Overview

This Report comprises two chapters containing audit findings pertaining to Revenue and Social and Economic Sectors (PSUs). Chapter I relating to Revenue Sector contains eight paragraphs involving ₹ 705.58 crore on under-assessment, short payment/loss of revenue, interest and penalty and Chapter II relating to Social and Economic Sectors (PSUs) contains one Performance Audit and two paragraphs involving ₹ 458.56 crore. Some of the major findings are mentioned below:

Chapter-I: Revenue Sector

The total revenue receipts of the Government for the year 2017-18 were ₹ 38,667.27 crore as compared to ₹ 34,345.74 crore in the year 2016-17. Out of this, 94 *per cent* was raised through tax revenue (₹ 35,717.02 crore) and non-tax revenue (₹ 766.06 crore). The balance six *per cent* was received from the Government of India as grants-in-aid (₹ 2,184.19 crore). The increase in tax revenue was 14.70 *per cent* and increase in non-tax revenue was 101.23 *per cent* over the previous year.

(Para 1.1.1)

Test check of the records of 70 units of the Department of Trade and Taxes, State Excise, Transport and Revenue conducted during the year 2017-18 revealed under assessment/short levy/loss of revenue and other irregularities involving ₹ 1,701.14 crore in 500 cases. During the course of the year, the concerned Departments accepted under assessment and other deficiencies of ₹ 390.39 crore.

(Para 1.1.9.1)

During the year, the Department of Trade and Taxes recovered an amount of ₹ 26.05 lakh at the instance of audit. This amount includes recovery of ₹ 19.49 lakh in respect of three dealers, who matched their additional demand of ₹ 15.08 lakh incorrectly with regular tax paid previously in the 'Reconciliation' module of the system. This indicated lack of monitoring by the Department in cross-checking the amounts reflected in the system as paid by the dealers, with the actual amount received from the banks. Though the Department recovered the full amount of ₹ 19.49 lakh after being pointed out by audit in this case, being a system deficiency, it needs to be addressed by the Department.

(Para 1.1.9.2)

Department of Trade and Taxes

Preparedness for transition to Goods and Services Tax

The protected revenue for the period July 2017 to March 2018 was ₹ 16,359.36 crore whereas the actual receipt under Goods and Services

Tax was ₹ 16,019.35 crore. The Department had received ₹ 326.00 crore against compensation amount of ₹ 340.01 crore.

(Para 1.2.3)

During the period July 2017 to March 2018, 70 *per cent* to 98 *per cent* taxpayers had filed their returns. Audit is of the view that the Department needs to take concrete steps to ensure pending returns are filed by the taxpayers expeditiously.

(Para 1.2.7.2)

Four taxpayers had claimed transitional credit of ₹ 8.85 crore in TRAN -1 under Goods and Services Tax Act. However, as per the returns filed under DVAT Act, credit of only ₹ 0.16 crore was available. Five taxpayers had claimed transitional credit of ₹ 19.44 crore. However, there was a mismatch of purchase made by these taxpayers compared to the sale amount made by the corresponding selling dealers during the Value Added Tax regime.

(Para 1.2.7.4)

Input Tax Credit

There were 130 cases of excess carried forward of Input Tax Credit of ₹ 21.03 crore and irregular claim of Input Tax Credit of ₹ 18.82 crore in 37 cases where the selling dealers were not registered with the Department of Trade and Taxes in the related tax period.

(Para 1.3.3 and 1.3.4(i))

The cases of excess claim of Input Tax Credit by inflating purchases, Input Tax Credit claimed against purchases from dealers who had not shown any corresponding sale and Input Tax Credit claimed against purchases from dealers who had not filed any return were also noticed.

