available online at <http://www.newsinsight.net/archivespecialreports/nat2.asp?recno=6&ctg=Community>, Last visited 24 October 2005.
- <sup>13</sup> FICCI Study on Delhi's Building Bye-laws, available online at [http://www.ficci.com/ficciimage/88888888\\_518/press.doc](http://www.ficci.com/ficciimage/88888888_518/press.doc), Last visited 22 October 2005.
- <sup>14</sup> *Ibid.*
- <sup>15</sup> *Present norms for recommendation of the size of plots*. Available online at <http://land.delhigovt.nic.in/>, Last visited 26 October 2005.
- <sup>16</sup> Government of NCT Delhi. 2004. *Census on employees working in Delhi Government and Autonomous Bodies*. Directorate of Economics and Statistics

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**CBI probe into DDA scam ordered**

**DDA's draw under Rohini scheme today**

Over 25,000 applicants would still have to wait for their plots

## **Department Of Irrigation & Flood Control**

The Yamuna traverses about 40 km in Delhi and has an average bed width varying from two to three km. Most land surfaces in Delhi are flat, but there is a big depression in the southwest known as the Najafgarh jheel area, which receives drainage from the adjoining states of Haryana and Rajasthan. The only outlet for these waters is the Yamuna. The Sahibi river that flows through Rajasthan and Haryana also flows into Delhi through the Dhansa bund. The waters find a final outlet into the Yamuna (through the Najafgarh drain) below Wazirabad. There are barrages across the Yamuna in Delhi at Wazirabad, Indraprastha and Okhla. There are also 18 drains that join the Yamuna in Delhi. The main reasons for Delhi's flooding are spills from Yamuna, drainage congestion and flooding from various drains of Haryana and the Sahibi River.

### **Flood Vulnerability and Zoning**

The city has experienced floods of various magnitudes in the past due to floods in the Yamuna and the Najafgarh drain system. The Yamuna has crossed its danger level (fixed at 204.83 m) 25 times during the last 33 years (Rangachari, 2000). Since 1900, Delhi has experienced six major floods in the years 1924, 1947, 1976, 1978, 1988 and 1995 when the peak level of Yamuna river was one meter or more above the danger level. The Delhi Environment Status Report: World Wide Fund for Nature-India (1995), points out that since 1978, the threat of floods in Delhi has increased manifold.

The most recent floods of high magnitude in Delhi were in September 1995, which occurred due to heavy runs in the upper catchments area of the Yamuna and resultant release of water from Tajewala water works. Slow release of water from Okhla barrage due to lack of coordination between cross-state agencies further accentuated the problem. The community exposed to the highest risk from floods comprises families living in the villages and unauthorized colonies within the riverbed. There are over 15,000 such families, totaling over 75,000

persons. Situated on the wrong side of the embankments, these people live on the edge of the floods, and are the first ones to have their homes washed away.

The phenomenon of local flooding is also increasing due to the rise in the areas under impervious surfaces (roads, pavements, houses), leading to higher surface run-off rates. This, combined with a poorly maintained storm water drainage system, results in flash floods in the low-lying areas even after moderate precipitation. In addition, flooding due to the city's 18 major drains has also become a common occurrence.

As per the map of the flood prone areas of Delhi, prepared by the Central Water Commission, Delhi has been classified into 13 zones based on the flooding risk in relation to incremental rise in the water level of the Yamuna. This zoning map covers part of north Delhi on the west bank of the Yamuna and almost the entire Trans-Yamuna area on the east bank. Besides this, the Delhi Flood Control Order also divides the National Capital Territory, Delhi into four flood sectors, namely: Shahadra, Wazirabad-Babrapur, Alipur and Nangloi-Najafgarh sectors (Gandhok, 2000).

### **Organisation**

The Irrigation and Flood Control (I& FC) Department functions under the overall administrative control of Development Commissioner-cum-Secretary. It is headed by a Chief Engineer, followed by a Superintendent Surveyor of Works and a Surveyor of Works. Each zonal office is headed by a Chief Engineer, who has Junior Engineers and administrative staff under him. As of 2004, the strength of the Department was 586, which represents 83% of its sanctioned strength.<sup>1</sup> No new posts were proposed during for the Tenth Five Year Plan period.

### **Activities of the Department**

The Flood Control Department is responsible for:

- Construction and maintenance of storm water drains in Delhi including certain inter-state drains that bring storm water from the neighbouring states of Rajasthan and Haryana
- Construction, maintenance and improvement of marginal embank-

ments and execution of anti-erosion and river training works on both banks of river Yamuna for defending Delhi against floods

- Provision of irrigation facilities to the rural areas of Delhi by installing shallow/ deep tube wells. Provision of lift irrigation by utilizing the treated sewage effluent available from sewage treatment plants at Keshopur, and Okhla Treatment Plant

Several flood-mitigating measures have been taken up over the years to avoid repeated occurrence of floods. Some of them are: raising and strengthening of Yamuna marginal embankments, remodeling and lining of Najafgarh drain, strengthening of Dhansa bund, constructing supplementary drain to Najafgarh drain which caters to excessive inflow of flood discharge in the Najafgarh drain. The validity of these claims, of course, remains doubtful in the wake of recent media reports<sup>2</sup> about massive flooding in the Najafgarh area. The work related to construction of supplementary drain to Najafgarh drain is likely to be completed in the Tenth Five Year Plan. So far, 82% of the work on this project has been completed.

The marginal embankments along the Yamuna in Delhi can withstand a discharge of only up to 2.5 lac cusecs in the river against the requirement of 3.5 lac cusecs as suggested by the Central Water Commission, Government of India.

The following short and long term measures are taken up by the Department in the Tenth Five Year Plan period, as per the recommendations of an 11 member committee constituted in 1995 and headed by the then Minister of Development and Education, Government of Delhi.

### **Short-term Measures**

- Strengthening of right marginal embankment of Yamuna river from Palla to Jagatpur including Jagatpur bund, construction of new bund from Palla to G T Road, raising and strengthening of Yamuna Bazar Wall
- Desilting of Najafgarh Drain
- Making supplementary drains functional by way of excavation and lining, improvement of drainage network in Najafgarh and

## Kanjhawala Block by remodelling various existing drains

**Long-term Measures**

- Strengthening new embankments from Palla to G T road, raising right side bund downstream of Okhla Barrage, completing Jahangirpuri drain
- Improvement of major drains namely Bawana Escape drain, Palam drain, Pankha road drain, Mundella drain, Karari Suleman Nagar drain
- Permanent pumping arrangements with captive power has to be made at outfall of some drains of Alipur Block like Burari drain  
Construction of new drains in Sarita Vihar and Dwarka residential area

Table 1 shows the performance of these activities undertaken by the Department in the Ninth Five Year Plan.

**Table 1: Performance in the Ninth Five-Year Plan (Rs in lac)**

<i>Programmes</i>	<i>Approved Outlay</i>	<i>NFYP</i>		<i>NFYP</i>
		<i>Expr</i>	<i>% Expr</i>	<i>Approved Outlay</i>
Embankment schemes	1,000.00	322.79	32.28	1,327.00
Major drainage schemes	8,051.00	3,636.59	45.17	7,955.00
Remodeling of existing drains	1,388.00	542.08	39.05	2,655.00
Other small drainage improvement schemes	532.00	402.68	75.69	199.00
Access roads & bridges	183.00	515.37	281.62	732.00
Anti-erosion works	163.00	67.19	41.22	100.00
Protection of Govt land	197.00	364.02	184.78	157.00
Survey & studies	200.00	141.12	70.56	150.00
Bank protection	78.00	53.59	68.70	0.00
Other schemes	208.00	492.80	236.92	725.00
Trans Yamuna area board schemes	1,300.00	1,418.28	109.10	600.00
<b>Total</b>	<b>13,300.00</b>	<b>7,944.25</b>	<b>59.73</b>	<b>14,600.00</b>

*Source: Government of NCT Delhi. 2002. Department of Planning  
NFYP: Ninth Five Year Plan, TFYP: Tenth Five Year Plan, Expr: Expenditure*

Some of the major achievements during Ninth Five Year Plan (1997-2002) by the Department were:

1. Under the Scheme 'Construction of Supplementary Drain'
  - 17 km of excavations

- Manufacture of nine lac cement and concrete tiles for lining and stone pitching
  - Lining of 2.71 km completed
  - One foot bridge, one single lane bridge, and one railway bridge on Delhi Rohtak railway line
  - One aqueduct
2. 20 bridges under 'access roads and bridges'
  3. 5.47 km of 'kaccha drain', one six lane bridge, one single lane bridge, 2 steel girder bridges constructed in north Delhi
  4. For remodelling of Bawana Escape Drain project, funds were released to the Railways Department for one bridge and Haryana Irrigation Department for construction of a bridge and aqueduct
  5. An amount of Rs 85 lac was released to Uttar Pradesh Irrigation Department for covering Jasola drain (900 m). 65% of the drain has been completed.

The accomplishments of any department is not just measured by the physical targets that have been completed but also by the total expenditure in achieving those targets. This can be substantiated by the fact that only 59.73% of the total Ninth Five Year Plan approved outlay was utilised by the Department. Table 2 and 3 detail some of the poor performing and unfeasible schemes run by the Department.

