Report of the
Comptroller and Auditor General of India
on
Revenue
and
Social & Economic Sectors (PSUs)
for the year ended 31 March 2015

Government of National Capital
Territory of Delhi

Report No. 1 of the year 2016

Table of Contents

APPENDIX/ANNEXURES

PREFACE

This Report is prepared for submission to the Lieutenant Governor of Delhi and contains two Chapters.

Chapter –I of this Report relates to the audit of Revenue Sector departments of the Government. The audit of receipts is conducted under Section 16 of the Comptroller & Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and is required to be placed before the Legislative Assembly of National Capital Territory of Delhi under Section 48 of the Government of National Capital Territory of Delhi Act, 1991. This Chapter presents the results of audit of receipts such as sales tax/value added tax and taxes on motor vehicles of the Government of NCT of Delhi for the year ended 31 March 2015.

Chapter -II of this Report relates to the audit of State Public Sector Undertakings. Audit of accounts of Government Companies is conducted by the CAG under the provisions of Section 619 of the Companies Act, 1956 and Sections 139 and 143 of the Companies Act, 2013 and audit of Statutory Corporations under their respective legislation. The Government is required to submit this portion of the Audit Report to the Legislative Assembly of National Capital Territory of Delhi under Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The instances mentioned in this Report are those which came to notice in the course of test audit during the year 2014-15 as well as those which had come to notice in earlier years, but could not be dealt with in previous Reports; instances relating to the period subsequent to 2014-15 but pertaining to the year 2014-15 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

This Report comprises of two chapters containing audit findings pertaining to Revenue and Social & Economic Sectors (PSUs). Chapter I relating to Revenue Sector contains one Performance audit involving ₹ 1.36 crore, relating to underassessment, short payment/loss of revenue, interest and penalty etc. and Chapter II relating to Social and Economic Sectors (PSUs) contains one Performance Audit and six paragraphs involving ₹ 229.90 crore. The total money value of this Report is ₹ 231.26 crore. Some of the major findings are mentioned below:

Chapter-I: Revenue Sector

The total revenue receipts of the Government for the year 2014-15 were ₹ 29,584.59 crore as compared to ₹ 27,980.69 crore in the year 2013-14. Out of this, 92 *per cent* was raised through tax revenue (₹ 26,603.90 crore) and non-tax revenue (₹ 632.55 crore). The balance eight *per cent* was received from the Government of India as grants-in-aid (₹ 2,348.14 crore). The increase in tax revenue was 2.64 *per cent* and decrease in non-tax revenue was 4.03 *per cent* over the previous year.

(Paragraph 1.1.1)

Test check of the records of 74 units of the Department of Trade and Taxes, State Excise, Transport and Revenue conducted during the year 2014-15 revealed under assessment/short levy/loss of revenue and other irregularities involving ₹ 159.57 crore in 506 cases. During the course of the year, the concerned Departments accepted under assessment and other deficiencies of ₹ 1.45 crore and recovered an amount of ₹ 4.68 lakh which were pointed out in audit during 2014-15.

(Paragraph 1.1.10)

Trade and Taxes Department

Performance Audit on System of Assessment under VAT

Performance audit on "System of Assessment under VAT" brought out inter alia, the following;

One hundred and eighty one cases, each with annual Gross Turnover of ₹ five crore and above, (aggregated turnover ₹ 5,546.61 crore) for the years 2009-10 and 2010-11, were not scrutinised and assessed, and had become time-barred.

(Paragraph 1.2.2.1)

Ineffective monitoring of demand cases led to non-realisation of government dues worth ₹ 512.05 crore, including ₹ 214.98 crore due from dealers whose registrations had been cancelled.

(Paragraph 1.2.2.2 (i)&(iv))

Absence of validation checks in the system led to excess issue of statutory forms worth ₹ 14.49 crore to dealers whose registrations were cancelled. Statutory forms amounting to ₹ 56.96 crore were issued to the dealers though demands of ₹ 1.16 crore were outstanding against them.

(Paragraph 1.2.3.1 (i & iii))

System checks were not integrated to prevent issue of refunds to the dealers whose registrations have been cancelled and assessments were done subsequently.

(Paragraph 1.2.3.1(vi))

Chapter-II: Public Sector Undertakings (PSUs)

As on 31 March 2015, there were 17 PSUs which included 15 Government Companies and two Statutory Corporations. The investment in these 17 PSUs as on 31 March 2015 was ₹ 27,670.57 crore. This total investment consisted of 34.76 *per cent* towards capital and 65.24 *per cent* in long-term loans. The total investment increased by 21.34 *per cent* from ₹ 22,803.34 crore in 2010-11 to ₹ 27,670.57 crore in 2014-15. The Government contributed ₹ 1,803.35 crore towards Equity, Loans and Grants/Subsidies to State PSUs during 2014-15.

(Paragraphs 2.1.6 and 2.1.7)

The number of accounts in arrears increased from 11 (2010-11) to 22 (2014-15). One PSU namely Delhi SC/ST/OBC/Minorities & Handicapped Financial and Development Corporation Limited had a backlog of 11 years of accounts while the backlog in the other PSUs ranged from one to two years as on 30 September 2015.

(Paragraph 2.1.9)

Out of 17 working PSUs, 10 PSUs earned profit of ₹ 988.70 crore and six PSUs incurred loss of ₹ 1,599.73 crore. One working PSU prepared its accounts on a 'no profit no loss' basis.

(Paragraph 2.1.11)

In respect of the 13 accounts received during the period October 2014 to September 2015, the Statutory Auditors gave unqualified certificates for five accounts, qualified certificates for seven accounts and adverse certificate (which means that accounts do not reflect a true and fair position) for one account. During the supplementary audit of eight accounts selected, CAG gave unqualified certificate and qualified certificate for one account each upto 30 September 2015 (the remaining six accounts were under finalization). There were instances of non-compliance with the Accounting Standards in two accounts during the year.

(Paragraph 2.1.12)

Department of Transport

A performance audit on the "**Working of Delhi Transport Corporation**" brought out inter alia, the following:

The fleet utilisation and vehicle productivity was less than all India averages. Route planning was deficient. The number of routes not recovering the variable cost increased from 15.24 *per cent* to 63.80 *per cent during* 2010-15. Scheduled kms of 14.14 to 21.29 *per cent* were missed. Breakdowns increased from 1.77 to 5.35 per 10,000 kms of operations.

(Paragraphs 2.2.3.1 to 2.2.3.7)

The Corporation could not procure new buses despite availability of funds. It also lost the opportunity of availing central assistance of ₹ 204.57 crore.

(Paragraphs 2.2.4.1 to 2.2.4.3)

Deployment of staff in other departments of GNCTD without any recorded reasons resulted in non-reimbursement of salaries and allowances of ₹ 57.40 crore.

(Paragraph 2.2.4.5)

Corpus fund of ₹ 40.65 crore was utilized for payment of salaries, purchase of furniture, auxiliary vehicles, computers in violation of guidelines. Due to systemic lapses, improper maintenance, injudicious/delayed decisions and inaction in awarding contracts for display of advertisements, the Corporation lost the opportunity of earning revenue of ₹ 79.84 crore.

(Paragraphs 2.2.5.2 and 2.2.5.3)

Transfer of space to other departments without executing written agreements resulted in non-recovery of ₹ 53.06 crore. The Corporation suffered a loss of ₹ 46.11 crore in operation of school buses during 2010-15.

(Paragraph 2.2.5.4)

Department of Power

Indraprastha Power Generation Company Limited deposited excess income tax due to not availing Minimum Alternate Tax credit while self-assessing the tax resulting in blockade of funds of ₹ 8.10 crore and consequent interest burden of ₹ 0.95 crore.

(Paragraph 2.3)

Delhi Power Company Limited incurred an additional liability of ₹ 0.46 crore on account of interest due to late deposit of Minimum Alternate Tax of ₹ 3.54 crore.

(Paragraph 2.4)

Delhi Transco Limited

Delay in payment of licence fee resulted in creation of avoidable liability of ₹ 3.20 crore on account of interest.

(Paragraph 2.5)

Failure in assessing and discharging advance tax liability resulted in avoidable expenditure of ₹ 8.62 crore on account of interest.

(Paragraph 2.6)

Urban Development Department

Shahjahanabad Redevelopment Corporation had not prepared any plan for implementing its mandate of redeveloping Shahjahanabad even after seven years of its formation. It failed to conceptualize and plan even a single project and the aim of revitalising Shahjahanabad is still in its infancy. Expenditure of ₹ 4.36 crore since inception was mainly on establishment.

(Paragraph 2.8)

Chapter-I
Revenue Sector

Chapter-I

Revenue Sector

1.1 Introduction

1.1.1 Trend of revenue receipts

1.1.1.1 The tax and non-tax revenue raised by the Government of National Capital Territory (NCT) of Delhi during the year 2014-15, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and Grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned in **Table 1.1.**

Table: 1.1
Trend of revenue receipts

(₹ in crore)

Sl.No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1.	**Revenue raised by the State Government**					
	Tax revenue	16477.75	19971.67	23431.52	25918.69	26603.90
	Non-tax revenue	4188.95	460.87	626.93	659.14	632.55
	Total	**20666.70**	**20432.54**	**24058.45**	**26577.83**	**27236.45**
2.	**Receipts from the Government of India**					
	Grants-in-aid	4357.40	1960.64	1502.52	1402.86	2348.14
3.	**Total revenue receipts of the State Government (1 and 2)**	**25024.10**	**22393.18**	**25560.97**	**27980.69**	**29584.59**
4.	**Percentage of 1 to 3**	**83**	**91**	**94**	**95**	**92**

(*Source: Pay and Accounts Office Delhi Govt.*)

As brought out above, the revenue raised by the NCT of Delhi (₹ 27,236.45 crore) during the year 2014-15 was 92 *per cent* of the total revenue receipts. The balance eight *per cent* of the receipts during 2014-15 was Grants-in-aid from the Government of India.

