Overview

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This Report comprises two chapters containing audit findings pertaining to Revenue and Social and Economic Sectors (PSUs). Chapter I relating to Revenue Sector contains seven paragraphs involving ₹ 254.46 crore on underassessment, short payment/loss of revenue, interest and penalty and Chapter II relating to Social and Economic Sectors (PSUs) contains one Performance Audit and eight paragraphs (including one follow up audit) involving ₹ 102.38 crore. Some of the major findings are mentioned below:

Chapter-I: Revenue Sector

The total revenue receipts of the Government for the year 2016-17 were ₹ 34,345.74 crore as compared to ₹ 34,998.85 crore in the year 2015-16. Out of this, 92 *per cent* was raised through tax revenue (₹ 31,139.89 crore) and non-tax revenue (₹ 380.69 crore). The balance eight *per cent* was received from the Government of India as grants-in-aid (₹ 2,825.16 crore). The increase in tax revenue was 3.03 *per cent* and decrease in non-tax revenue was 26.14 *per cent* over the previous year.

(Paragraph 1.1.1)

Test check of the records of 88 units of the Department of Trade and Taxes, State Excise, Transport and Revenue conducted during the year 2016-17 revealed under assessment/short levy/loss of revenue and other irregularities involving ₹ 416.94 crore in 650 cases. During the course of the year, the concerned Departments accepted under assessment and other deficiencies of ₹ 7.04 crore.

(Paragraph 1.1.9)

Department of Trade and Taxes and Department of Transport

Issue of Statutory Forms

There was inadequate due diligence and oversight of the Ward Officers over issue of the Statutory Forms coupled with failure to strengthen/address the obvious deficiencies in DVAT system. Statutory Forms were issued to the dealers without ensuring recovery of past demand and cross checking the purchase amount declared in the returns. The dealers were issued Statutory Forms without having the details of branches/consignment agents and items to be traded, in their certificate of registration. Departmental instructions to check misuse of downloading of Forms were not followed by the Ward Authorities, which led to irregular downloading of Forms by the dealers. Even after cancellation of the Certificate of Registration (RC) on the basis of adverse remarks, Statutory Forms were issued to the dealers. Flaws in the system design and absence of proper validation checks resulted in issue of multiple Forms containing same serial number and also single transaction value being used twice to download Statutory Forms. As a result of such shortcomings, there was irregular issue of Statutory Forms of ₹ 1,892.78 crore.

This also resulted in escape of levy of tax/penalty in some cases amounting to ₹ 248.08 crore.

(Paragraph 1.2)

Due to failure of the assessing officer to ensure eligibility of dealers for the concessional tax, there was a loss of revenue of ₹ 52.93 lakh consisting of short levy of tax of ₹ 20.91 lakh, interest of ₹ 11.11 lakh and penalty of ₹ 20.91 lakh.

(Paragraph 1.3)

The Assessing Authorities allowed Input Tax Credit of ₹ 18.80 lakh to the assessees without verifying the details of tax deposited by the selling dealers, resulting in short levy of tax of ₹ 18.80 lakh, besides interest of ₹ 10.80 lakh and penalty of ₹ 18.80 lakh were also leviable.

(Paragraph 1.4)

The Department failed to recover demand of ₹ 3.90 crore from the dealers whose registration had been cancelled.

(Paragraph 1.5)

Failure of Assessing Authority in ascertaining the correct tax liability of a dealer resulted in short payment of tax of ₹ 4.68 lakh. Interest of ₹ 4.75 lakh and penalty of ₹ 16.51 lakh were also due from the dealer.

(Paragraph 1.6)

Excess allowance of concessional rate of tax on Form 'C' resulted in short levy of tax of ₹ 63.79 lakh. In addition, interest of ₹ 37.70 lakh was also leviable.

(Paragraph 1.7)

Delays in deposits of receipts in the government accounts resulted in loss of interest of ₹ 20.20 lakh.

(Paragraph 1.8)

Chapter-II: Public Sector Undertakings (PSUs)

As on 31 March 2017, there were 17 PSUs which included 15 Government companies and two statutory corporations. The investment in these 17 PSUs as on 31 March 2017 was ₹ 30,433.81 crore. This total investment consisted of 31.54 *per cent* towards capital, 10.56 *per cent* towards free reserves and 57.90 *per cent* in long-term loans. The total investment increased by 12.73 *per cent* from ₹ 26,995.92 crore in 2012-13 to ₹ 30,433.81 crore in 2016-17. The Government contributed ₹ 2,214.75 crore towards Equity, Loans and Grants/ Subsidies to State PSUs during 2016-17.

(Paragraphs 2.1.6 and 2.1.7)

The number of accounts in arrears increased from 12 (2012-13) to 29 (2016-17). One PSU, namely the Delhi SC/ST/OBC/Minorities & Handicapped Financial and Development Corporation Limited had an arrear of accounts of 13 years while the arrear in other PSUs ranged from one to three years as on 30 September 2017.