**Table 2: Poor Performing Schemes**

<i>Name of Scheme</i>	<i>% NFYP Expenditure</i>
Construction of Mundella bund along Delhi Haryana border	45.29
Construction of supplementary Najafgarh drain	63.54
Construction of outfall drainage-Shalimar Bagh, Model Town, Azadpur	16.40
Remodelling/ improving existing drains	39.05
Anti-erosion schemes	41.22

*Source: Government of NCT Delhi. 2002. An Appraisal of Ninth Five-Year Plan. Department of Planning*

*NFYP: Ninth Five Year Plan (1997-2002)*

**Table 3: Schemes Found Unfeasible (Rs in Lac)**

<i>Name of Scheme</i>	<i>% NFYP Expenditure</i>
Construction of supplementary drains (phase 2)	50
Drainage Scheme of Gagan Vihar, Sai Nagar	134
Covering of drain in Najafgarh, Karai Sulemen Nagar, Pankha road	100
Construction of Sarita Vihar drain	222
Strengthening of Yamuna Bazar Wall corresponding to flood discharge of 3.5 lac cusecs of water	130
Restoration and construction of LM bund from Vikas Marg to Noida Mor after removal of jugghis	100
Strengthening of river bunds	100
Construction of Rohini drain (Phase 2)	50
Procurement of dredgers and draglines	450
Drainage schemes for Gagan Vihar, Om Nagar, Mithapur, Sarita Vihar, Shahadara	406
Total	1,751

*Source: Government of NCT Delhi. 2002. An Appraisal of Ninth Five Year Plan.*

*Department of Planning*

*NFYP: Ninth Five Year Plan (1997-2002)*

### **Ground Realities**

During the rainy season, the already clogged up city drains overflow, leading to localised flash floods. There is a great deal of confusion about which civic body is in charge of operations such as desilting of city drains. This is manifested by the frequent 'war of words' between the Delhi Government and MCD. The Department and the MCD regularly trade allegations of either department not carrying out their 'desilting responsibilities.'

The Minister for Development has alleged that the MCD does not carry out its functions of preventing the flow of sewage and garbage from the MCD drains into the storm water drains of the Flood Control Department by putting bar-gratings near the outfall points of their drains. As a result, floating solid waste and garbage continues to flow into I&FC Department trunk drains causing excessive silting. It has even been alleged that in some cases bar-gratings installed by the I&FC Department were removed by the MCD. On the other hand MCD officials allege that flooding is due to improper maintenance of pipes laid down by the I&FC Department.

While there is no dearth of drainage and flood control plans, schemes and projects, most of them remain 'in the pipeline' of the Flood Control Department. Most projects extend far beyond the time

allocated for them, and are kept alive year after year with fresh infusions of funds. Like other civic issues in Delhi, the flood control sector also faces the problem of multiple agencies being involved, either directly or indirectly.

For example, many regions in Delhi are flooded during the rainy season because of the unabated flow of solid waste and sewage from the MCD drains into the main trunk storm water drains of the Flood Control Department, which then clog up, leading to flash floods. These drains are then unable to bear the backflow of water from the Yamuna during heavy rains. Even though flooding is to a large extent linked to drainage in Delhi, there is a lack of coordination between the I&FC Department and the MCD in desilting operations and maintenance of the drains. An additional agency in the eastern part of the city is the Trans Yamuna Development Board. The Delhi Development Authority is also indirectly involved, since experts have alleged that the gradual encroachment and intrusion of the Yamuna flood plain area, mostly under DDA construction schemes, has increased the flooding risk in the region (Rangachari, 2000).

### **Reforms**

The Irrigation and Flood Control Department should be converted into a supervising, coordinating and monitoring agency. The execution, repair and maintenance of flood control works and drainage should be contracted out to private sector civil engineering firms. It would be even better if the existing set-up of ward level councillors can be used to further tailor flood control works to the specific requirements of a particular area. The ward councillors and resident committees can be given charge of the funds allocated for various projects, and it would be their responsibility to contract out maintenance and construction of drains and embankments.

This approach has the added advantage of introducing competition among civil engineering firms, who would now vie for 'ward-level flood management contracts.' The same funds, which were 'allocated' for various schemes that are eventually dropped/ not implemented properly, would now be used more optimally. In addition, the wastage of funds in the form of non-plan expenditure (the estimated figure for the year 2003-04 alone is Rs 53 crore, according to the De-



mand for Grants) incurred by the Department would be curtailed.

The Department should promote storm water harvesting. The existing network of storm water drains is a potential source of water that could be used to replenish groundwater levels. This method of recharging the water tables would be easier and cheaper to implement than rooftop water harvesting programs.

—Prepared by Vidisha Maitra

### Notes

- <sup>1</sup> Government of NCT Delhi. 2004. *Census of Employees in Government of Delhi & Autonomous Bodies*
- <sup>2</sup> *Times of India*. 2003. 23 July

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## **Directorate of Prosecution**

The criminal justice system in India is responsible for prosecution of offenders on behalf of victims. In 1899, the district court housed in the old building at Kashmere Gate moved to the Hindu College building, from where it functioned till 1958. A small number of criminal courts functioned at Parliament Street and Shahdara. In 1977, the criminal courts were shifted to Patiala House. The Karkardooma court complex was established in 1993 and the courts functioning at Shahdara were shifted there. Labour courts and industrial tribunals having jurisdiction all over Delhi are also housed at the Karkardooma complex. This is where the Directorate of Prosecution functions.

### **Directorate: A Bird's Eye View**

In Delhi, the Directorate of Prosecution functions independently, managed by the Home Department and the Principal Secretary (Home). The Delhi Government heads it. The Directorate controls the prosecution of criminal cases both at Sessions as well as Metropolitan Magistrate Court levels in co-ordination with the police. Sessions courts can give any sentence permissible by the Constitution but have to take confirmation from the High Court to award a death sentence, whereas Courts of Metropolitan Magistrates can give sentences to a maximum of seven years and/ or a fine of any amount.

Delhi is divided into ten police districts. Cases pertaining to North, Northwest, West and Central districts are heard at Tis Hazari. East and Northeast district cases are at Karkardooma Courts, and Patiala House Courts deal with cases of New Delhi, South Delhi, Airport and Southwest districts. Public prosecutors appointed by the government do the criminal prosecution. They are supposed to play an impartial and neutral role and prosecute all persons who have been charge-sheeted by the police.

### **Organizational Structure and Responsibilities**

The Directorate is classified into three sections, namely, prosecution, establishment and administration, and accompanied by the accounts section. It is headed by a Director assisted by a Public Prosecutor. There are 12 Chief Prosecutors under the Public Prosecutor, accompanied by 71 Additional Prosecutors/ Senior Prosecutors and 120 Prosecutors.

The foremost objectives of the Directorate include fair trial of the accused/ prisoners. Prosecuting officers assist law courts in disposal of cases. The Directorate aims at prompt, efficient and speedy service to the litigant/ aggrieved persons for achieving the ends of justice, ensuring judiciousness and speedy legal remedies. The main functions of the Directorate include controlling the prosecution of criminal cases both at Sessions as well as Metropolitan Magistrate Courts. Cases registered and investigated by the police are referred to the prosecution agency for scrutiny, and after their institution in the courts, the Assistant Public Prosecutors/ Additional Public Prosecutors conduct the prosecution. The major functions are:

- **Assistant Public Prosecutors** - Assistant Public Prosecutor Officers scrutinise charge sheets prepared by the investigating agency and submit discharge/ acquittal. They evaluate the evidence in each case and make their recommendations for filing revision petitions or appeals against impugned orders and judgments, as well as conduct cases in Courts of Metropolitan Magistrates.
- **Additional Prosecutors** - Additional Public Prosecutors conduct cases in Sessions Courts
- **Chief Prosecutors** - Chief Prosecutors supervise the work of Assistant Public Prosecutors in the Courts of Metropolitan Magistrates
- **Public Prosecutor** - Public Prosecutor is responsible for supervision of prosecution work conducted by Additional Public Prosecutors in the Sessions Courts

- **Director of Prosecution** – The Director of Prosecution is the Head of Office. The Director of Prosecution looks after the Establishment and Accounts Branches and exercises overall control over officers of the Directorate

Apart from the prosecution section, there are 10 employees in establishment and administration as well as accounts. There are 260<sup>1</sup> sanctioned posts in the Directorate, but only 178 employees - 82 posts are vacant. As there is an increase in instituted and pending cases, there has always been a shortage of prosecutors. However, 46 new prosecutors were hired in 2005.

### **Cases with the Directorate: A Status Report**

The status of instituted and disposed cases in the Metropolitan and Sessions Courts is shown in Table 1. Conviction rates have been abysmally low. A number of court judgements have emphasised that the prosecutor is a 'minister of justice' who should place before the court all evidence in his/ her possession, whether in favour of or against the accused. This is seen as proper prosecution, as opposed to single-minded persecution in seeking a conviction regardless of the evidence.<sup>2</sup> However, most of the time, this motive is misinterpreted and prosecutors show no interest in winning cases in favour of their client.

*Table 1: Status of Cases Instituted and Disposed*

Year	Courts of Metropolitan Magistrate			Session Courts		
	Cases Filed	Cases Disposed	Conviction Rate %	Cases Filed	Cases Disposed	Conviction Rate %
2003	37,291	26,776	49	4,020	3,866	31
2004	35,535	26,663	35	4,915	3,836	35

*Source: Government of NCT Delhi. 2004. Annual Report of District Courts 2004.*

The Directorate reduced pending cases by 0.31% cases during 2004. Table 2 enumerates the number of pending cases in Sessions and Metropolitan Courts as on June 2005.

*Table 2: Pending Cases with Sessions and Metropolitan Courts*

Nature of Suits/Appeal	No. Of Suits/Appeal			
	Tis Hazari Courts	Patiala House Courts	Karkardooma Courts	Total
Under Section 302 I.P.C.	597	288	267	1,152
Sessions Trials other than Murder Cases	2,336	1,423	1,150	4,909
Criminal Appeals	167	604	118	889
Criminal Revisions	523	574	195	1,292
Narcotic Drugs and Psychotropic Substances	629	340	215	1,184
TADA	3	3	-	6

Essential Commodities	-	8	7	15
Corruption Cases	894	197	15	1,106
Motor Accident Claims Tribunal	-	87	-	87
Miscellaneous	80	36	1,590	1,926
<b>Total</b>	<b>5,229</b>	<b>3,560</b>	<b>3,767</b>	<b>12,566</b>
<b>Pending Cases with the Metropolitan Magistrate</b>				
Police Challans	94,174	12,688	26,139	1,33,001
Complaint Cases	49,929	1,11,538	47,250	2,08,717
Other Act.	8,925	9,829	4,589	23,343
<b>Total</b>	<b>1,53,028</b>	<b>1,34,055</b>	<b>77,978</b>	<b>3, 65, 061</b>

Source: Government of NCT Delhi. 2004. Annual Reports of District Courts 2004

### Financial Allocations

Budget estimates and actual expenditure of the Directorate for the past five years has been consistent throughout the period. Table 3 depicts estimates and expenditure of the Directorate in the Tenth Five Year Plan (2002-07).