1.1.1.2 The details of tax revenue raised during the period 2010-11 to 2014-15 are given in **Table 1.2**.

Table 1.2
Details of Tax Revenue Raised

(₹ in crore)

Sl. No.	Head of revenue	2010-11		2011-12		2012-13		2013-14		2014-15		Percentage of increase (+) or decrease (-) in 2014-15	
		BE[1]	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	Actual over BE for 2014-15	Actual of 2014-15 over 2013-14
1	Taxes on sales, trade etc.	12600.00	12068.62	14000.00	13750.95	16500.00	15803.68	18200.00	17925.71	19000.00	18289.31	(-)3.74	(+)2.03
2	State Excise	2000.00	2027.09	2400.00	2533.72	3000.00	2869.74	3200.00	3151.63	3550.00	3422.39	(-)3.59	(+)8.59
3	Stamp Duty	1399.97	1355.75	2399.97	2240.25	3799.97	3098.06	3799.98	2969.07	2938.15	2779.88	(-)5.39	(-)6.37
4	Motor Vehicles Tax	650.00	707.55	950.00	1049.19	1370.00	1240.18	1400.00	1409.27	1600.00	1558.83	(-)2.57	(+)10.61
5	Others	311.00	318.71	378.00	397.54	487.00	419.84	475.00	463.00	520.00	491.70	(-)5.44	(+)6.20
6	Land revenue	0.03	0.02	0.03	0.01	0.03	0.01	0.02	0.01	61.85	61.79	(-)0.10	(+)617800
	Total	**16961.00**	**16477.74**	**20128.00**	**19971.66**	**25157.00**	**23431.51**	**27075.00**	**25918.69**	**27670.00**	**26603.90**		

(*Source: Finance Accounts*)

The above table shows that actual receipts for the year 2014-15, under the Head Stamp Duty decreased by 5.39 *per cent* over Budget Estimates. The actual receipts for the year 2014-15 under the Head, 'Land Revenue' increased from ₹ 0.01 crore to ₹ 61.79 crore while Stamp Duty decreased from ₹ 2,969.07 crore to ₹ 2,779.88 crore over the previous year.

Revenue Department stated (January 2016) that decrease in revenue collection was due to revised Court Fees by the Hon'ble High Court of Delhi, slump in economy, high interest rates, rising cost of properties and availability of affordable properties in the peripheral area of National Capital Region. Revenue receipt under the Head, 'Land Revenue' increased due to allotment of 90.50 acre land to Delhi State Industrial and Infrastructure Development Corporation (DSIIDC).

1.1.1.3 The details of the non-tax revenue raised during the period 2010-11 to 2014-15 are indicated in **Table 1.3.**

Table 1.3
Details of Non-tax Revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2010-11		2011-12		2012-13		2013-14		2014-15		Percentage of increase (+) or decrease (-) in 2014-15 over 2013-14	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	Actual over BE for 2014-15	Actual of 2014-15 over 2013-14
1	Interest receipts	3918.17	3869.84	369.81	174.14	473.54	340.03	754.50	379.35	604.00	350.52	(-)41.97	(-)7.60
2	Medical and Public Health	26.50	36.28	41.00	47.56	44.24	54.32	65.00	63.05	73.00	58.20	(-)20.27	(-)7.69
3	Public Works	15.50	15.64	20.00	26.15	23.10	25.55	20.00	18.59	17.50	14.74	(-)15.77	(-)20.71
4	Power	17.00	11.53	15.00	12.12	14.00	9.93	22.01	18.46	24.01	16.38	(-)31.78	(-)11.27
5	Other administrative services	57.50	71.95	78.00	92.93	91.00	95.60	115.00	91.04	112.17	98.91	(-)11.82	(+)8.64
6	Other Non-tax receipts	188.00	183.71	116.66	107.97	123.66	101.50	111.42	88.65	133.32	93.79	(-)29.65	(+)5.80
	Total	**4222.67**	**4188.95**	**640.47**	**460.87**	**769.54**	**626.93**	**1087.93**	**659.14**	**964.00**	**632.54**		

(*Source: Finance Accounts*)

[1]Budget Estimates

Table 1.3 shows that actual receipts for the year 2014-15 decreased between 11.82 and 41.97 *per cent* over Budget Estimates. The actual receipts under the Heads of Public Works and Power for the year 2014-15 decreased by 20.71 *per cent* and 11.27 *per cent* respectively over the previous year.

Reasons for variations were not furnished by the Department.

1.1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2015 under some principal heads of revenue amounted to ₹ 20,130.71 crore of which ₹ 9,534.19 crore was outstanding for more than five years as detailed in the **Table 1.4**.

Table 1.4
Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Total Amount outstanding as on 31 March 2015	Amount outstanding for more than five years as on 31 March 2015	Remarks
1.	Taxes on sales, trade etc.	20039.34	9531.13	Reasons for arrear of revenue not furnished by the department.
2.	State Excise, Entertainment and Luxury	91.37	3.06	Department informed that recovery and execution of Arbitrator award will be taken up with Hon'ble High Court after ascertaining the assets and bank account etc. of the defaulting licensee.
Total		**20130.71**	**9534.19**	

1.1.3 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalisation at the end of the year as furnished by Department of Trade and Taxes and Department of State Excise, Entertainment and Luxury, are as given in **Table 1.5.**

Table 1.5
Arrears in assessments

Head of revenue	Opening balance	New cases due for assessment during 2014-15	Total assessments due	Cases disposed of during 2014-15	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
1	2	3	4	5	6	7
Taxes on sales, trade etc.	100	478337	478437	478380	57	99.99
State excise, Entertainment and Luxury	1841	811	2652	1191	1461	44.91

(Source: Department of Trade & Taxes, State Excise, Entertainment & Luxury)

It would be seen from above that percentage of disposal of assessment cases was as low as 44.91 *per cent* in respect of Department of State Excise, Entertainment and Luxury Tax.

1.1.4 Evasion of tax detected by the department

During 2014-15, the Enforcement Branch (Department of Trade and Taxes) conducted 1,308 surveys, and realised ₹ 313.21 crore against a demand of ₹ 490.90 crore.

1.1.5 Details of pendency of refund cases

The number of refund cases pending at the beginning of the year 2014-15, claims received during the year, refunds allowed during the year and the cases pending at the end of 2014-15 as reported by Department of Trade and Taxes are given in **Table 1.6.**

Table 1.6
Details of pendency of refund cases

(₹ in crore)

Sl. No.	Particulars	Sales Tax/VAT		Interest Paid
		No. of cases	Amount	Amount
1	Claims outstanding at the beginning of the year	18714	479.27	-
2	Claims received during the year	95164	141.69	-
3	Total claims	113878	620.96	
4	Refunds made during the year	11541	291.07	0.002
5	Percentage of refunds to the total claims	10.13%	46.87%	
6	Balance outstanding at the end of year	102337	329.89	-

Section 42 of Delhi Value Added Tax Act (DVAT Act), provides for payment of interest, at annual rate notified by government, if the excess amount is not refunded to the dealer within 60 days from the date of the order. However, Audit noticed that the progress of disposal of the refund cases of Sales Tax/VAT was only 10.13 *per cent* as compared to claims received. Not refunding the claims within the stipulated period may attract the provisions for payment of interest.

1.1.6 Response of the Government/Departments to Audit

The Principal Accountant General (Audit), Delhi (PAG) conducts periodical inspection of the government departments to test check the transactions and verify the maintenance of accounts and other records as prescribed in the rules and procedures. These inspections are followed up through Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The heads of the offices/Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance to the PAG within four weeks from the date of receipt of the IRs. Serious financial irregularities are reported to the heads of the Departments and the Government.

The summarised position of the Inspection Reports issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2015 are tabulated in the **Table -1.7**

Table 1.7

Position of Inspection Reports

(₹ in crore)

Sl. No.	Year	Opening Balance			Addition during the year			Clearance during the year			Closing Balance during the year		
		IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value
1.	2005-06	570	4789	1028.78	81	1377	399.89	227	1916	174.95	424	4250	1253.72
2.	2006-07	424	4250	1253.72	64	880	320.51	265	2548	543.25	223	2582	1030.98
3.	2007-08	223	2582	1030.98	62	1329	1077.42	79	1266	349.89	206	2645	1758.51
4.	2008-09	206	2645	1758.51	89	2265	1748.24	6	429	413.39	289	4481	3093.36
5.	2009-10	289	4481	3093.36	108	2972	2900.71	11	301	218.47	386	7152	5775.60
6.	2010-11	386	7152	5775.60	54	2009	1831.89	85	564	434.09	355	8597	7173.40
7.	2011-12	355	8597	7173.40	96	2204	3079.27	24	657	394.02	427	10144	9858.65
8.	2012-13	427	10144	9858.65	104	1610	1209.64	62	520	571.99	469	11234	10496.31
9.	2013-14	469	11234	10496.31	92	790	1099.45	3	83	-	558	11941	11595.76
10.	2014-15	558	11941	11595.76	76	506	159.57	15	159	7.40	619	12288	11747.93

It is evident from the above table that at the beginning of 2005-06 there were 4,789 paras involving an amount of ₹ 1,028.78 crore but at the end of year 2014-15, number of paras increased to 12,288 involving money value of ₹ 11,747.93 crore which indicates that the Department did not take adequate steps to settle the outstanding paragraphs.