(Paragraph 2.1.9)

Out of 17 PSUs, 10 PSUs earned profit of ₹ 967.60 crore, six PSUs incurred loss of ₹ 3,488.55 crore. One PSU prepared its accounts on a 'no profit no loss' basis.

(Paragraph 2.1.12)

In respect of the 19 accounts received during the period October 2016 to September 2017, the Statutory Auditors gave unqualified certificates for six accounts, qualified certificates for 12 accounts and adverse certificate (which means that accounts do not reflect a true and fair position) for one account.

(Paragraph 2.1.13)

Department for the Welfare of SC/ST/OBC/Minorities

A performance audit of the working of **Delhi Scheduled Castes, Scheduled Tribes, Other Backward Classes, Minorities and Handicapped Financial and Development Corporation Limited** covering the period of 2012-13 to 2016-17, brought out deficiencies in poor coverage of targeted population, drawl of lesser funds against allocation and poor recovery of loans. Some of the significant audit findings are as under:

The Company neither conducted any survey for identification of targeted groups nor maintained any database of intended beneficiaries.

(Paragraph 2.2.2)

The Company has not been finalising its Financial Statements on regular basis. Financial Statements for the year 2004-05 and subsequent years have not been audited.

(Paragraph 2.2.3.1)

Percentage of disbursement of loan which was 45.41 *per cent* of total available funds in 2012-13 declined to 12.90 *per cent* in 2016-17.

(Paragraph 2.2.3.2)

There were significant shortfalls in achieving physical target of lending activities of the Company. The achievements ranged between one and 61 *per cent* of the targets under various schemes during the period 2012-17.

(Paragraph 2.2.4.1)

There were deficiencies in extending financial assistance with significant delays in disbursement of loans.

(Paragraph 2.2.4.4)

The system for follow up of the recovery from the beneficiaries was unsatisfactory as the total recovery made during the year 2016-17 was only 11 *per cent*. There was non-recovery of ₹ 23.77 crore as on 31 March 2017, from the beneficiaries in respect of overdue cases.

(Paragraph 2.2.5)

The recovery process in as many as 3,533 cases out of 5,192 cases, who had not been issued no objection certificates, was not initiated.

(Paragraph 2.2.5.2)

The grievances redressal mechanism was inadequate and the internal control system was weak and ineffective.

(Paragraph 2.2.7)

Department of Power

Delhi Power Company Limited failed to assess the Minimum Alternate Tax liability timely and consequently non-payment of advance tax resulted in avoidable payment of penal interest of ₹ 60.01 lakh.

(Paragraph 2.3)

Delhi Transco Limited purchased a land in 2014 at annual recurring cost of ₹ 1.34 crore without ensuring its suitability for the proposed sub-station. This has resulted in revenue loss in term of interest paid on its borrowing which worked out to be ₹ 79.92 lakh on ₹ 4.08 crore paid up to July 2017 for the land which remains blocked and has become unproductive.

(Paragraph 2.4)

Department of Tourism

Delhi Tourism and Transportation Development Corporation

Initiation of construction of Dilli Haat at Mayur Vihar in infringement of Supreme Court and Delhi Development Authority directions and despite refusal of change of land use by DDA in October 2013 and prohibition by UTTIPEC, resulted in infructuous expenditure of ₹ 39.66 lakh.

(Paragraph 2.5)

Delhi Tourism and Transportation Development Corporation suffered a loss of interest of ₹ 1.18 crore due to incurring expenditure on deposit work without ensuring prior receipt of deposits from the client department

(Paragraph 2.6)

Inadequate due diligence and planning on the part of DTTDC resulted in avoidable delay of 12 years in developing the land for the stated use and wasteful expenditure of ₹ 23.19 lakh. Besides, idling of investment in land means interest cost of ₹ 1.27 crore to the DTTDC on blocked funds of ₹ 1.79 crore with no corresponding revenue generation.

(Paragraph 2.7)

Department of Transport

Delhi Transport Corporation

Due to inadequacy in contract management coupled with delayed action attributed to DTC management, DTC could not recover the losses from Tata Motors Limited resulting from 17 burnt buses with depreciated value of ₹ 5.86 crore. Besides, due to non-availability of 17 buses, DTC has been suffering an annual loss of contribution of ₹ 1.13 crore and total loss up to June 2017 was ₹ 2.82 crore. Not ensuring insurance cover for 2,682 buses means undue benefit extended to TML equivalent to cost of insurance cover.

(Paragraph 2.8)

Failure to monitor the progress of deposit work assigned to the executing agency for development of Dwarka-VIII bus depot coupled with inadequate planning resulted in avoidable payment of electricity charges of ₹ 50.72 lakh.

(Paragraph 2.9)