**Table 3: Budget Estimates and Expenditure (Rs in lac)**

Year	Budget Estimate		Revised Budget Estimate		Actual Expenditure	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
2000-01	10	394	5	313	-----	312
2001-02	10	405	5	312	-----	308
2002-03	10	335	10	314	8	310
2003-04	30	440	23	315	23	310
2004-05	30	360	30	331		
2005-06	40	403				
<b>Total</b>		<b>2,467</b>		<b>1,658</b>		<b>1,271</b>

Source: Government of NCT Delhi. Data abstracted from the Detailed Demand for Grants for the years of 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06.

Analysing budgets in the light of cases instituted, disposed and pending reveals interesting facts. If we consider that there are no pending cases, The Directorate spent Rs 806.50 per case in 2003. Out of 41,311 instituted cases in the Courts that year, 30,642 were disposed of, therefore 10,669 were left pending for the next year. A total of 40,450 cases were filed in 2004, but the total number of cases in Courts became  $40,450 + 10,669 = 51,119$ . Thus money spent on each case was Rs 705.50, which should have been Rs 891.60 if there were no pending cases. Money spent in each case out of 10,669 cases pending from 2003 is  $Rs\ 806.50 + Rs.705.50 = Rs\ 1,512$ . If Rs 1,512 is spent on a case that goes on for 2 years, then the money spent on that case will increase to Rs 4,536 if the case goes on for 6 years, which is the average time for a court case in India. If

we extrapolate the situation to all the cases, we can only imagine the drain of resources. Table 4 illustrates annual approved plan outlay and expenditure of the Directorate over the years.

**Table 4: Approved Plan Outlay and Expenditure (Rs in lac)**

Year	Approved Outlay	Revised Outlay	Expenditure Till February	% w.r.t BE
2002-03	10	10	3.99	39.90
2003-04	30	22.95	22.93	76.43
2004-05	30	30	23.15	--
2005-06	40	--	14.06 (August'05)	35.15

*Source: Government of NCT Delhi. Data abstracted from the Annual Plans: Plan Outlay and Expenditure for the years of 2002-03, 2003-04, 2004-05, 2005-06.*

### **Problems and Suggestions**

The Directorate's problems are manifold. There are only 120 sanctioned posts of Assistant Public Prosecutors. They are required to conduct cases in Metropolitan Magistrate Courts. In 2003, there were 37,291 cases instituted in these courts by the investigating agencies, therefore there were 311 cases per sanctioned post, excluding the pending cases that are an additional burden. To make matters worse, there are around 30 vacant posts. The number of cases per sanctioned post during 2004 dropped to 296, but this was only due to fall in the number of cases instituted. Similar is the case with Additional Public Prosecutors who conduct cases in Sessions courts. Every post has a larger number of previously pending cases. It is evident that the distribution of cases is not only skewed but also creates problems of corruption, injustice and delay in provision of justice. As they say, justice delayed is justice denied.

The appointment of prosecutors is also a grey area; politicians, bureaucrats and big lawyers heavily influence the recruitment process. Even though there are many regulations regarding the appointment process, these are often overridden by the Executive, which would much rather have its preferred choices as ad hoc appointees. Prosecutors should be insulated from political pressure and an incentives-based performance approach should be emphasised. Internal audit mechanism to evaluate the standards on which the case was fought should also play a significant role in increasing the overall quality of prosecution.

### **Delhi Legal Service Authority**

Article 39A of the Constitution of India ensures that the state will secure the operation of legal system and promote justice on the basis of equal opportunity, providing free legal aid by suitable legislation or schemes. This will ensure that opportunities for justice are not denied to any citizen by reason of economic or other disability. Legal aid strives to ensure that equal justice is made available to the poor, downtrodden and weaker sections of society.

Many times, due to below par economic reasons, one cannot afford to pay the cost associated with the prosecution of a case. In such circumstances, one is entitled to receive legal aid support. The support may be in the form of exemption of court fees and having the court appoint and pay the advocate's charges. Aid could be in the form of reimbursements or grants before the prosecution of the case, depending on the arrangements of the State.

To achieve this objective, the Delhi Legal Service Authority (DLSA) was established under the Legal Service Authority Act 1987. The main motto of this Authority is "Access to Justice for all." The goal is to secure justice for the weaker sections of society, particularly the poor, downtrodden, socially backward, women, children, and handicapped.

### **Acts and Laws**

In 1987, the Legal Services Authorities Act was enacted to give a statutory base to legal aid programmes throughout the country on a uniform pattern. This Act was finally enforced in November 1995 after certain amendments therein by the Amendment Act of 1994. The Act was enacted to effectuate the constitutional mandate enshrined under Articles 14 and 39A of the Constitution of India. The apex body National Legal Services Authority (NALSA) was constituted in December 1995. A nationwide network has been envisaged under the Act for providing legal aid and assistance. It was responsible for disbursing funds and grants to state legal service authorities and NGOs for implementing legal aid schemes and programmes.

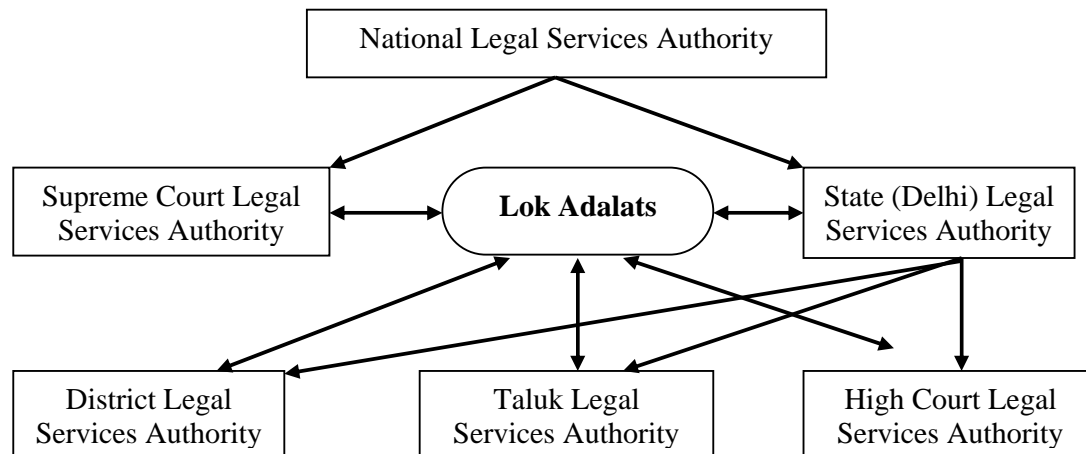
In every state, a State Legal Services Authority is constituted to give effect to the policies and directions of the central authority (NALSA) and to give legal services to the people by conducting Lok Adalats in the states. The Chief Justice of the State High Court, also its Patron-in-Chief, heads the State Legal Services Authority. A serving or retired Judge of the High Court is nominated as its Executive Chairman.

### Functions and Responsibilities

The main functions of the Delhi Legal Service Authority are to give effect to the policy and directions of the National Legal Services Authority. It is responsible to provide legal service to persons who satisfy criteria laid down under this Act, conduct Lok Adalats for High Court cases as well as undertake preventive and strategic legal aid programmes.

Figure 1 depicts the working of legal services authority in India.

*Figure 1: Working of Legal Service Authority in India*



The Authority constitutes of a Chief Justice of High Court, a serving or retired High Court Judge to be nominated by the Governor, and other members possessing such experience and qualifications as prescribed by the state government. It should consist of a member secretary and other members including administrative employees. The Authority also includes ex-officio members, nominated and co-opted members.

### Programmes and Services

The DLSA provides legal services through two main processes, namely, legal aid activities conducted by the Authority and through Lok Adalats.

#### Legal Aid Activities

The Authority provides legal aid and services to people who cannot afford it. Every person who has to file or defend a case shall be entitled to legal services under the Act if that person is:

- A member of a scheduled caste or scheduled tribe
- A victim of trafficking in human beings or beggar as referred to in Article 23 of the Constitution

- A woman or a child
- A mentally ill or otherwise disabled person
- A person under circumstances of undeserved want such as being a victim of a mass disaster, ethnic violence, caste atrocity, flood, drought, earthquake or industrial disaster
- An industrial workman
- In custody, including custody in a protective home, or in a juvenile home, or in a psychiatric hospital or psychiatric nursing home
- A person whose annual income is less than Rs 50,000 or such other higher amount as may be prescribed by the State Government.

When a person fulfils all the above criteria then he/ she is allowed to file an application that is scrutinised. Once the application is found valid, the applicant is provided with an advocate and other court fees. The authority provides various legal services to underprivileged sections as discussed hereunder:

- Legal aid counsel scheme in 80 Courts of Metropolitan Magistrates where special executive magistrates and remand advocates have been appointed to take up and defend the cases of arrested persons. The Authority has a panel of 276 advocates
- 17 jail-visiting advocates who visit different jails regularly on fixed days of the week to help poor and unrepresented inmates to give aid and advice, file any bail/ parole application and appeal(s) etc
- Registered NGOs that work in cooperation with the Authority and bring legal services to people who need it the most
- 28 legal aid centres in different parts of Delhi to educate the general public about their rights and procedure to get free legal aid
- Marriage and family counselling centres being run by the Authority have become extremely popular. It attempts to persuade parties to sort out their disputes and differences without recourse to litigation

### **Lok Adalats**

Lok Adalats evolved as a part of the strategy to reduce the heavy burden on the courts and give litigants some relief. By the Legal Services Authorities (Amendment) Act 1994 effective from November 1995, Lok Adalat settlement is no longer a voluntary concept but has gained statutory and recognised character. A Lok Adalat has jurisdiction to deal with all matters. The Act gives statutory recognition to the resolution of disputes by compromise and settlement by Lok Adalats and attempts to decongest the courts.