1.1.6.1 Departmental Audit Committee Meetings

The Government set up Audit Committees to monitor and expedite the progress of settlement of audit paragraphs in the IRs. However, no Audit Committee meeting was held with the Department of Trade and Taxes during the year 2014-15. It is recommended that the Government may hold periodical meetings and take concrete steps to clear outstanding paragraphs.

1.1.6.2 Non-production of records to Audit for scrutiny

The programme of local audit of Tax Revenue offices is drawn up sufficiently in advance and intimations are issued, usually one month before the commencement of audit, to the departments to enable them to keep the relevant records ready for audit scrutiny.

The Department of Trade and Taxes did not provide 3,191 assessment files/cases out of 7,091 files/cases, (45 *per cent*) during the year 2014-15. Consequently the revenue involved in these cases could not be ascertained. For the Performance Audit on 'System of Assessment under Value Added Tax', 1,938 assessed cases were requisitioned during the period 2013-14 and 2014-15. However, only 477 cases (25 *per cent*) were furnished to audit by the Department.

1.1.6.3 Response of the Departments to the draft audit paragraphs

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the PAG to the Principal Secretaries/Secretaries of the concerned Department and requesting them to send their response within six weeks.

Draft paragraphs were sent to the Government/Departments during September 2015 to November 2015. Department's replies have been received and suitably incorporated in the Audit Report.

1.1.6.4 Follow up on Audit Reports – summarized position

The internal working system of the Public Accounts Committee lays down that after presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, Departments shall initiate action on the audit paragraphs and the action taken notes thereon should be submitted by the Government within three months of tabling the Report, for consideration of the Committee. Inspite of these provisions, the action taken notes on the Reports were delayed in respect of 50 paragraphs and six performance audits included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of NCT of Delhi for the years ended 31 March 2010, 2011, 2012, 2013 and 2014, placed before the State Legislature Assembly between March 2011 and June 2015. The action taken notes from the concerned Departments were received late with the average delay of six months in respect of each of these Audit Reports. Action taken notes in respect of 30 paragraphs and two performance audits (PAs) from the departments had not been received in respect of the Audit Reports for the year ended 31 March 2010, 2011, 2012, 2013 and 2014 as mentioned in the **Table 1.8**.

PAC did not discuss paragraphs pertaining to the Audit Reports (Revenue Sector) for the period 2009-10 to 2013-14.

Table 1.8
Details of paragraphs and performance audits discussed by PAC

Sl. No.	Year of Report ending 31 March	Number of Paragraphs and Performance Audits printed in Report	Number of Paragraphs and Performance Audits for which ATNs were awaited
1	2010	17+1 (PA)	12+0(PA)
2	2011	12+3 (PA)	10+1(PA)
3	2012	16+1 (PA)	3+0(PA)
4	2013	2+1 (PA)	2+1(PA)
5	2014	3+0 (PA)	3+0(PA)
Total		**50+6 (PA)**	**30+2(PA)**

1.1.7 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Department and the amount recovered are mentioned in **Table 1.9.**

Table 1.9
Position of paragraphs included, accepted and amount recovered

Year of Audit Report	Number of Paragraphs included	Money value of the Paragraphs (₹ in crore)	Number of Paragraphs accepted	Money value accepted (₹ in crore)	Amount recovered during the year 2014-15 (₹ in crore)	Cumulative position of recovery of accepted cases as of 31 March 2015 (₹ in crore)	Percentage of recovery
2004-05	27	402.36	12	200.31	-	0.10	0.05
2005-06	20	177.85	13	18.44	-	0.06	0.33
2006-07	16	254.93	13	209.06	-	0.27	0.13
2007-08	11	945.52	7	28.17	-	0.18	0.64
2008-09	15	1729.62	7	109.00	-	0.14	0.13
2009-10	18	1764.20	5	49.36	-	0.39	0.79
2010-11	15	1479.98	4	58.00	-	0.06	0.10
2011-12	17	2363.11	1	19.14	-	1.23	6.43
2012-13	3	536.00	3	70.16	-	00	0.00
2013-14	3	98.39	3	20.83	-	00	0.00
Total	**145**	**9751.96**	**68**	**782.47**	**-**	**2.43**	**0.31**

It is evident from the above table that the progress of recovery, even in accepted cases was negligible. The reports for the year 2004-05 to 2013-14 contained audit findings amounting to ₹ 9,751.96 crore, out of which the observations involving money value of ₹ 782.47 crore were accepted by the Department. However, an amount of only ₹ 2.43 crore (0.31 *per cent*) was recovered by the Department. Further, the arrear cases including accepted audit observations were not available with the Department of Trade and Taxes, State Excise, Revenue and Transport. In the absence of suitable mechanism, the Departments could not monitor the recovery of accepted cases.

The Department may initiate prompt action to pursue and monitor recovery of dues in the accepted cases.

1.1.8 Action taken on the recommendations accepted by the Department/ Government

The draft performance reviews conducted by the PAG are forwarded to the concerned Departments/Government for their information with a request to furnish their replies. These reviews are also discussed in an exit conference and the Department's/Government's views are included while finalizing the reviews for the Audit Reports.

Eight Performance Audits (PA) were conducted and featured in the Audit Reports for the years 2008-09 to 2013-14. Audit had made 30 recommendations in the PAs. However, the concerned departments have not furnished their replies.

1.1.9 Audit Planning

The unit offices under various Departments are categorised into high, medium and low risk units according to their revenue position, past trends of the audit observations and other parameters. The annual audit plan is prepared on the basis of a risk analysis which takes into account matters highlighted in the budget speech, white paper on State Finances, Reports of the Finance Commission (State and Central), recommendations of the Taxation Reforms Committee, statistical analysis of the revenue earnings during the past five years, factors of the tax administration, audit coverage and its impact during the past five years etc.

During the year 2014-15, there were 152 auditable units of which 74 units were planned and audited.

1.1.10 Results of audit

1.1.10.1 Position of local audit conducted during the year

Test check of the records of 74 units of the Department of Trade and Taxes, State Excise, Transport and Revenue conducted during the year 2014-15 revealed under assessment/short levy/loss of revenue and other irregularities involving

₹ 159.57 crore in 506 cases/paragraphs which fall under the following categories as given in **Table 1.10**.

Table 1.10

Category wise irregularities

			(₹ in crore)
Sl. No.	**Categories**	**No. of cases/ paras**	**Amount**
Sales Tax/Value Added Tax			
1	System of assessment on VAT (Performance Audit)	1	1.34
2	Incorrect claim of exemption/concessional rate of tax on incomplete/defective statutory forms(C and F)	40	13.21
3	Other irregularities		
	i. Duplicate/Incomplete C-Form	33	6.56
	ii. Incomplete H-Form	2	0.56
	iii. Incomplete F-Form	27	13.18
	iv. Defective EI/EII	20	77.37
	v. Incorrect claim of exemption of F forms containing multiple month transaction	3	0.33
	vi. Other (Sale of assets, Exemption on export sale, Concealment of works contract, etc.)	184	38.48
	vii. Absence of system for custody of seized goods leading to theft	1	3.83
	Total	**311**	**154.86**
Motor Vehicle Tax			
1	Miscellaneous Irregularities	53	-
	Total	**53**	**--**
Stamp Duty and Registration Fee and State Excise Entertainment & luxury tax			
1	Short payment of stamp duty and registration fee for Stilt parking floor not included in the instrument	10	0.15
2	Non-implementation of the rate prescribed for built up flats in buildings having more than four storied	6	1.77
3	Short payment of stamp duty and registration fee as Minimum rate not applied in case of Pvt. Builders	7	1.64
4	Other Irregularities	119	1.15
	Total	**142**	**4.71**
	Grand Total	**506**	**159.57**

During the course of the year, the concerned Departments accepted under assessment and other deficiencies of ₹ 1.45 crore and recovered an amount of ₹ 4.68 lakh which were pointed out in audit during 2014-15.