(Para 1.3.4(iii))

Objection and Appeal cases in VAT

The data on cases added and disposed shows an increasing trend of cases requiring disposal with each passing year during 2014-15 to 2016-17. From 31,726 cases pending disposal as on 31 March 2015, the pendency of cases has increased to 40,120 as on 31 March 2017, with the demand amount pending adjudication increasing from ₹ 4,944 crore to ₹ 10,194 crore. There was a decreasing trend in cases where appeal was made by the dealers, as the pendency decreased to 2,370 cases as on 31 March 2017 from 2,695 cases as on 31 March 2015. Audit observed that objection cases were remanded back to Assessing Authorities by the Objection Hearing Authorities even though there is no such provision in the DVAT Act. There was lack of monitoring system of remanded back cases, as either re-assessment was not done by the Assessing Authorities or re-assessed demand amounts remained unrecovered. There were many cases of long delay in filing of objection by the dealers, for which the justification for acceptance and condonation of those delays were not available in the records produced to Audit. Objection cases filed by the dealers during the period 2014-15 to 2016-17 had not been decided for periods ranging from one year to three years. Objection and appeal cases decided by the Objection Hearing Authorities and the Appellate Tribunal in favour of the Department had not been followed up by the competent authorities thereby resulting in non-recovery of government revenue.

(Para 1.4)

Failure of the assessing officers to ensure eligibility of assessees for concessional tax resulted in short levy of tax of ₹ 2.19 crore. In addition, interest of ₹ 1.20 crore and penalty of ₹ 2.19 crore were also leviable.

(Para 1.5)

Mis-classification of taxable sale of ₹ 4.94 crore as exempted sale in DVAT-16 return resulted in non-realisation of tax of ₹ 61.74 lakh. In addition, interest of ₹ 38.09 lakh was also leviable.

(Para 1.6)

The Department failed to recover demand of ₹ 13.15 crore from assessees whose registrations had been cancelled.

(Para 1.7)

Mis-classification of taxable sale of ₹ 4.73 crore as exempted sale in DVAT-16 return resulted in non-realisation of tax of ₹ 59.12 lakh. In addition, interest of ₹ 39.20 lakh and penalty of ₹ 59.12 lakh were also leviable.

(Para 1.8)

Failure of the Assessing Authority to levy interest on additional demand of ₹ 71.68 lakh, resulted in non-levy of interest of ₹ 49.05 lakh.

(Para 1.9)

Chapter-II: Public Sector Undertakings (PSUs)

As on 31 March 2018, there were 18 State PSUs which included 16 Government companies and two statutory corporations. The working PSUs registered an annual turnover of ₹ 8,119.06 crore as per their latest finalised accounts as on 30 September 2018. This turnover was equal to 1.18 *per cent* of Gross State Domestic Product (GSDP) for the year 2017-18 (₹ 6,86,017 crore). The working PSUs incurred loss of ₹ 2,909.83 crore as per their latest finalised accounts. As on March 2018, the State PSUs had employed 0.31 lakh employees.

(Para 2.1.1.2)

As on 31 March 2018, the total investment (equity and long term loans) in five power sector undertakings was ₹ 12,740.46 crore. The investment consisted of 58.92 *per cent* towards equity and 41.08 *per cent* in long-term loans.

(Para 2.1.2.4)

The profit earned by Power Sector PSUs was ₹ 879.63 crore in 2017-18 against ₹ 758.96 crore in 2013-14. According to their latest finalised accounts, out of these five PSUs, four PSUs earned profit and one PSU incurred marginal losses. The top profit making companies were Delhi Transco Limited (₹ 627.18 crore) and Pragati Power Corporation Limited (₹ 211.37 crore).

(Para 2.1.2.9)

The overall accumulated losses of five power sector undertakings were ₹ 157.28 crore as against the capital investment of ₹ 7,506.79 crore resulting in net worth of ₹ 7,349.19 crore after deducting the deferred revenue expenditure of ₹ 0.32 crore. Out of the five power sector undertakings, the net worth was eroded completely in Delhi Power Company Limited (-₹ 779.11 crore).

(Para 2.1.2.13)

During the last five years, the turnover of five power sector undertakings recorded compounded annual growth of 2.81 *per cent* and compounded annual decline in debt was 6.97 *per cent* due to which the Debt-Turnover Ratio improved from 1.87 in 2013-14 to 1.25 in 2017-18.

(Para 2.1.2.19)

As on 31 March 2018, the total investment (equity and long term loans) in 13 State PSUs (other than power sector) was ₹ 14,143.21 crore. The investment consisted of 16.56 *per cent* towards equity and 83.44 *per cent* in long-term loans. The Long term loans advanced by the State government constituted 99.75 *per cent* (₹ 11,772.20 crore) of the total long term loans whereas 0.25 *per cent* (₹ 29.04 crore) of the total long term loans were availed from other financial institutions.