According to the Act, the central, state, district and *taluka* legal services authority are responsible for organising Lok Adalats at particular intervals and places. The conciliators are retired judicial officers and other persons prescribed in consultation with the state government. The award given by the Lok Adalat is deemed as a decree of the Civil Court and shall be final and binding on all parties to the dispute.

If the Lok adalats are temporary, then DLSA sets the date of hearing of the cases. Advocates are hired from a panel selected by the High Court Committee consisting of 276 advocates. Any advocate with a minimum three years of experience can apply for these jobs and their application, once scrutinised by the High Court, is selected for fighting cases. The list of advocates is then sent to DLSA. The payment that these lawyers get are quite low. A DLSA lawyer gets Rs 300-600 per hearing for a criminal case and Rs 1,000-9,000 per case.

### ***Types of Lok Adalats and Performance***

There are various types of Lok Adalats in the judicial system. The DLSA has set-up permanent and continuous Lok Adalats in government departments and statutory bodies in Delhi. The insurance companies have provided space and infrastructure to the Authority for setting up

permanent and continuous Lok Adalats to handle Motor Accident Claim Tribunal (MACT) cases. In all, 7 MACT permanent Lok Adalats have been functioning regularly and 1,112 cases have been settled in these Lok Adalats. Amounts to the tune of Rs 23 crore have been awarded to victims of accident and/ or their families. The state government has already established nine Lok Adalats and proposes to constitute four more in Delhi. They play an important role in minimising huge backlog of cases in the courts, saving time and resources.

The number of cases settled by Lok Adalats increased from 4,027 in 1999-2000 to 6,852 in 2001-02.<sup>3</sup> However this number is not much of a consolation when we compare cases pending with High Courts – it is indicative of poor and inefficient functioning of Lok Adalats in the city. Courts of Metropolitan Magistrate and Sessions Court combined have more than 3.5 lac cases pending. This highlights major inadequacies and inability of Lok Adalats in addressing the problem of delay in provision of justice to all, irrespective of their economic and social class.

The other major drawback in the existing scheme of organisation of Lok Adalats is that it is mainly based on compromise or settlement between parties. If the parties do not arrive at any compromise or settlement, the case is either returned to the courts or parties are advised to seek remedy in the courts. This causes unnecessary delay in the dispensation of justice. If Lok Adalats are given the power to decide cases on merits in case parties fail to compromise or settle, this problem will be tackled to a great extent.

### **Finances**

The Delhi Legal Services Authority gets grants from the National Legal Service Authority (NALSA) and its income also constitutes all the fines and penalties on individuals for breaking rules and regulations and committing other crimes. Apart from grants from NALSA, the Authority demands funds from the Delhi Government as well. Budget estimates and actual expenditure of the Authority are enumerated in Table 5.

**Table 5: Budget Estimates and Actual Expenditure (Rs in lac)**

<b>Year</b>	<b>Budget Estimates</b>	<b>Revised Budget Estimates</b>	<b>Actual Expenditure</b>
2000-01	78	53	52
2001-02	66	58	65
2002-03	65	67	66
2003-04	54	60	58
2004-05	54	67	
2005-06	86	--	

*Source: Government of NCT Delhi. Data abstracted from the Detailed Demand for grants for the years of 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06.*

### **Problems and Drawbacks**

The basic problem faced by people is access and then delay in the provision of justice. The number of pending cases is a testament to that. Grants are given to all the state legal service authorities by NALSA. It is seen that grants to the state authority have varied over the year, suggesting that they were either inappropriately used or not utilised. It is believed by NALSA that the state authority is not sharing its vision of increased access of justice to people and provision of free legal aid. Even existing data on the number of beneficiaries of legal aid may be inflated and unreliable. Therefore, assumption that there has been a shift away from the beneficiary of legal services to the institution dispensing legal services appears valid.

A sizable portion of the budget of the authorities is spent on staff salaries and maintenance of the establishment. One of the major problems with the authority is its bureaucratic attitude. A person has to run from pillar to post to get legal aid from the organisation.<sup>4</sup> People also face a lot of harassment due to rampant corruption, where DLSA lawyers are bribed for losing the case



against richer parties, and there exists no mechanism to monitor such situations or to even regulate the panel of advocates.

### **Recommendations**

To make prosecution more reliable and credible, it is necessary that an internal evaluation be done of the parameters on which cases are fought. As Authority deals with underprivileged sections, it is important that cases are defended in such a way that the guilty party is convicted. Oversight committees for evaluating cases that were lost will check the quality of prosecution.

Unspent funds could be used to meet the hidden costs of litigation. While legal aid programmes may be used to pay court fees and meet the costs of legal representation of obtaining certified copies etc., it usually does not take into account bribes that are paid to the court staff, extra fees paid to the legal aid lawyer, cost of transport to the court, bribes to be paid to policemen for obtaining copies of depositions and the like, or to prison officials for small favours. As a result, legal aid beneficiaries do not get services for free after all.

There is a need for better regulation by the National Legal Service Authority. Better incentives based on performance can actually increase the speedy provision of justice. There is no monitoring of the capabilities of lawyers hired by the Authority. This is important as these advocates are fighting cases for people who cannot afford legal services. Thus if they are denied justice, it would defeat the purpose of forming legal service authority. To meet this challenge, the Authority should encourage pro-bono work by more renowned and successful lawyers. The Authority should act as a facilitator in making the cases of the poor reach lawyers who are beyond their reach. This can be done by giving incentives like award prizes and chambers for pro-bono lawyers.

One of the major problems indicated by Justice B.A. Khan, Delhi High Court Acting Chief Justice and Executive Chairman of DLSA, is lack of infrastructure at DLSA. It is a major bottleneck in the optimum utilisation of the institution.<sup>5</sup> Also, lack of funds can be a hindrance in the smooth and efficient functioning of the Authority. This can be resolved by persuading some of the State's Members of Parliament to release some amount from their MP Local Area Development Fund for providing infrastructure and staff to the Authority. Every state authority should also have a conciliation centre for better and faster settlement of cases.

--With Inputs from Maxwell Nagpal

### **Notes**

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## *Administrative Reforms*

- Department of Administrative Reforms
- Public Grievances Commission



## **Department of Administrative Reforms**

The Department of Administrative Reforms is one of the most important departments in the Delhi Government. The main aim is to provide good governance and bring in culture of transparency, accountability and provide citizen friendly services. The Department has gained significance in the wake of Delhi Right to Information Act, 2001 and the recent introduction of national Right to Information Act, 2005. The mission of Administrative Reforms Department is to suggest remedial measures for economy in government expenditure, improve government functioning through administrative reforms in the spheres of restructuring the government, improving processes, organization and methods, handling grievance, promoting modernization, citizen's charters, implementing the Delhi Right to Information Act and Rules, award schemes, inculcating discipline amongst staff through regular punctuality drives and other good governance practices.

On the recommendations of the First Administrative Reforms Commission, a small cell was created in Delhi Administration to look after issues relating to administrative reforms and staff assessment studies. Its role was extended periodically by including new activities like O&M studies, office inspections, and redressal of public grievances. With the enactment of Lok Ayukta and Upalokayukta Act in 1995, it became its secretarial Department. It set up a Public Grievances Commission through a Resolution in 1997 and was declared as its Secretariat Department. With the enactment of Delhi Right to Information Act, 2001 it became the nodal agency for coordinating and monitoring the functions of DRTI Act, 2001. It has been declared as an independent department in April 2005 and it now enjoys administrative and financial powers.

### **Organisational Structure and Responsibilities**

A Secretary heads the Department. The Secretary is subordinated by a Deputy Director followed by four Assistant Directors. There are six Research Assistants and three investigators. There are 18 employees in

the Department in all and they have a requirement of around 40 employees. Considering the work that has been delegated to the Department, it would be feasible to recruit more employees in the Department

The Department caters to various departments of Delhi Government, autonomous bodies/ public sector undertakings, and nodal authorities like Municipal Corporation of Delhi, New Delhi Municipal Council, Delhi Cantonment Board as well as citizens with its grievances against Delhi Government and its allied institutions. The Department primarily extends policy support to all the Delhi Government departments. The issues that the Department addresses are:

- Administrative reforms
- Re-organisation of department
- Officers inspections
- Redressal of public grievances
- Good governance activities
- Right to Information Acts
- Secretariat functions of Lokayukta Office
- Secretariat functions of Public Grievances Commission
- Incentive schemes for officers and staff in the field of administrative reforms
- Conducting departmental tests/ examination about O&M.
- Monitoring of punctuality in attendance and surprise inspections.
- Empanelment of consultant for projects and studies concerning administrative reforms
- Nodal agency for citizen charters
- Business process re-engineering

### **Financial Profile**

The General Administration Department had the financial powers of the Department till April 2005, after which the Department has obtained both administrative and financial power. The approved outlay of the Department has been marginal when compared to other departments of Delhi. The major allocation was in the financial year 2003-04 when Rs 500 lac was allotted for E-governance project handled by the Department. The non-plan budget for the year 2005-06 is Rs 50 lac and

Rs 4 lac has been allocated for strengthening of the Department under plan schemes.