AUDIT OF TRANSACTIONS

TRADE AND TAXES DEPARTMENT

1.2 Performance Audit on System of Assessment under VAT

Highlights

- ***One hundred and eighty one cases, each with annual Gross Turnover of ₹ five crore and above, (aggregated turnover ₹ 5,546.61 crore) for the years 2009-10 and 2010-11, were not scrutinised and assessed, and had become time-barred.***

(Paragraph 1.2.2.1)

- ***Ineffective monitoring of demand cases led to non-realisation of government dues worth ₹ 512.05 crore, including ₹ 214.98 crore due from dealers whose registrations had been cancelled.***

(Paragraph 1.2.2.2 (i) & (iv))

- ***Absence of validation checks in the system led to excess issue of statutory forms worth ₹ 14.49 crore to dealers whose registrations were cancelled. Statutory forms amounting to ₹ 56.96 crore issued to the dealers though demands of ₹ 1.16 crore were outstanding against them.***

(Paragraph 1.2.3.1(i & iii)

- ***System checks were not integrated to prevent issue of refunds to the dealers whose registrations have been cancelled and assessments were done subsequently.***

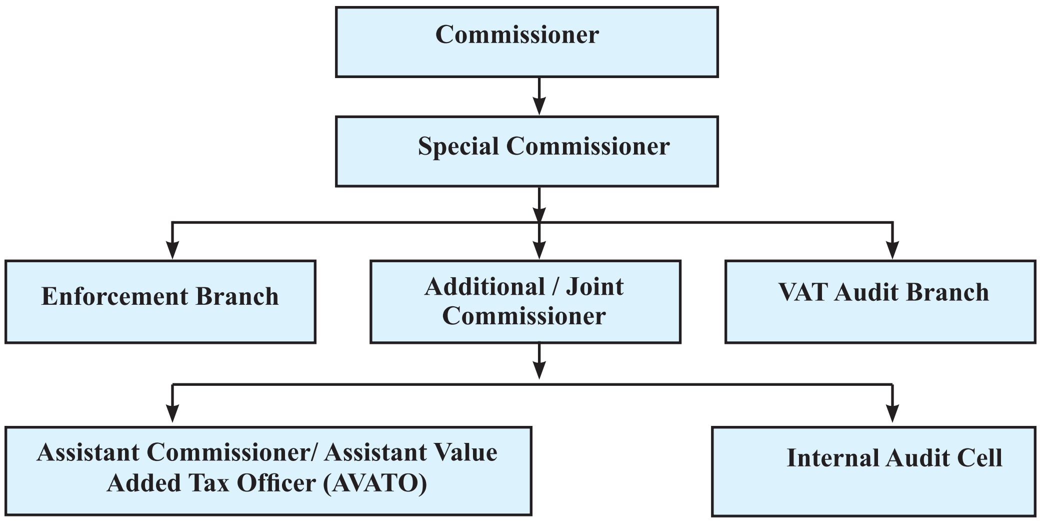
(Paragraph 1.2.3.1(vi)

1.2.1 Introduction

The Value Added Tax Act, 2004 (the Act) came into effect from 01 April 2005 in the National Capital Territory (NCT) of Delhi. Value Added Tax (VAT), a major contributor to the state revenue in Delhi, is a tax levied at each stage of the value addition chain in sale of goods and commodities with a provision of input tax credit (ITC) of tax paid at an earlier stage. The Department of Trade and Taxes, GNCTD (the Department) is responsible for assessment, levy and collection of VAT in the NCT of Delhi. The Department introduced computerised 'DVAT System' with effect from February 2007. After its introduction, tax administration functions like - filing of returns, details of sales and purchases by assessees, payment of tax, requisition and issue of statutory forms, details of statutory forms received, issue of registration certificate (RC), etc. were gradually introduced in the system. On the basis of online details filed by the assessee, the system automatically generates 'demand' involving tax, interest and penalty.

1.2.1.1 Organisational set up

The Commissioner, Trade and Taxes, is responsible for the administration of the Act and Rules framed there under. He is assisted by four Special Commissioners, 15 Additional Commissioners, three Joint Commissioners along with Assistant Commissioners. There are 114 wards, dealing with assessment, levy and collection of tax. The organizational chart is depicted below:



1.2.1.2 Audit objectives

Performance Audit was conducted to assess whether:

- criteria has been prescribed and thereafter followed for selection of cases for scrutiny and assessment;
- assessments were done according to provisions of the Act, Rules and orders; and
- there exists a system of internal control mechanism in the department.

1.2.1.3 Audit scope and methodology

According to section 34 of the Act, assessment of a particular dealer for a financial year can be done within the next four financial years. Keeping this provision in view, only those cases where assessment was completed during the period 2013-14 to 2014-15 were considered for audit appraisal. For the purpose of selecting a sample of assessment cases for examination, 114 wards of the Department were grouped into three categories[2], on the basis of revenue collected by each during the financial year 2013-14. Then, 11 wards[3] (10 *per cent* of total 114 wards) were selected randomly, subject to minimum three wards from each

[2](i) Revenue < ₹ 50 crore – total 63 wards,
(ii) Revenue ₹ 50 crore to ₹ 100 crore – total 30 wards, and
(iii) Revenue > ₹ 100 crore – total 21 wards.

[3]Wards - 44, 94, 101, 201 and 204 (Revenue > ₹ 100 crore), Wards- 49, 86 and 88 (Revenue ₹ 50 crore to ₹ 100 crore), and Wards - 33, 76 and 104 (Revenue < ₹ 50 crore),

category and two from the Key Customer Service (KCS) wards[4]. From each selected ward[5], 100 assessed cases were selected. A total of 1,938 assessed cases involving Gross Turnover (GTO) of ₹ 55,741.41 crore were taken in the sample selection. This included 858 cases which were assessed by the Department during both the years 2013-14 and 2014-15, and these cases were selected to check consistency and correctness of assessment.

In addition, Audit analysed system data provided by the Department relating to dealers for three years (2012-15) for 11 selected wards, and the observations noticed are also included in the report. Audit of the selected wards was conducted during April 2015 to December 2015.

An entry conference was held with the Additional Commissioner (Audit) in the Department on 15 May 2015 to discuss audit objectives, criteria, scope and methodology. A draft report was issued to the Government in January 2016 to solicit their views on the audit findings and for confirmation of facts and figures incorporated in the draft report. An exit conference was held with the Commissioner, Trade & Taxes on 10 February 2016 to discuss the audit findings. The views of the Government/Department, wherever received, have been appropriately incorporated in the Performance Audit.

1.2.1.4 Audit criteria

The audit criteria were derived from the following sources:

- Delhi Value Added Tax Act, 2004 and Delhi Value Added Tax Rules, 2005,
- the Central Sales Tax Act, 1956 and Central Sales Tax (R&T) Rules, 1957,
- the Central Sales Tax (Delhi) Rules, 2005, and
- Orders/notifications/circulars issued by the Government from time to time.

1.2.1.5 Restriction of Scope of Audit

For the efficient working and functional requirements of the Department, proper management of complete record is essential. Proper management of records enables the Department in effective assessment, reassessment of the dealers as well as in fulfilling the statutory requirements of audit. For the performance audit, 1938 assessed cases during 2013-15 were randomly selected from 11 wards. The details of the assessed cases requisitioned and furnished by the Department are given below:-

Year	Cases requisitioned	Cases furnished	Auditable cases[6]	Percentage of auditable cases
2013-14	1080	404	278	26
2014-15	858	73	69	8
Total	**1938**	**477**	**347**	**18**

[4]There are seven KCS wards which deal with industry specific dealers who pay ₹ one crore as tax per annum. Annual revenue collection of these wards is very high.

[5]Except Ward 201 which had only 80 files.

[6]Auditable cases indicate cases where details are available in the files

It may be seen from the above table that out of 25 *per cent* assessed files produced by the Department for the period 2013-15, only 18 *per cent* files were auditable. These records were produced only after vigorous perusal at all levels including Commissioner, the Principal Secretary (Finance) and the Chief Secretary. Despite these efforts, non-production of records continues to be the major constraint for conducting audit scrutiny.

The VATOs of the selected wards stated (June 2015) that available records and files had been provided and no further records pertaining to the years 2009-14, were traceable in their wards. Reply is a confirmation of the fact that records were not maintained properly and most of the assessed records are untraceable. In view of non-furnishing of records, Audit was constrained to scrutinize only 26 *per cent* and 8 *per cent* of the selected assessed cases for the year 2013-14 and 2014-15 respectively. The Department in the exit conference (February 2016) stated that necessary steps are being taken to make available the records requisitioned by audit.

Audit findings

1.2.2 Deficiencies in tax administration

The Department carries out assessment, levies and collects tax from assessees under the relevant provisions of the Act and Rules **(Appendix 1).** Audit observed that the Department lacked a well-defined, effective and efficient system of tax administration at the macro level to optimise tax generation and actual revenue collection. Audit observations highlighting management deficiencies are enumerated in the succeeding paragraphs.

1.2.2.1 Non-compliance of departmental instructions

The return submitted by a dealer depicts details of local sale and purchase, central sale and purchases done during a particular tax period. As such, scrutiny of returns provides primary information about the commercial activities of the assessees and is the first step towards assessment and levy of tax. To have a check on the activities of the dealers and to maximize collection of revenue, Department issued a circular[7] on 14 July 2010, requiring Ward Officers to scrutinize a prescribed fraction of returns filed by dealers, based on their GTO. As per the circular, returns were to be scrutinized as shown in **Table 1.2.2.**

Table 1.2.2
Returns to be scrutinised as per Circular of July 2010

Sl. No.	Returns with annual GTO	Percentage of returns to be scrutinised
1.	more than ₹ 5 crore.	100
2.	between ₹ 2 crore to ₹ 5 crore.	50
3.	between ₹ 1 crore to ₹ 2 crore.	25
4.	below ₹ 1 crore.	2

[7]Circular No. 08 of 2010-11, dated 14 July 2010

Audit called for details of returns scrutinized in compliance of instructions contained in the circular of July 2010. In response, Ward Officers of all selected wards stated (June and July 2015) that no such information was available/ maintained in the wards. In the absence of such information, audit could not draw any assurance as to compliance with the departmental instructions and scrutiny of the stipulated number of returns. This highlights the risk of non-detection of tax evasion by Assessing Authorities (AA).