(Para 2.1.3.4)

Of the total 13 PSUs (other than Power Sector), there were 11 Government Companies and two Statutory Corporations under the purview of CAG as of 31 March 2018.

(Para 2.1.3.8)

The 13 PSUs (other than Power Sector) incurred overall losses during the five year period from 2013-14 to 2017-18. Major losses were incurred by Delhi Transport Corporation to the tune of ₹ 3,843.62 crore as per the latest finalised accounts of the corporation. As per the latest finalised accounts for the year 2017-18, out of the 13 PSUs, five PSUs earned profit of ₹ 70.32 crore and four PSUs incurred losses of ₹ 3,859.78 crore and four PSUs incurred marginal profit and loss.

(Para 2.1.3.12)

During the last five years, the turnover of the 13 PSUs (other than Power Sector) recorded compounded annual decline of 4.18 *per cent* and compounded annual growth of debt was 0.03 *per cent* due to which the debt turnover ratio deteriorated from 2.52 in 2013-14 to 2.99 in 2017-18.

(Para 2.1.3.23)

Department of Transport

A performance audit of Management of Public Transport Infrastructure in Delhi by Delhi Transport Infrastructure Development Corporation Limited covering the period from 2013-14 to 2017-18, indicated the slow progress of the projects of upgradation of existing ISBTs and development of new ISBTs. Also, even after passage of more than five years after being assigned the responsibility of managing the Bus Queue Shelters, DTIDC failed to construct any new Bus Queue Shelter. Some of the significant audit findings are as under:

Due to failure of Delhi Transport Infrastructure Development Corporation Limited to provide work fronts timely, the upgradation work of ISBT Kashmere Gate could not be completed even after more than eight years of stipulated completion date, resulting in raising of claims of ₹ 113.80 crore by contractor and DIMTS.

(Para 2.2.2.1 (A) (a))

Even after the lapse of more than 20 years of the Supreme Court directions to establish ISBTs at North and South West entry points of Delhi, ISBTs at Dwarka and Narela could not be established. The objective of reducing air pollution in GNCTD by establishing these two ISBTs could not be achieved as 516 and 1243 inter-state diesel operated buses arriving from Haryana, Rajasthan, Punjab and Himachal Pradesh continue to ply to/from ISBTs at Sarai Kale Khan and Kashmere Gate respectively, on daily trip basis.

(Para 2.2.2.1(A) (c))

In case of Narela ISBT, after releasing payment of ₹ 10.30 crore to DDA, the land for establishment of the ISBT has not yet been finalised even after the lapse of 11 years.

(Para 2.2.2.1(A) (c)(ii))

Delhi Transport Infrastructure Development Corporation Limited failed to find suitable concessionaires since 2013 for development of 1397 BQSs. No alternate funding methods were considered as a result of which no new BQS, has been constructed in the last five years.

(Para 2.2.2.2 (a))

Delhi Transport Infrastructure Development Corporation Limited incurred avoidable payment of interest of ₹ 2.76 crore due to default/delay in filing of ITR and default/deferment in payment of advance tax.

(Para 2.2.3.1)

Delhi Transport Infrastructure Development Corporation Limited made underpayment of ₹ 25.55 crore to GNCTD.

(Para 2.2.3.2)

Delhi Transport Infrastructure Development Corporation Limited failed to finalise its Recruitment Rules even after eight years of incorporation. In the absence of Recruitment Rules, it was not appointing regular staff in the Engineering and Non-Engineering Cadres and was managed by staff on deputation basis from Department of Transport, GNCTD, thereby lacking continuity of service in the organisation.

(Para 2.2.4.1)

Department of Tourism

Delhi Tourism and Transportation Development Corporation

Injudicious decision of Delhi Tourism and Transportation Development Corporation to enter into an agreement with a firm for the operations of Coffee Home without seeking consent of New Delhi Municipal Corporation (land owning agency) resulted in loss of revenue of ₹ 3.05 crore.

(Para 2.3)

The Delhi Tourism and Transportation Development Corporation in contravention of Central Vigilance Commission guidelines, deviated from the tender conditions after awarding the work, resulting in loss of concession fee and undue benefit to the Operator amounting to ₹ 0.68 crore.

(Para 2.4)