### **Assignments**

The important assignments that are handled by the Department are discussed briefly here under:

- The Delhi Government introduced the Delhi Right to Information in 2001 in order to get information from the Government with minimum hassles and procedures. The Act guarantees that the information, which can be given to citizens, will be provided within 30 days and in case it is denied then the applicant will get a rejection letter with cogent reasons for rejection of the application within the prescribed period. The applicant, if dissatisfied with the reasons and information provided, has the right to appeal in Public Grievances Commission. The Act provides for a unique provision for punitive action against the officials in the form of fine of Rs 50 per day for delay and Rs 1000 for tendering wrong information.
- The Department provides secretarial functions for provisions of budget, employees to the Delhi Lokayukta formed under the Uplokayukta Act, 1995. The reports prepared by the Department are submitted in the Legislative Assembly. It also provides the same services to the Public Grievances Commission that attends to public grievances in respect of all departments, autonomous bodies of Delhi Government, including Delhi Police.
- The Administrative Reforms Department appoints consultants on contract basis in order to expedite various studies and to improve the working of departments with respect to processes and procedures of Delhi Government. It also conducts punctuality drives and surprise checking. Annual inspections are conducted as per provisions of Manual of Office Procedures so that the shortcomings can be identified and rectified by the respective departments.
- The concept of Citizens Charter has been introduced by 75 departments/ offices of Delhi Government. Other departments have also been requested to adopt similar charters. A study of existing charter has been done both by Administrative Reforms

Department and Transparency International India to further improve these charters.

- The Department redresses the problems and grievances of citizens against departments and also ensures prompt disposal of pension cases.

As mentioned before, the Department of Administrative Reforms is one of the nodal agencies in implementing the Delhi Right to Information, 2001. They have gained more responsibility after the national Right to Information Act, 2005. Some the data regarding the implementation and success of the Act as obtained from the Secretary, Department of Administrative Reforms, Prakash Kumar does not paint a good picture. The data and conclusions were arrived at after a detailed analysis of around 2500 RTI applications filed in Delhi.

The status of the implementation of Delhi Right to Information Act can be gauged from the application received and disposed of by the departments. According to the AR Department, people have been active in about 50 public dealing organisations in Delhi. 9,060 applications have been received since the commencement of the Act out of which 8,581 (95%) have been disposed off as on 30 September 2005. Out of 8,581, information was provided in 7692 (90 %) cases. The analysis of 2500 applications showed that 53 percent of the cases were related to personal grievances and 33 percent related to general public issues where as 14 percent of the cases concerned policy matters. In 87 percent of the total cases, information was available with the departments where as in the rest the information had to be collected/ compiled.

Organisations where citizens are most active are Municipal Corporation of Delhi (MCD), Cooperative societies, Divisional Commissioner's Office, Transport Department, Food and Civil Supplies as well as the Education Department. The satisfaction ratio in relation to responses from these departments has been very low, ranging from 36 % with MCD to 13 % with the Cooperative Societies. There is a need for a more aggressive and competent role of the AR department in enforcing the Act with efficiency and effectiveness so that the purpose of the Act is fulfilled.

### **Suggestions**

Even though the Department has been functioning for a long time, it has gained financial and administrative control only recently. This makes a huge difference as the Department has become very significant with the introduction of Right to Information and needs financial autonomy to perform various functions. They have been dealing with the traditional administrative functions like punctuality, re-organisation, staffing and conducting exams for various recruiting departments. However with change in the way governments function today and immense emphasis on good governance and citizen awareness, the Department has a huge responsibility of introducing and implementing these good governance processes.

The Department can conduct elaborate research to find international best practices and bring it to the governance processes in Delhi. This would include the principles of transparency, accountability and processes of developing efficient public services. The process of budgeting and achieving sound budget management are some of the areas that require immediate attention and the Department has adequate resources to conduct these researches and implement them. The administrative reforms relating to civil services contract system can be introduced by the Department, where bureaucrats would be in contract with the government with pre-defined targets and performance benchmarks. The contract will be terminated for those who are unable to achieve these targets. This would ensure that the top management has strict accountability which will definitely percolate down to the lower levels due to performance oriented system.

The Department should also evolve good bidding practices. Several departments outsource their work to private contractors and thus a sound tendering and bidding system would remove corruption and malpractices. The process can be made transparent by putting up tender, all submitted bids and the selected bid with all the relevant details on the website of the department and on the Delhi Government website. The 'Two Bid System' for selecting the tender bid is better and less prone to corruption. In this system, bidders submit separate financial and technical bids. First, the best technical bid is chosen and then financial bids are open to those best technical bidders. The officials reviewing the process can be different to reduce the possibility of a possible collusion.



There are other good governance practices that can be implemented by the Department like cross auditing of the departments for evaluating their performance, enforcing strict rules for compiling and publishing annual reports for each department and an online complaint management system with efficient use of information technology. A concept of 'Report Card' should also be introduced so that public services can be assessed from the citizens' perspective. Thus, if good governance practices are consciously implemented, it can lead to marked change in governance systems in Delhi.

—*Sonia Mahajan and Rasbi Khandelwal*

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Website of Right to Information on Delhi Government Website: <http://delhigovt.nic.in/rti/default.asp>.

Officials of the Administrative reforms Department



APPRAISAL | Promotion will be based on performance review, will bring transparency  
**PM wants IPS, IFS reforms too**

## **Public Grievances Commission**

The Public Grievances Commission (PGC) was set up vide a resolution dated 25 September 1997 as a functionally independent body responsible for speedy redressal of public complaints, and to take action against acts of omission or commission on the part of public officials working in Delhi Government. The Commission is a body, which crosscuts sectors, departments and agencies of Delhi Government and provides a simple, virtually paperless mechanism where people can personally speak their mind pointing out the difficulties they have faced. Complaints are lodged with the PGC when problems faced by citizens, despite having approached the concerned agency, department or local body, remains unresolved. The Commission also acts as the Appellate Authority under the Delhi Right to Information (RTI) Act, 2001

### **Composition and Organisational Set Up**

The Commission is headed by a Chairman and has 3 members appointed by the Lieutenant Governor of Delhi. The three members include 2 part-time members and one whole-time member. The Chairman of the Commission has to be a person who was holding the post in the rank of Secretary to the Government of India prior to his appointment as the Chairman. The whole-time member has to be a person who has been a Director General of Police of a state or has held an office of comparative status and responsibilities. The two part-time members should be persons of public eminence having special knowledge or practical experience in the field of education or science or law or literature or social service or human rights. Also there is a secretary who is in charge of the functioning of the Commission assisted by Deputy Secretary, superintendents and clerks.

There were problems in procuring information regarding the number of employees in the Commission. The Commission employs more staff than what is sanctioned for it. The sanctioned posts in the Commission is 30, however there are 35-36 employees working in the Commission. These extra employees are officials who are working in

diverted capacities from various other departments.

### **Procedures and Functioning of the Commission**

Any applicant dissatisfied with the information provided can go for further appeal to the PGC within 30 days of rejection. The PGC has to settle any cases registered with it within 30 days from the date of appeal. The complaint can be made to the Commission by either personally submitting the complaint at the office or through post. The Superintendent collects all these complaints. PGC sends a notice to the aggrieved applicant and to the concerned authority to come on the stipulated date and time. On the day specified the Chairman, the aggrieved applicant and concerned officer discuss the problem. The hearing also facilitates the examination of generic issues that come to the Commission's notice, while preparing to pass orders. The help of a legal practitioner is not permitted. The process takes place only between the concerned official of the department and the complainants in front of the Commission.

All the departments of the Delhi Government, Municipal Corporation of Delhi, New Delhi Municipal Corporation and Delhi Police are divided under the jurisdiction of the three members of the Commission. These members supervise all the hearings and give the final decision. The Chairman takes up all the Right to Information requests/ complaints. The documents required for filing a complaint are:

- Supporting documents like the copies of the application made by the complainant to the departments/ public body or the organization specified above and the inaction or the wrong actions taken by the concerned official/ office on the same.
- Copy of order passed by any of the officials of these departments/ bodies giving cause for grievance to the complainant.
- A duly sworn affidavit on plain paper filed by the complainant confirming the correctness of facts/ allegations made by him/ her in the application and also containing a declaration that the subject matter of the complaint is not sub-judice before any court of law or judicial or quasi-judicial authority.

The hearing process is quite impartial as it gives an opportunity to the complainants and the officials of the departments to explain their views

and the reasons for not furnishing any particular information. The Commission lays emphasis on the speedy disposal of complaints. Under the resolution of the government, it is incumbent on the officers of the Delhi Government as well as the Commissioner of Delhi Police to ensure that the documents called for by the Commission for deciding the case are furnished to it within the time frame specified. The Commission passes speaking orders and in cases where it is held that the allegations made against the officials concerned are prima facie established, the Commission recommends action to be taken against the erring officials.

### **Cases not taken up by the Commission**

There are exceptions to the cases that are attended by the Commission. It does not take up cases of following types:

- Where the complaint made is anonymous and contains vague and superfluous allegations
- Where the matter is already sub-judice in any Court of Law, Tribunal or a judicial or a quasi-judicial authority
- Where the complainant has not exhausted the channels available to him within the concerned department/ organization
- Where the complaints are by the serving government officials against their department
- Where the complaint pertains to service matters

There are some exceptions to the information that the PGC can allow to be given to the aggrieved party. Any information mentioned in the Section 6 of Delhi RTI Act and which is not covered in the Section 2(I) definition of the Act as well as those that are considered irrelevant, unnecessary information is denied by the PGC. For example, asking information of promotion, for defamation, security installations and war books.

### **Evaluation of the Commission**

Efficiency of any organisation is evaluated by the output that is generated by it. Any government body is no exception. Thus, to assess the competence of the Commission, it is necessary to see the number of complaints received and disposed off by the Commission. Table 1 gives the number of complaints received by PGC.

**Table 1: Information on Complaints Received by PGC for Five Years**

<i>Year</i>	<i>Total No. of complaints received</i>	<i>Number of complaints disposed off</i>	<i>Number of Pending Cases as on 31st Mar</i>
1999-00	1,085	788	297
2000-01	1,060	677	383
2001-02	1,195	871	324
2002-03	1,583	1,186	397
2003-04	1,756	1,432	324
2004-05	1,350	1,032	318

(Up to Jan.05)

*Source: Public Grievances Commission Information booklet, March 2005*

The total numbers of complaints received, disposed and pending have shown a fluctuating trend over the years especially the pending complaints. The trend is also affected by the nature of complaints filed and the departments or government bodies against which the complaint has been filed. Table 2 details the departments that get most number of complaints and the kinds of issues that are raised against these departments.