According to system data provided to Audit, the number of dealers with annual GTO of more than ₹ five crore in the selected 11 wards was 1,261 during 2009-10 and 1,480 during 2010-11. As per the instructions, all these cases should have been scrutinised and assessed by Ward Officers. However, analysis of system data showed that 96 cases (aggregated GTO ₹ 2,225.95 crore) of 2009-10 and 85 cases (aggregated GTO ₹ 3,320.66 crore) of 2010-11, were not scrutinised and assessed **(Annexure 1.1)**. Thus, 181 cases involving GTO of ₹ 5,546.61 crore escaped assessment and became time-barred after 31 March 2015, as per the provisions of the Act.

The Department stated (February 2016) that it had started the process of checking of mismatch of Annexure 2A and 2B[8] through the system for local sale and purchase and in case of any mismatch detected, further scrutiny and assessment of the dealers will be done.

Further analysis of system data showed that in 15 of 181 cases, dealers made interstate sales of ₹ 7.24 crore and ₹ 8.66 crore against 'C' and 'F' Forms respectively, during 2009-10. However, they did not upload details of statutory forms in column R-10 of Form-1 in the system as directed by the Department. As the Ward Officers failed in scrutinising and assessing these cases, the possibilities of non-realisation of revenue to the extent of ₹ 59 lakh based on applicable rate of tax could not be ruled out.

There was no inbuilt mechanism in the system for timely detection and reporting on non-assessed cases before they become time-barred.

The Department stated (February 2016) that to address this issue, Form-9 has been prescribed in which the dealers are required to submit the details of all statutory forms pertaining to inter-state sales. Further, the system will show all the cases where deficient statutory forms have been received and the concerned ward incharges can frame assessment. The same has also been done for the year 2011-12 and 2012-13.

Audit noted that Form-9 was introduced in March 2014 whereas the observation pertains to the period 2009-10. Further, in one case, the department stated that the case was assessed manually on 3 March 2011 while the department had issued instructions (March 2007) that no assessment order would be passed manually.

[8]Annexure 2A and 2B shows the details of purchase and sale made by a dealer in a particular tax period, which is filed electronically by the dealer w.e.f. May 2012.

Moreover, in the assessment order, the assessing officer had not given the details of statutory forms received against the sale shown in the returns. Further, in the similar case (paragraph no. 2.3.3) printed in the CAG's Audit Report No.1 of the year 2014 (GNCT of Delhi), the Objection Hearing Authority (OHA) rejected the demand which was created on assessment orders passed manually by the Department.

1.2.2.2 Ineffective monitoring system of pending demand cases

(i) Outstanding demand in assessed cases: Under the provisions of the Act, where an amount of tax has been assessed under sections 32 and/or 33 of the DVAT Act and under section 9(2) of the CST Act, the person is required either to pay the additional tax and interest on or before the date specified in the notice of assessment for payment or file an objection within two months of the date of service of the assessment order, extendable up to a further period of two months. In the cases, where the concerned person has neither paid the amount due nor preferred an objection, the Commissioner may serve upon the defaulter 'recovery certificate' specifying the amount of such tax, interest or penalty or other amount due from the dealer. Further, as per section 74 of the DVAT Act, an objection filed by a dealer against an assessment order, is either accepted or refused within three months, extendable upto five months, after the receipt of the objection by the OHA.

To ascertain the efficiency of the monitoring system and control over demands generated on the basis of assessment, Audit selected 2,249 out of 22,078 demand cases having tax effect of ₹ 540.94 crore, which were raised between April 2011 and March 2014. As per information provided by selected wards (June to August 2015 and February 2016), 1,897 out of 2,249 selected cases, having tax effect of ₹ 512.05 crore were pending **(Annexure 1.2)**. During exit conference (February 2016), department agreed and stated that a special recovery cell is being set up to monitor such cases.

(ii) Outstanding objection cases: It was observed that 993 out of 1,897 pending demand cases, pertained to seven selected wards[9]. These seven wards informed (June to August 2015) that dealers filed objections with the OHAs in 164 cases involving demands of ₹ 79.92 crore, though, exact dates of filing objections, were not provided. As Audit selected demand cases which were raised between April 2011 and March 2014, going by the time limit of four months (including extension of two months), these objections must have been filed on or before 31 July 2014. However, Audit observed that all these 164 objection cases were pending with OHAs (November 2015), though they were required either to accept or refuse the objections within five months of their receipt. Amount of objections in these cases ranged between ₹ 0.10 lakh and ₹ 22.61 crore, on which OHAs had

[9] Ward-44, 49, 86, 88, 104, 201 and 204

not taken any decision, despite a delay of over 16 months. Ward-wise details of objection cases are given in **Annexure 1.2**.

The Department stated (February 2016) that action is being taken to dispose of the pending cases in a time bound manner and progress of such disposal is being reviewed on a weekly basis at the level of Commissioner (Trade & Taxes).

(iii) Non-levy of interest on delayed payment of demands: Section 42(2) of the DVAT Act stipulates that when a person is in default in making the payment of any tax, penalty or other amount due under the Act, he shall, in addition to the amount assessed, be liable to pay simple interest on such amount at the annual rate notified by the Government from time to time, computed on a daily basis, from the date of such default. Audit scrutiny of information provided by five wards[10] showed that in 37 demand cases, the additional tax payable was deposited by dealers after the due date of payment. The extent of delay ranged between 2 and 973 days. However, the Department did not levy interest on late deposit of tax. This was irregular and led to non-recovery of revenue of ₹ 6.89 lakh**.**

On this being pointed out, the Department recovered (June to September 2015) interest of ₹ 1.95 lakh in four cases on account of delayed payment of demand. However, the balance amount of ₹ 4.94 lakh was yet to be recovered from the dealers. This only indicated that there was no monitoring of timely receipt of demand and levy of interest on delayed payment.

The Department stated (February 2016) that instructions are being issued at the ward officer level to monitor the interest due on delayed payments.

(iv) Pending demands against dealers whose registration is cancelled

Section 22 (9) of DVAT Act states -'the cancellation of registration shall not affect the liability of any person to pay tax due for any period and unpaid as on the date of such cancellation or which is assessed thereafter, notwithstanding that he is not otherwise liable to pay tax under this Act'. Audit observed that registration of 128 dealers was cancelled between March 2009 and May 2015, whose assessments were done during the period April 2011 to March 2014. However, demand amounting to ₹ 214.98 crore was outstanding against these dealers as of September 2015 **(Annexure 1.3)**. Thus, despite lapse of a period ranging from 19 to 54 months after the assessment was done, the Department could not recover the demand created by it.

The Department stated (February 2016) that it has streamlined the process of recovery by way of publishing advertisements in newspapers, freezing and attachment of bank accounts of the defaulting dealers and a special recovery cell has also been created for this purpose.

[10] Ward Nos. - 44, 86, 88, 201 and 204.

1.2.3 Computerised DVAT System

The Department implemented 'DVAT system' in February 2007 to facilitate capturing of tax related data, assist in better tax administration, introduce dealer friendly e-governance, minimize the interaction between the Department and the assessees, and reduce transaction cost and time. Initially, filing of returns by the dealers was made online w.e.f. March 2007. At present, it is mandatory for dealers to upload details of purchase and sale in Forms 2A and 2B, and details of interstate sale including list of statutory forms 'received and under their possession' in Form-9 (column R-10 upto March 2014).

The first and foremost intent of developing a computerised system for implementation of any Act, is to ensure that all the provisions of that Act and relevant Rules are taken into consideration and necessary system checks are properly integrated. The system should be able to assure the users about its completeness, reliability and absence of system deficiencies. However, analysis of the data made available to Audit showed various deficiencies, as enumerated in the following paragraphs.

1.2.3.1 Absence of validation checks

System validation checks and input controls are crucial for efficient functioning of any computerised system. A test check of data available in the 'DVAT System' showed that validation checks and input controls integrated in the system, were insufficient. Few examples are enumerated below:

(i) Online issue of statutory forms in excess of purchase amount: Statutory forms like Form 'C', 'F', etc. are issued online to registered dealers who make interstate purchases and declare as such in their returns. Before forms are issued, certain checks like - status of the dealer, sale and purchase details, pending demands, should be inbuilt in the system, so that defaulting dealer is not able to download statutory forms.

(a) However, data analysis showed that a dealer[11], registered on 27 February 2013, declared interstate purchase of ₹ 50 lakh against Form 'C', for the tax period 1 April to 30 June 2013 in his return, filed on 9 July 2013. Against this, the dealer downloaded 'C' Forms amounting to ₹ 5.15 crore on 14 July 2013. Therefore, 'C' Forms amounting to ₹ 4.65 crore were issued in excess of the declared amount of interstate purchase. Further analysis showed that Registration Certificate (RC)

[11]Taxpayer Identification Number - TIN – 07050468906, Ward-101

of the said dealer was cancelled on 12 May 2014. Audit scrutiny of his original and subsequent revised returns (filed upto 31 March 2015) for the tax period 2013-14, showed that the dealer neither made any local sale and purchase, nor did he sell any item through interstate sale. The only transaction made by the dealer was purchase of items (branch transfer) worth ₹ six crore against 'F' Forms. However, the Department failed to detect the irregularity and take action against the dealer who was issued 'C' and 'F' Forms worth ₹ 11.15 crore.