**Table 2: Public Grievances/ Complaints received by the Commission**

<i>Name of the Department</i>	<i>Nature of the Complaints Received</i>
Delhi Police corruption or	Inaction by police, Harassment, impartial Investigation.
M.C.D	Unauthorized construction, encroachment on public land, corruption charges against the employees, civic problems like water logging, insanitation, non-payment of terminal benefits to employees.
Delhi Jal Board	Shortage of water, sewer problem, incorrect bills
Food & Supplies Department	Non-supply of ration items by FPS/KOD dealers, corruption, Non-issuance of ration cards
P.W.D.	Encroachment on Government land
D.T.C.	Regarding change of routes of for providing bus services
Land & Building	Allotment of alternate plots.
Delhi Pollution Control	Committee Pollution caused by slaughtering and cooking animals/birds, sealing of factories/ noise and pollution
Education Department	Retirement benefits, revision of pension, shortage of staff in Schools
Revenue Department	Encroachment on Gaon Sabha Land, correction of revenue Records, non- demarcation of mutation of

	land, allotment of Plots.
Register Cooperative Societies	Mismanagement of cooperative Societies by the managing Committees, harassment to the Members, delayed action by the Registrar's office on complaints made by members.
N.D.M.C.	Encroachment on public land, harassment, pick and choose decisions
SC/ST Finance Corp.	Regarding disbursement of loans.

*Source: Public Grievances Commission Information Booklet, March 2005.*

Although the Commission does not entertain complaints on service matters, it regularly receives grievances related to post retirement benefits of ex-employees, including non-payment of GPF (majority of cases pertain to Education Department). Such grievances also get resolved during the course of the proceedings. There are various cases that are rejected by the PGC for different reasons. Table 3 enumerates the number of appeals rejected by the Commission and different kinds of justification orders for rejection.

***Table 3: Number of cases Rejected and Justification for the Rejection***

<i>Justification given for Rejections</i>	<i>Number of Appeal</i>
Information sought had been furnished as far as available with the Department	33
The matter falls squarely within Section 6 (g) of the Act	1
Applicant did not attend, spite of the notice having been sent to Applicant	19
Section 6 lays down that "Any other information protected by Law" need not to be disclosed	1
Information had been denied to the Applicant as the matter related to entry 18 of 17 Schedule of the Constitution of the India and was not covered by Delhi RTI Act	1
It is covered under Section 6 (b) of the Delhi RTI Act	4
The subject matter of the information sought is not covered by the Definition of information and therefore the Right to that information is apparently not conferred by the Delhi RTI Act	1
Information asked fell within the restriction contained in Section 6 (g)	4
Information asked fell within the restriction contained in Section 6 (d) and 6 (g)	4
Applicant could file a fresh application asking for specific Information	1
Roving and inspection of files was not covered under the RTI Act	1
Deployment of the security personnel within the jail is a issue	

which falls clearly under Section 6 (f)	1
It is difficult to find out what exactly Applicant has asked for I find no substance in the appeal	1
The request of the applicant can not be granted as the information sought is just not available at present	1
Since Delhi Development Authority is not covered by Section 2 (g) of the Act	1
<b>Total number of Appeals rejected by PGC till 6 June 2003</b>	<b>74</b>

*Source: P S Bhatnagar, Chairman, PGC, 2003*

Public Grievances Commission has been instrumental in implementing the Right to Information effectively and efficiently. The experience with implementing the Delhi Right to Information Act, 2001 can be first seen through the number of applications and Appeals filed. Table 4 enumerates the number of appeals received by the Commission and the disposal thereof as well as the reasons for the rejection of appeals under the Act.

***Table 4: Disposal of Appeals under the DRTI Act, 2001***

No. of applications received by the departments	9,347
No. of applications disposed off	8,878
No. of Appeals filed	1,634
No. of Appeals Allowed	1,139
No. of Appeals disallowed/rejected	389
No. of Appeals pending	106
<i>Broad reasons for rejection of appeals under the DRTI Act, 2001</i>	
Voluminous information sought which is not maintained as sought	10
Not an RTI matter. Effort was to solve a grievance through the mechanism of RTI	37
Use of Restriction clause under Section (6) of the Act upheld	19
Material sought did not constitute "information"	53
Information as provided by the department found to be adequate	68
Others (Presumptive questions/information asked for unclear/ non-availability of information with the department/ information not pertaining to public authority/absence of the applicant at the hearing)	25

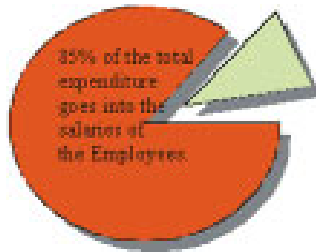
*Source: Shailaja Chandra, Chairman, PGC, 2006*

### **Financial Profile**

It is surprising that the Commission does not furnish financial reports for any year. The Annual Report of the Commission does not contain any information on the financial allocation and expenditure of the organisation. The reasons are manifold as justified by the officials of

PGC. First, it is argued that the demanded amount is so small that it does not really necessitate furnishing the information. Second, whatever is demanded is allocated to the Commission, thus there was no need felt for compiling the proposed and allocated amount. The approved outlay has ranged over the years from Rs 60 lac in 2002-03 to Rs 70 lac in 2005-06. Most of the money allocated to the Commission is spent on salaries. The pie chart given below projects a better picture of the expenditure.

**Figure 1: Expenditure of the Commission**



### **Problems Faced by the Commission**

The Commission has met its greatest success in acting as an arbitrator in outstanding disputes existing over two decades involving the complainants and specific state departments. Many disputes have financial ramifications. Public Grievances Commission at present does not enjoy the same measure of independence and autonomy as the Union Public Service Commission as provided in the resolution. Every proposal involving financial expenditure has to be sent to Finance Department for clearance. There is no financial autonomy, which leads to problems in the day-to-day functioning of the Commission. A proposal has been moved to declare Public Grievances Commission a statutory body on the pattern of the Delhi Electric Regulatory Commission. This will provide total autonomy to the Commission on the lines of the Union Public Service Commission. The Commission is still waiting to receive a decision on this proposal from the Government.

The State Government has not reviewed the terms and conditions of appointment of the Chairman and full time members. The Commission requires a fresh service review. For instance, the Commission is to be assisted by at least two consultants to investigate complaints. However, no qualified person seems to be attracted to these



assignments as the service terms and perks kept for the consultants do not make the job attractive. An official review of the perks may help provide the needed assistance to Commission, which is presently lacking.

One of the main drawbacks of the PGC is that it has no power to impose penalty on the officers who deny information. Another problem is that the chairman is over burdened with numerous RTI and other pending complaints. Also one person deciding all cases, which have been filed under RTI is unfair, against the natural law as well as defeats the very purpose of the Act.<sup>4</sup> According to the Commission, under the resolution of PGC, the Commission can work in benches. From July 2004, the RTI bench comprises the chairman and one member (subject to availability). However more information on the number of cases decided by the chairman and those decided by the benches would further decide the veracity of the claim.

### **Reforms**

The PGC should be strengthened and made more competent to facilitate speedy justice and grievance redressal. More functional and financial autonomy should be given to the Commission. According to Accounts Section, they get as much money as demanded, however every proposal involving financial expenditure require clearance from the Finance Department. Thus, the Commission has access to financial resources but needs clearance for its expenses from the Finance Department, obstructing functional autonomy.

PGC should be given the power to penalise the officers who deny information even after order is passed by PGC. This would not only make the system better but also create considerable accountability in the officials.

The PGC has to settle any case registered with it within 30 days from the date of appeal. The chairman of the PGC is the deciding agent. Most of the times the Chairman is burdened by innumerable RTI requests and appeals, and one person giving decisions on all cases is unfair. This concern can be addressed by making a provision that the complaints are heard and decided by all the members of the Commission. When a clause does exist in the resolution that the cases can be decided by benches, it should be practised to increase efficiency and accountability. Also, all the decisions of the Commission should be made

public, this will ensure accountable services by the PGC as well as set precedents for future cases where the complainant will have an access to the database of whether he will get the information or not . This will also reduce the burden of the Chairman and increase fairness in the system. Online complaint registration should be made more effective and efficient to ease the process for both public and Commission's officials.

—*Anshul Jain and Gunjan Parasbar*

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## Research Update on Delhi Handbook 2003

The *State of Governance: Delhi Citizen Handbook 2003* was a compilation of agencies, boards, corporations and departments of Delhi Government. The research was an administrative and financial analysis of the organisation, which resulted in various recommendations--short-term and long-term--and reforms needed to make the system better. Update on that research and the changes that have happened in these two years (2003-2005) were an inevitable part when the second handbook was envisaged. However, the challenge was to choose the government bodies that were most worthy of such update. An update on all areas covered by the Delhi Citizen Handbook 2003 was beyond the scope of the book as this handbook was already researching on as many departments as the first handbook!

After much analysis, five areas including departments and schemes were chosen for update. They were chosen on the basis of their irrelevance, misuse of funds and reforms that were earlier suggested as immediate measures to be implemented to stop wastage of resources and manpower. The government bodies chosen for the research were:

- Department of Chit Fund
- Department of Prevention of Food Adulteration
- Delhi Energy Development Agency
- Gosadan scheme – Department of Development
- Holiday Homes for Industrial Workers – Department of Labour

### The Methodology

With the introduction of the Delhi Right to Information (RTI) Act, 2001 RTI applications seemed the most convenient and fullproof way to procure information without exposing oneself to the usual bureaucratic maze and incessant reluctance of the officials to give information. However, filing information under RTI was also not as easy as it seemed. The process can be quite unwieldy and difficult if one

is not aware of the process of filing the applications. The experience was mixed; there were some departments that readily took in the applications, however there were also departments where the officials showed strong reluctance in accepting the applications. However, with persistence, the information was available for all five areas and this experience can definitely be counted as a triumph for one of the most innovative legislation in recent times – the right to access government information – Right to Information.

### Department of Chit Fund

The Department of Chit Fund supervises the activities of the chit fund companies in Delhi through the Madras Chit Fund Act, 1961. The main reforms that were suggested for this Department were that the government should relieve itself from the responsibility of approving bye-laws and increasing paid-capital by entrusting it to chit fund companies or federations. The government should only be involved at the stage of registration and should provide information on registered and debarred companies for the benefits of members. Thus, it was concluded that there should not be any government role in chit fund management.

However, even after two years when we researched on the Department, it was revealed that the Department still has a registration of 2,780 companies in Delhi. The budget estimate was Rs 23 lac in 2004-05 and Rs 29 lac in 2005-06. When asked about the expenditure for the past three years, the information, through RTI, was furnished as detailed in Table 1.

**Table 1: Comparative Expenditure for 2003-2005 (Rs in lac)**

<i>Heads</i>	<i>2003-04</i>	<i>2004-05</i>	<i>2005-06</i> <i>(Till 31 Oct 2005)</i>
Salaries	15.5	18	15
Other Expenditure	1.24	14	0.88
Advertisements and Publicity	0.86	0.87	
Med. Trt.			0.07

Thus, as it can be seen that the government resources are still being utilised for maintaining a department that has lost its relevance over the

years. There are arguments that a meagre amount is allocated for this purpose. But too many small pieces get together to make the big picture and the same logic applies to with government budget. Also there has been no change in the procedures of regulating chit funds and grievance redressal mechanisms in the Department.

### **Prevention of Food Adulteration Department**

The research conducted on the Prevention of Food Adulteration (PFA) Department in 2003 revealed some interesting facts.

- The number of registered food establishment was 1.5 lac to be inspected by 37 inspectors. According to statistics, if one inspector visits one shop in a day then the same shop would be inspected only after 17 years.
- The PFA Department collected 4, 485 samples in the period of 1994-99, out of which 607 were found to be adulterated. The Department initiated 557 cases and courts settled 467 cases. The rate of conviction was 44% and rate of acquittal was 29%.
- The infrastructure in the Department is very poor. Against the target of 12 food samples to be lifted per inspector, each one of the 37 inspectors lifted only an average of two samples per month.
- It is also interesting that the Department does not know the number of food establishments in Delhi.

Reforms suggested for prevention of food adulteration were to increase the number of inspectors so that better monitoring could be done. PFA should be transferred to then envisaged Consumer Protection Department. However, there does not seem to be much difference in the performance of the Department.

The Department has 34 inspectors out of the sanctioned post of 37 inspectors. There is still no information available with PFA regarding the number of food establishments in Delhi.

Table 2 gives information regarding the food samples lifted, instituted cases of adulteration and convicted cases in 2003 and 2004.

**Table 2: Information on Prevention of Food Adulteration**

<i>Samples</i>	2003	2004
Number of food samples	2,080	2,413
Number of samples adulterated	169	188
Number of samples misbranded	49	51
Number of cases instituted	404	252
Number of cases convicted	23	109

Thus, it can be seen that the conviction rate has only dropped over the years and the number of inspectors have not increased. The Department needs immediate restructuring and the number of inspectors has to be increased substantially.

### **Delhi Energy Development Agency (DEDA)**

In the first Handbook, we recommended that the Delhi Energy Development Agency should be closed down. The decision for closure was taken in the Cabinet meeting, Government of Delhi in August 2004 and as such there are no plans and schemes for 2005-06. Only winding up exercise is in progress. The approved allocation for the Integrated Urban Energy Program was Rs 60 lac, which are primarily being used for salary purpose and Rs 40 lac has been allocated for battery bus in 2005-06. According to the officials at DEDA, no expenditure is being incurred in the propagation of schemes and the grant in aid is used only for salaries and allowances. The agency is being closed down, but it should be done as soon as possible without wasting more resources. The Evaluation Report of the Planning Department recommended the closure of DEDA in 1997. It took eight years and several lac of worthless expenditure to realise the significance of the suggestions or to act on the recommendations.

### **Holiday Homes for Industrial Workers – Department of Labour**

‘Setting up of Holiday Homes for Industrial Workers’ is a plan scheme under the Department of Labour. According to the earlier research done on this scheme, it was observed that there was an apparent skewness in the expenditure and outlay of the scheme. The booking/occupancy rates were very poor because of poor quality. The amount

of subsidy has also been quite considerable in the light of infrastructure and actual occupancy. The report of Evaluation Unit of the Planning Department, NCT Delhi concluded that the Labour Department is not in a position to manage these homes and should shut them down immediately.

However, even after two years there is no action on that and holiday homes still operate with similar budgets and allocations. Information that was procured only substantiated the abovementioned points. Table 3 gives the allocations and expenditure of holiday homes over the years.

**Table 3: Allocation and Expenditure of Holiday Homes  
(Rs in lac)**

Year	Allocation		Expenditure	
	Plan	Non-Plan	Plan	Non-Plan
2001-02	2	6.3	0	4
2002-03	0.6	6	0	6
2003-04	4	7	3	4
2004-05	20	11.5	18	11
2005-06	30	10	0.06	2

Analysing the expenditure in the light of total number of occupants each year will show that the holiday homes have not been performing as efficiently as they should, which would require their immediate closure. Table 4 gives the total number occupants and total income generated from visitors.

**Table 4: Absolute Number of Visitors and Income Generated  
2001-2005(Rs)**

Year	Number of Occupants	Total Income Generated
2001-02	248	1,23,661*
2002-03	539	21,150
2003-04	694	26,750
2004-05	617	21,825
2005-06	551	27,225

*\*Due to non-availability of records, total income of labour welfare centres and holiday homes were furnished in the RTI applications*

At present, eight employees are working in the scheme at different holiday homes on diverted capacities or as part time employees. The total expenditure incurred on miscellaneous items except telephone charges, electricity and water in the current year 2005-06 is Rs 1, 15, 690. The viability of the scheme can also be judged by the fact that there are more visitors from the Delhi Government who use these homes than the industrial workers for whom it was actually made. The number of Delhi Government employees as visitors has increased from 433 in 2003-04 to 493 in 2004-05. This figure, when compared with total number of visitors reaffirms the previous point. According to information furnished by the Labour Department through RTI, it is clear that there is no proposal to dispose off the government properties and shut down the holiday homes.

Thus, evidently, a scheme that is totally unviable is still being run by the Government in the name of labour welfare. This only indicates the number of such wasteful schemes that are run by the Delhi Government and wasting the resources on public money.

### **Gosadan schemes – Department of Development**

Gosadan schemes by the Department of Development is run for the welfare of animals and stray cattle. The Department is provided subsidies and grants to the NGOs to establish Gosadans in Delhi. However, more than 50% of the allotted land is lying unutilised. The expenditure per cow is Rs 4,146, more than per student expenditure in a government school in Delhi. The recommendations were that stray cattle should be auctioned off and all cattle should be registered so that the owners can be fined if their animals are spotted. This would reduce the number of stray cattle significantly.

The Department is only responsible for monitoring the functioning of NGOs who are running these Gosadans and providing them with some financial assistance in the form of grants in aid. Table 5 provides information on financial allocation, actual expenditure and grants in aid released from the Delhi Advisory Board for Animal Welfare.



**Table 5: Financial Profile of Gosadan Scheme**

Year	Financial Allocation	Actual Expenditure	Grant in aid released from GABAW*
2001-02	8	6.52	17.88
2002-03	5	4.99	13.15
2003-04	10	10	17.5
2004-05	--	--	17.5

\*The grant in aid includes grants given to PFA Goshala, Bawana for the first three years. However, the Gosadan has been closed down effective April 2005 as the NGO running the Gosadan surrendered.

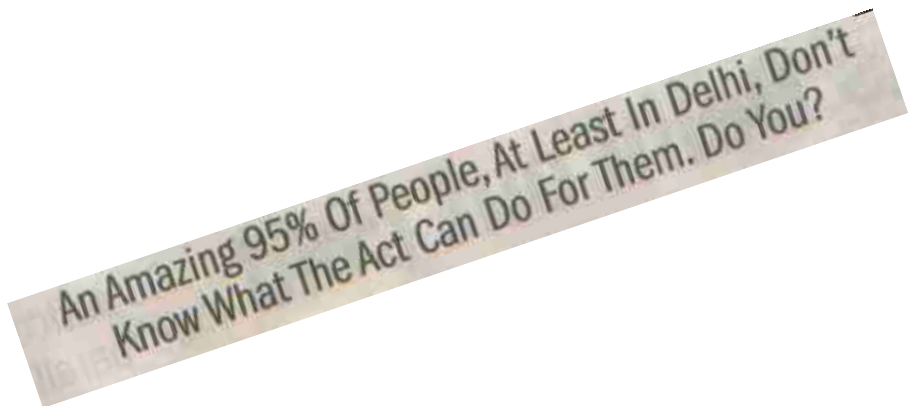
Even though the Department is really not running the service and just providing financial assistance and monitoring the Gosadan, it has not been able to perform the job as efficiently as it can. In most Gosadans, the number of animals is far less than the capacity of the Gosadan. This is indicative of inefficient services by the NGOs accompanied by poor monitoring and supervision by the Department. Table 6 showing the land allotment and number of animals in these Gosadans will substantiate the aforementioned argument.

**Table 6: Information on Gosadans in Delhi**

Gosadan	NGO	Land Allotted (In acres)	Shelter Capacity (Number)	No. of Animals as on Oct.2005
Gopal Gosadan, Harewali	Bhartiya Govansh Rakshan Parishad	15	1,500	1,064
Shri Krishan Goshala, Sultanpur	Surbhi Sodh Sansthan	36	3,100	864
Manav Gosadan, Khanpur	Jain Samaj	16	1,450	212
Dabur Hare Krishna Goshala, Surhera	Jan Kalyan	24	2000	963
Acharya Sushil Gosadan, Ghumanhera	Acharya Sushil Muni Foundation	19	1900	756

Thus after studying the abovementioned tables, it is clear that better management is needed in this scheme. Moreover, supervision should be strengthened by innovative measures, which should include financial prudence in providing subsidies to all NGOs running Gosadans. Those who do not meet the target capacity should be penalised. The Department should also specify performance standards and ensure that these standards are met.