(b) The registration of a dealer[12] was cancelled on 01 January 2014, who declared interstate purchases of ₹ 50,000 and ₹ 20,000 against 'C' and 'F' Forms respectively for the year 2013-14. However, Audit observed that the dealer downloaded 'C' Forms of ₹ 1.28 crore and 'F' Forms of ₹ 80.03 lakh. Thus, the dealer was issued statutory forms of ₹ 2.07 crore in excess of declared interstate purchases.

(c) In another case, a dealer[13] declared interstate purchases of ₹ 7.62 crore for the year 2009-10, against which F' Forms of ₹ 15.39 crore were issued to him, i.e. in excess by ₹ 7.77 crore. Audit further observed that the registration of the dealer was cancelled on 03 December 2009, but forms were issued to him on 03 February 2010 i.e. two months after his registration was cancelled.

Thus, absence of validation checks resulted in excess issue of statutory forms worth ₹ 14.49 crore. (C-Form ₹ 5.92 crore; F-Form ₹ 8.57 crore)

(ii) Acceptance of returns of dealers whose registration had been cancelled: The Department cancelled registration certificates of 14 dealers during April 2011 to October 2014. However, Audit observed that returns of these dealers were accepted by the system even after the date of cancellation of their RCs. It was evident that necessary checks had not been integrated in the DVAT system to reject online submission of returns by dealers after their registrations are cancelled.

(iii) Issue of statutory forms to dealers against whom demands were pending: Audit observed seven cases where statutory forms of ₹ 56.96 crore were issued during 2012-14, to dealers against whom demand of ₹ 1.16 crore was outstanding **(Annexure 1.4)**.

(iv) Invalid cancellation date: Audit observed five cases where date of registration of dealers was subsequent to the date of cancellation of their registration indicative of insufficient data validation, as detailed in **Table 1.2.3**.

[12] TIN- 07070469089, Ward- 101
[13] TIN- 07280333028, Ward-94

Table 1.2.3
Registration date *vis-à-vis* cancellation date

Sl. No.	TIN of the dealer	Ward	Registration date	Cancellation date
1.	07410471424	76	23.03.2013	6.12.2012
2.	07560324920	88	22.01 2027	30.03.2010
3.	07480468912	94	27.02.2013	05.12.2012
4.	07260307334	94	06.10.2013	03.05.2012
5.	07210474347	94	22.03.2013	05.12.2012

(v) Non-capturing of ward number against the dealers: When a person is registered as a dealer, a particular ward is assigned to him, based on the area in which he conducts his business. Data analysis showed that 'Dealers Profile' of 14 dealers did not have this vital information in the field 'Ward'. Instead, it showed 'Select', 'Ward 0' or 'Super user office'. In the absence of this information, possibility of non-assessment of such dealers could not be ruled out.

(vi) Allowance of refund to dealers whose registration had been cancelled: Audit analysis of data revealed that refunds amounting to ₹ 13.07 lakh were allowed for the financial years 2009-10 to 2012-13 to 11 dealers whose registration was cancelled (September 2010 and October 2013). The refunds were issued to the dealers after 18 days to 26 months of cancellation of their registration. However, assessment of these dealers for financial years 2009-10 to 2012-13 was done after the refund was released, and demands of ₹ 91.03 lakh were raised, which were outstanding as of December 2015 **(Annexure 1.5)**. The possibility of its recovery is remote.

The Department stated (February 2016) that corrective steps such as restricting the amount of statutory forms to be downloaded to 45 *per cent* of sale-purchase ratio, not to accept returns from cancelled dealers, restricting downloading of statutory forms by dealers against whom demand is pending and providing other necessary checks in the system, have been introduced.

1.2.4 Deficiencies in statutory forms submitted by the dealers

1.2.4.1 Allowance of concession or exemption of tax against defective forms

Sections 8(1), 8(2) and 8(4) of the CST Act, *inter-alia* stipulate that the selling dealer shall be allowed to pay tax at concessional rate of two *per cent*, if the purchasing dealer furnishes Form 'C' to the selling dealer, duly signed by the authorized person and complete in all respects. Rules 12(1) and 12(2) of the CST (Registration & Turnover) Rules, 1957 stipulate that a single Form 'C' may cover all the transactions of sale, which take place in a quarter of a financial year.

Under section 6-A of the CST Act, read with Rule 12(5) of the CST (R&T) Rules, the dealer who claims exemption from tax on account of transfer of goods to his other place of business or to his agent or principal, as the case may be, is required to furnish a declaration in Form 'F' containing all the prescribed particulars duly filled and signed by the principal officer of the other place of business or his agent. Otherwise, the transactions would be treated as interstate sale without forms and taxed accordingly.

Sections 5(1) and 5(4) of the CST Act and Rule 12(10) (a) of CST (R&T) Rules, *inter-alia* state that sale of goods shall be treated as export out of India, only if such goods have crossed the customs frontiers of India and the selling dealer furnishes a declaration in Form 'H' duly filled and signed by the exporter to whom the goods are sold.

Section 6(2) of the CST Act and Rule 7(5) of CST (Delhi) Rules *inter-alia* stipulate that where a sale of any goods occasioned the movement of such goods from one state to another and, if any subsequent sale of such goods is made during such movement (in transit) to a dealer, then it shall be exempt from tax, provided the selling dealer furnishes a certificate in Form 'E-I/E-II' and corresponding 'C' Form for the subsequent sale, to the Department.

Audit scrutiny of assessment records for the period 2009-14 in selected wards showed that in nine cases, dealers submitted statutory forms involving transactions worth ₹ 23.65 crore, which were either defective, duplicate, or contained transactions of multiple months and quarters. Also, corresponding 'C' Forms, in support of transit sale, were not found attached. However, the Assessing Authorities (AA) failed to detect such deficiencies in the statutory forms during assessment. The details are given in **Table 1.2.4** below:

Table 1.2.4

Allowance of irregular concession or exemption of tax

(₹ in crore)

Sl. No.	Transaction details	Number of cases	Transaction value
1.	In one ward[14], dealers submitted defective/duplicate 'C' forms.	3	5.09
2.	In 3 wards[15], dealers submitted defective/duplicate 'F' forms.	4	18.23
3.	A dealer[16] submitted defective 'H' Forms.	01	0.18
4.	A dealer[17] did not submit corresponding 'C' Forms against 'E-I/E-II+C' sale	01	0.15
Total		**9**	**23.65**

[14]Ward Nos. 33

[15]Ward Nos.86,104 and 201

[16]Ward No. 86

[17]Ward No. 86

Such procedural lapses in the statutory forms is fraught with the risk of mis-representation of transactions made by the dealers and audit could not gain assurance as to the correctness of concession/exemption of tax given to the assessees.

The Department stated (February 2016) that if the record of the dealer is otherwise creditworthy during the past years after detailed verification of available records, the AAs accept such forms. The reply is not tenable as no details regarding the detailed verification of the transactions made against such forms by the AAs were found in the assessment records.

Similar deficiencies were also noticed in 40 assessed cases in 18 wards[18] between April 2014 and March 2015 where the dealers had claimed exemption / concessional rate of tax on transfer/sale of ₹ 204.01 crore, but the claims were not supported by valid statutory forms. The Department vide its reply (January-May 2015) has accepted four cases and issued notices or letter for verification of forms to the Issuing State. Further, in four cases, the Department stated that the dealers have furnished duplicate portion of the forms on the ground that duplicate portion of the respective forms contains all the necessary information/details and was duly signed. The reply is not acceptable, as the original forms submitted by the dealers have deficiencies which could not be removed merely through confirmation letter of purchaser. These deficiencies could only be removed by the forms issuing authority. In one case, the Department's reply is not verified in audit as the amount given in the documents is not matched with the value of the forms. In the remaining cases, Department's reply is awaited as of February 2016.

1.2.4.2 Excess allowance of concessional rate of tax

A firm[19] filed their returns for the year 2009-10 and 2010-11 in Ward 201. Audit scrutiny showed that the assessee declared interstate sale of ₹ 69.40 crore and ₹ 74.15 crore against Form 'C' during 2009-10 and 2010-11 respectively. The assessee submitted 1,629 and 1,803 'C' Forms of different values, and claimed concessional rate of tax on interstate sale of ₹ 67.46 crore and ₹ 74.15 crore against these forms. The assesse was allowed concessional rate of tax. However, Audit found that the actual value of these forms totalled ₹ 59.94 crore and ₹ 69.98 crore respectively. Thus, by inflating the figures of transaction value the dealer availed undue benefit of concessional rate of tax and avoided tax amounting to ₹ 23 lakh for the period 2009-11. The dealer is also liable to pay interest and penalty of ₹ 47 lakh.

The Department accepted the audit observation and stated (February 2016) that the concerned ward has already been directed to recover/realise the due amount from the dealer. The Ward Officer concerned intimated (February 2016) that re-assessment of the dealer for the year 2009-10 has been done (February 2016) and demand of ₹ 74.14 lakh (including interest and penalty) has been created.

[18] Ward Nos.1,53,56,62,71,83,86,87,89,91,92,95,97,98,105,202,205,206
[19] TIN-07540013464, Ward-201

1.2.5 Internal control and Enforcement

1.2.5.1 Internal Audit

Internal Audit is a vital element of good governance and is intended to provide reasonable assurance of proper enforcement of laws, rules and departmental instructions.

It was observed that even though the Department has an Internal Audit Cell, it has not fixed the number of cases to be scrutinized by the Cell in a particular year. Further, Internal Audit had not scrutinized any case in the last five years. Thus, Internal Audit did not perform the intended work and severely deprived the Department of benefits of audit in taking immediate remedial measures in case of shortcomings and irregularities noticed, without waiting for them to be pointed out by any external agency or statutory authorities, at a later stage. The Department attributed (June 2015) this shortcoming to shortage of staff.

The Department stated (February 2016) that at present, the Internal Audit Cell is defunct and it is only looking after the CAG audit paras. The Department further informed that the Directorate of Audit (GNCT of Delhi) (Directorate) conducts the internal audit of the Department. However, the Department could not furnish the details of assessment cases audited by the directorate during the period 2009-15.

1.2.5.2 Enforcement system

Under Sections 59 and 60 of the DVAT Act, the Department has the power to enter business premises, search, seize and inspect the records of any dealer. This power is exercised by the Enforcement Branch of the Department. To an audit query (May 2015), the Enforcement Branch stated (January 2016) that it conducts surveys of the dealers and on the basis of such surveys, demands are raised. During 2013-14 and 2014-15, the Enforcement Branch conducted 1,508 and 1,308 surveys respectively. As a result of surveys, ₹ 166.40 crore was realised against a demand of ₹ 341.82 crore in 2013-14 and ₹ 313.21 crore against a demand of ₹ 490.90 crore in 2014-15. The Branch attributed shortfall in revenue realisation to (i) voluntary disclosure of tax deficiency and payment of tax within three days by the dealer, where penalty imposed is reduced by 80 *per cent*, and (ii) filing of objection/appeal against the survey/assessment order. Although details of surveys conducted during the period 2009-10 to 2012-13 were furnished, no data of its revenue implication was maintained by the Branch. For the period 2013-14, revenue collection was 49 *per cent* and for 2014-15, it was 64 *per cent* of the demands raised by the Enforcement Branch. Even though the revenue realisation rate improved over the last two years, the Department still needs to strengthen the process of recovery of demands raised by the Enforcement Branch.

1.2.5.3 Audit function

Under Section 58 of the DVAT Act, the Department can conduct audit of business affairs of any dealer, even after assessment. The VAT Audit Branch of the Department performs this function. The Branch informed (January 2016) that cases for audit are selected by the Screening Committee on the basis of certain criteria like non-filing of returns, amount of refund claims, carry forward of ITC of more than ₹ five lakh, negative turnover and tax growth, etc. It added that it did not have any mechanism to preserve the details of audits conducted, as the same are sent to the concerned wards. In the absence of such data, Audit could not verify the cases audited by VAT Audit Branch and its revenue implication.

The Department accepted (February 2016) the audit observation and informed that necessary instructions are being issued to preserve data in respect of the cases audited by the Branch and it will be reviewed every month.

1.2.6 Conclusion

Maintenance of records in the Department was unsatisfactory as very limited number of assessed cases could be traced and provided to Audit by the selected wards. Even the basic information regarding cases scrutinized was not available with the wards. Ineffective monitoring of demand cases resulted in non-recovery of substantial amount of revenue from the dealers. Though registration of some dealers was cancelled, demands raised against them are yet to be recovered. DVAT System lacked validation checks and input controls. Non-detection of procedural lapses in the statutory forms submitted by assessees highlights lackadaisical approach towards scrutiny of the statutory forms at the time of assessment. Internal control was not adequate.

1.2.7 Recommendations

It is recommended that the Department should:

- ***i) Improve the system of maintenance of records of assessed cases;***
- ***ii) Strengthen its monitoring mechanism to plug loop-holes in collection of revenue and recovery of pending demands;***
- ***iii) Make online DVAT system more efficient, effective and reliable by removing system deficiencies ;***
- ***iv) Ensure proper checks by the AA on statutory forms submitted by dealers before he allows concession in rate or exemption from tax; and***
- ***v) Ensure Internal Audit Cell conducts audit periodically.***

Chapter-II
Public Sector Undertakings

Chapter - II

Public Sector Undertakings

2.1 Functioning of State Public Sector Undertakings

2.1.1 Introduction

The State Public Sector Undertakings (PSUs) are established to carry out activities of commercial nature and they occupy an important place in the State economy. As on 31 March 2015 there were 17 PSUs in NCT of Delhi. Of these, no company was listed on the stock exchange(s). During the year 2014-15, no PSU was incorporated or closed down. The details of the State PSUs in NCT of Delhi as on 31 March 2015 are given below:

Table 2.1.1 : Total number of PSUs as on 31 March 2015

Type of PSUs	Working PSUs	Total
Government Companies[20]	15	15
Statutory Corporations	2	2
Total	**17**	**17**

The PSUs registered a turnover of ₹ 8,210.02 crore as per their latest finalised accounts as of September 2015. This turnover was equal to 1.82 *per cent* of State Gross Domestic Product (GDP) for 2014-15. They incurred losses of ₹ 611.03 crore as per their latest finalised accounts as of September 2015 and had 0.39 lakh employees as at the end of March 2015.

2.1.2 Accountability framework

The process of audit of Government companies is governed by the provisions of Section 139 and 143 of the Companies Act, 2013 (Act). According to Section 2 (45) of the Act, a government company means any company in which not less than fifty one *per cent* of the paid up capital is held by Central Government, or by any State Government or Governments or partly by the Central Government and partly by one or more State Governments and includes a company which is a subsidiary company of such a Government company. As per sub-section 7 of Section 143 of the Act, the CAG may, in case of any company covered under sub-Section (5) or sub-Section (7) of Section 139, if considered necessary, cause test audit to be conducted of the accounts of such Company and the provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, shall apply to the report of such test audit. Thus, a Government Company or any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments or partly by Central Government and partly by one or more State

[20]Non- working PSUs are those which have ceased to carry on their operation. Government PSUs includes other Companies referred to in Section 139 (5) and 139 (7) of the Companies Act 2013.

Governments is subject to audit by the CAG. An audit of the financial statements of a Company in respect of the financial years that commenced on or before 31 March 2014, shall continue to be governed by the provisions of the Companies Act, 1956.

2.1.3 Statutory Audit

The financial statements of the Government Companies (as defined in Section 2 (45) of the Companies Act, 2013) are audited by Statutory Auditors who are appointed by CAG as *per* the provisions of Section 139 (5) or (7) of the Act. The Statutory Auditors appointed shall submit a copy of the Audit Report to the CAG which, among other things, include financial statements of the Company under Section 143(5) of the Act. These financial statements are subject to supplementary audit to be conducted by CAG within sixty days from the date of receipt of the audit report under the provisions of Section 143 (6) of the Act.

Audit of Statutory corporations is governed by their respective legislations. Out of two statutory corporations, CAG is the sole auditor for Delhi Transport Corporation. In respect of Delhi Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit by CAG.

2.1.4 Role of Government and Legislature

The State Government exercises control over the affairs of these PSUs through its administrative departments. The Chief Executive and Directors to the Board are appointed by the Government.

The State Legislature also monitors the accounting and utilisation of Government investment in the PSUs. For this, the Separate Audit Report in case of Statutory Corporations are to be placed before the Legislature as stipulated in the respective Acts. The Audit Reports of CAG are submitted to the Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

2.1.5 Stake of Government of NCT of Delhi

The stake of the State Government in these PSUs is mainly of three types:

- **Share Capital and Loans**- In addition to the Share Capital Contribution, State Government provides financial assistance by way of loans to the PSUs from time to time.
- **Special Financial Support-** State Government provides budgetary support by way of grants and subsidies to the PSUs as and when required.
- **Guarantees-** State Government guarantees the repayment of loans with interest availed by the PSUs from Financial Institutions.