—Prepared by Susmita Pratibast





## **THE POWER OF IDEAS**

The Centre for Civil Society is an independent, non-profit, research and educational organisation devoted to improving the quality of life for all citizens of India by reviving and reinvigorating civil society. India got her political independence in 1947 from the British state, but we still do not have complete social, cultural and economic independence from the Indian state. We aim to limit the domain of the state and make more space for civil society.

We champion limited government, rule of law, free trade, and individual rights. We are an ideas organisation, a think tank that develops ideas to better the world. We want to usher in an intellectual revolution that encourages people to look beyond the obvious, think beyond good intentions, and act beyond activism.

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## Annexure I

### ***Annexure 1: Unit Area Value of Property Tax levied by MCD***

<i>Category</i>	<i>Unit Area Value (Rs per square metre)</i>
A	630
B	510
C	410
D	320
E	250
F	220
G	190
H	100

*Source: Municipal Valuation Committee Report Submitted on 1.1.2004*

### ***Annexure 2: Theatre Tax Rates***

<i>Type of Entertainment</i>	<i>Maximum Amount of Tax P.A</i>
Class - I Cinema Theatre	Rs 10 per show
Class - II Cinema Theatre	Rs 7 per show
Drama, Concert, Variety	
Entertainment, PVR Cineplex	Rs 7 per show
Carnival/ Fete	Rs 10 per day
Any Other Entertainment	Rs 7 per show ; If no show then Rs 7 per day

*The Fourth Schedule, DMC Act, 1994*

### ***Annexure 3: Advertisement Tax levied by MCD***

<i>Particulars</i>	<i>Particulars</i>	<i>Rates Per Annum (Rs.)</i>
Non-illuminated Advertisements on lands, buildings, walls, hoardings, frame posts, structures etc.	Up to 10 sq. ft.	18
	10 sq. ft.- 25 sq. ft.	30
	Every additional 25 sq. ft. or less	30
Non-illuminated advertisements carried on vehicles drawn by bullocks, horses or other animals, human beings, cycle or any other device carried on any vehicle or tram car	Up to 25 sq. ft.	120
	25 sq. ft.- 50 sq. ft.	120
	Every additional 50 sq. ft. or less	120

Illuminated advertisement boards carried on vehicles	Up to 25 sq. ft	240
	25 sq. ft.- 50 sq. ft.	240
	Every additional 50 sq. ft. or less	240
Non-illuminated advertisement boards carried by sandwich board men	Up to 10 sq. ft.	24
	10 sq. ft.-25 sq. ft	48
	Every additional 10 sq. ft or less	24
Illuminated advertisement boards carried by sandwich board men	Up to 10 sq. ft.	48
	10 sq. ft.-25 sq. ft	96
	Every additional 10 sq. ft or less	48
Illuminated advertisement on lands, buildings, walls or hoardings, frame posts or structures etc.	Up to 2 sq. ft.	24
	2 sq. ft.-5 sq. ft.	48
	5 sq. ft.-25 sq. ft.	60
	Every additional 25 sq. ft. or less	60
Advertisement exhibited on screen in cinema houses and other places by means of lantern slides or similar devices	Up to 5 sq. ft	96
	5 sq. ft.-25 sq. ft	120
	Every additional 25 sq. ft. or less	120
Non-illuminated advertisement suspended across streets	Up to 10 sq. ft.	18
	10 sq. ft.-25 sq. ft	30
	Every additional 25 sq. ft. or less	30
Non-illuminated advertisement hoardings, standing blank but bearing the name of the advertiser or with the announcement 'to be let' displayed thereon	Up to 10 sq. ft.	9
	10 sq. ft.-25 sq. ft	15
	Every additional 25 sq. ft. or less	15
Permission to auctioneers to put more than two boards of reasonable size advertising each auction sale, other than those in the premises where the auction is held, one on a prominent site in locality and one on municipal lamp post.		200

*The Fifth Schedule, DMC Act, 1994*

***Annexure 4: Rates of Tax on Buildings Payable along with the Application for the Sanction of the Building Plans***

<i>Area</i>	<i>For the First Storey (Rs)</i>	<i>For any subsequent storey (Rs)</i>
Up to 100 sq. yds.	20	40
More than 100 sq. yds but not exceeding 250 sq. yds	60	120
More than 250 sq. yds but not exceeding 500 sq. yds	150	300
More than 500 sq. yds but not exceeding 1000 sq. yds	300	600
More than 1000 sq. yds	600	1500

*DMC Act, 1994*

**Annexure 5: Rates of Tax on Vehicles & Animals**

<i>Type of Vehicles</i>	<i>For Vehicles with Pneumatic tyres</i>	<i>For Vehicles without Pneumatic tyres</i>
Each 4-wheeled vehicle drawn by camels, horses, ponies, mules, donkeys, bullocks or buffaloes		
a. Labour carts	12	24
b. Other Vehicles in this class	32	48
Each 2-wheeled vehicle drawn by camels, horses, ponies, mules, donkeys, bullocks, buffaloes		
a. Labour carts	8	16
b. Other Vehicles in this class	16	24
Each vehicle drawn or impelled otherwise than by camels, horses, ponies, mules, donkeys, bullocks, buffaloes or machinery	8	12
<i>Maximum amount of tax per annum existing</i>		
<i>Type of Animal</i>		<i>Rates of Tax</i>
Each Cycle Rickshaw/trolley		6
Each Bicycle		3
Each Camel		10
Each Horse, pony or mule of a height of 12 hand or upwards		20
Each Horse, pony or mule of a height of less than 12 hands		10
Each Bullock or buffalo kept for draught or pack purposes		8
Each donkey/ ass kept for draught or pack purposes or for riding		6
Each Pig		4
Each Dog		5
Each Bitch		N.A
Each she-buffalo kept for milking		50
Each cow kept for milking		30

*The Third Schedule, DMC Act, 1994.*

**Annexure 6: Electricity Tax Rates**

<i>Nature of Consumption</i>	<i>Rates of Tax</i>
Tax payable by consumers of electricity on energy obtained from a licensee within the area of Corporation	5% of the charge of the supply of electricity as fixed from time to time
Tax payable by NDMC and Delhi Cantonment Board on electricity sold/supplied to them by the licensee that is DVB within the area of Corporation	5% of the charge of the supply of electricity as fixed from time to time
Tax payable by a consumer of electricity on energy generated by themselves within the area of corporation for their consumption and sale	10 paisa per K.W.H.R.
Tax payable by licensee operating outside the area of the Corporation on electricity sold to them within the area of the Corporation except in the case of supplies to the NDMC and the Delhi Cantonment Board	10 paisa per K.W.H.R.

*Delhi Municipal Corporation Act, 1994*

**Annexure 7: Rates of Toll Tax**

<i>Type of Vehicle</i>	<i>Entry per Visit</i>	<i>Monthly Pass</i>	<i>Quarterly Pass</i>
Taxi, tempo, Tata 407, Goods carrying three Wheeler and this other type of other Commercial Vehicle	25	600	1,500
Bus, Truck and this type of other commercial vehicle	50	1,200	3,000
6 wheels truck	100	2,400	6,000
10 wheels truck	200	4,500	12,000
14 wheels truck	500	10,000	20,000

*The DMC Act, 1994*

**Annexure 8: Property Tax Rates levied by NDMC**

<i>Year</i>	<i>Percentage of Rateable Land</i>
Up to 1994-95	12.5%
1995-96 & 1996-97	15%
1997-98 & 1998-99	(i) Residential 15% (ii) Non-Residential 20%
1999-2000 & 2000-2001	(i) Residential 20% (ii) Non-Residential 25% (iii) Special Category 30%
2001-2002	(i) Residential 20% (ii) Non-residential 25% up to Rs 10 lac 30% on portion above Rs 10 lac
2002-2003	(i) 20% of the Rateable value up to Rs 5 lac (ii) 30% on portion above Rs 5 lac
2003-2004	20% (where the rateable values does not exceed Rs 5 lac; Rs 1,00,000/- plus 25% of the amount by which the rateable value exceeds Rs 5 lac) Rs 2,25,000/- plus 30% of the amount by which the rateable value exceeds Rs 10 lac)
2004-2005	20% (where the rateable values does not exceed Rs 10 lac; Rs 2,00,000/- plus 25% of the amount by which the rateable value exceeds Rs 10 lac) Rs 4,50,000/- plus 30% of the amount by which the rateable value exceeds Rs 20 lac)

*The New Delhi Municipal Council Act, 1994*



## Annexure II

***Summary of the kind of documents that can be registered and the value of stamp paper that is needed for registration, along with the registration fees***

<i>Type of Document</i>	<i>Stamp paper value needed</i>	<i>Registration Fees</i>	<i>Description of Document</i>
Will	Nil	23	Made to bequeath possessions to parties
Revocable Will	Nil	3	A clause at the end saying 'this is my last and final will' revokes all previous wills
Indemnity Bond	100	6	When you owe a party something for some service in return
Relation/ blood/ Spouse GPA	50	4	Handing over general execution powers
Special Power of Attorney	2	4	Specifying a power
Release Deed	10	26	
Release Deed with Consideration	8%	101	
Adoption Deed	5	21	Filed on adopting a child
Partnership Deed	5	4	Specifying the terms of the partnership
Trust Deed	1% within likely to 5000	4	Specifying the terms of the trust.
Sale Deed	Male 8% Female 6%	101	Specifying the sale of the property, its size and the amount of money transacted
Gift Deed	8%	101	Specifies the item gifted, and that it was done under no duress, etc
Partition Deed	8%	101	Specifies partition of a property, who gets what, etc
Mortgage	2%	101	What item has been mortgaged and how it can be released.
Rent Deed/ L1 deed	2% upto 5 years 5% for 5-10 years	16	Specifies terms of renting the premises, object, etc
Reconveyance Deed	Nil	101	
Award	100	101	What has been awarded and for what purpose.

*Source: Information obtained from the board in SR offices*