2.1.6 Investment in State PSUs

As on 31 March 2015, the investment (capital and long-term loans) in 17 PSUs was ₹ 27,670.57 crore as per details given below:

Table 2.1.2: Total investment in PSUs

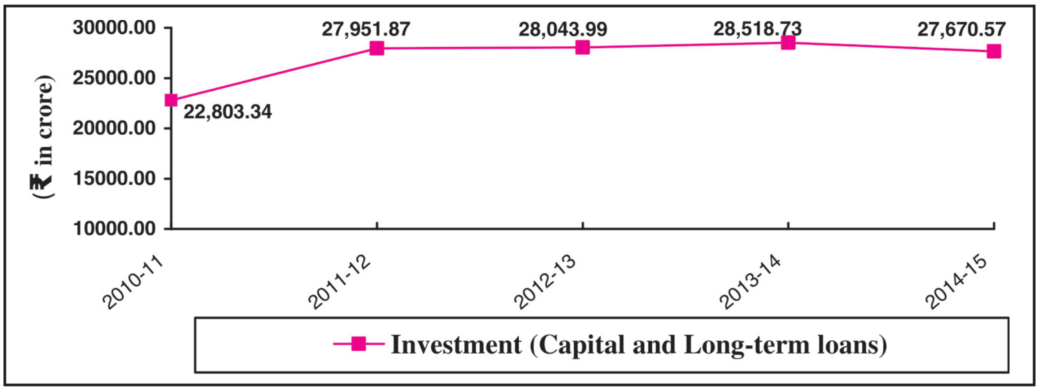
(₹ in crore)

Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	7607.72	6325.17	13932.89	2010.21	11727.47	13737.68	27670.57

Source: PSU Data

Of this total investment, 34.76 *per cent* was towards capital and 65.24 *per cent* in long-term loans. The investment grew by 21.34 *per cent* from ₹ 22,803.34 crore in 2010-11 to ₹ 27,670.57 crore in 2014-15 as depicted below :

Chart 2.1.1: Total investment in PSUs



The sector wise summary of investments in the State PSUs as on 31 March 2015 is given below:

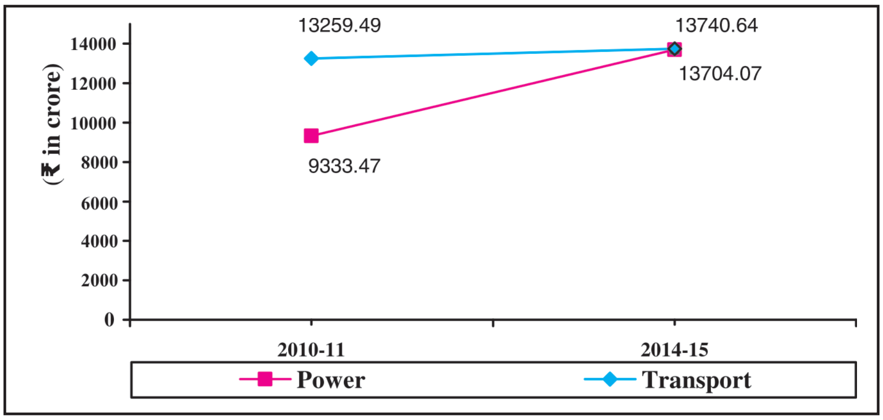
Table 2.1.3: Sector-wise investment in PSUs

Name of Sector	Government Companies	Statutory Corporations	Total	Investment (Equity and Loans) (₹ in crore)
Power	5	-	5	13704.07
Finance	1	1	2	177.62
Transport	1	1	2	13740.64
Service	6	-	6	27.24
Infrastructure	2	-	2	21.00
Total	**15**	**2**	**17**	**27670.57**

Source: PSU Data

The investment in two significant sectors at the end of 31 March 2011 and 31 March 2015 are indicated in the chart below:

Chart 2.1.2: Sector wise investment in PSUs



The thrust of PSU investment was mainly in the Power sector which was 40.93 *per cent* of total investment in 2010-11 and rose to 49.53 *per cent* of total investment in 2014-15. The share of transport sector in total investments decreased from 58.15 *per cent* in 2010-11 to 49.66 *per cent* in 2014-15.

2.1.7 Special support and returns during the year

The State Government provides financial support to PSUs in various forms through its annual budget. The summarized details of budgetary outgo towards equity, loans and grants/ subsidies in respect of State PSUs are given below for three years ended 2014-15:

Table 2.1.4: Details regarding budgetary support to PSUs

(₹ in crore)

Sl. No.	Particulars	2012-13		2013-14		2014-15	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	4	743.55	-	-	-	-
2.	Loans given from budget	4	770.00	5	3639.39	2	200.00
3.	Grants/Subsidy from budget	5	1271.40	4	1455.14	6	1603.35
	Total Outgo (1+2+3)	**7**	**2784.95**	**8**	**5094.53**	**7**	**1803.35**

2.1.8 Reconciliation with Finance Accounts

The figures in respect of equity and loans outstanding as per records of State PSUs should agree with the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as on

31 March 2015 is stated below:

Table 2.1.5: Equity and loans outstanding as per Finance Accounts *vis a vis* records of PSUs

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity[21]	9,177.78	9,197.70	19.92
Loans[22]	11,807.79	15,421.82	3,614.03

Audit observed that the differences occurred in respect of six[23] PSUs and some of the differences were pending reconciliation since 2008. The Government and the PSUs should take concrete steps to reconcile the differences in a timebound manner.

2.1.9 Arrears in finalisation of accounts of Government Companies

The financial statements of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year i.e. by September end in accordance with the provisions of Section 96 (1) of the Act. Failure to do so, may attract penal provisions under Section 99 of the Act.

The table below provides the details of progress made by PSUs in finalisation of accounts as of 30 September 2015:

Table 2.1.6: Position relating to finalisation of accounts of companies

Sl. No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1.	Number of working PSUs/ other Companies	13	17	17	17	17
2.	Number of accounts finalised during the year	11	12	21	15	9
3.	Number of accounts in arrears	11	16	12	14	22
4.	Number of working PSUs with arrears in accounts	4	8	3	4	11
5.	Extent of arrears (numbers in years)	1 to 8	1 to 9	1 to 9	1 to 10	1 to 11

It can be observed that the number of accounts in arrears has increased from 11 (2010-11) to 22 (2014-15). One PSU had backlog of 11 years of accounts namely Delhi SC/ST/OBC/Minorities & Handicapped Financial and Development Corporation Limited (DSCFDC) whereas other PSUs were in arrears for period

[21]Equity figure consists of the share of State Government only.

[22]Figures of Loan were taken from the records of companies and matched with the information sourced from PAOs. Information from one PAO in respect of 9 companies is awaited.

[23]DSIIDC, SRC, GDL, DTIDC, DTC for equity figures and DTTDC and DTC for loan figures

ranging from one to two years as on 30 September 2015. It is the responsibility of the Administrative Departments to oversee the activities of these entities and to ensure that the accounts are finalized and adopted by these PSUs within the stipulated period. The matter of arrears in finalisation of accounts is taken up every month with the Principal Secretary (Finance), Government of NCT of Delhi and it was also taken up with the Chief Secretary, Government of NCT of Delhi in June 2015.

The State Government had invested ₹ 1,971.36 crore in 11 PSUs {equity: ₹ 19.28 crore (one PSU), loans: ₹ 262.49 crore (four PSUs) and grants/subsidy ₹ 1,689.59 crore (seven PSUs)} during the years for which accounts have not been finalised as detailed in **Annexure 2.1(i)**. In the absence of finalisation of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested was achieved or not.

2.1.10 Placement of Separate Audit Reports of Statutory Corporations

The Separate Audit Reports (SARs) in respect of both the Statutory Corporations namely Delhi Financial Corporation and Delhi Transport Corporation for the year 2013-14, issued by the CAG, had been placed in the Legislature.

2.1.11 Performance of PSUs as per their latest finalized accounts

The financial position and working results of working Government companies and Statutory Corporations are detailed in **Annexure 2.1(ii)**. The table below provides the details of working PSU turnover and State GDP for a period of five years ending 2014-15:

Table 2.1.7: Details of working PSUs turnover *vis-a vis* State GDP

(₹ in crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Turnover[24]	4678.90	7341.49	8465.57	8415.09	8210.02
State GDP	252753	287107	334915	391125	451154
Percentage of Turnover to State GDP	1.85	2.56	2.53	2.15	1.82

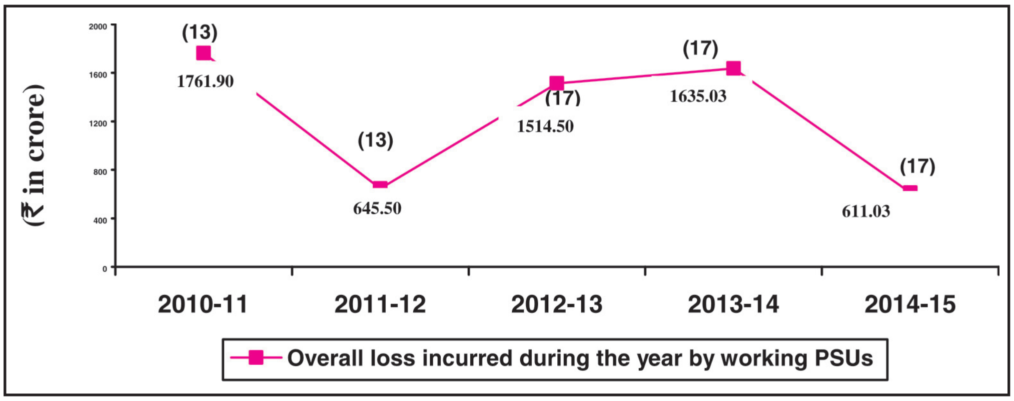
(Source: Information collected from PSUs and State GDP Data)

The turnover of PSUs showed an increasing trend from the year 2010-11 to 2012-13 and thereafter, has registered a marginal decline in the next two years i.e. 2013-14 and 2014-15. This correspondingly caused decline in percentage of turnover of PSUs to GDP in 2013-14 and 2014-15.

[24]Turnover as per the latest finalised accounts as of 30 September.

Overall losses incurred by State working PSUs during 2010-11 to 2014-15 are given below in the chart:

Chart 2.1.4: Loss of working PSUs



(Figures in brackets show the number of working PSUs in respective years)

The net losses incurred during the years by working PSUs showed mix trend during the period 2010-11 to 2014-15. During the year 2014-15, out of 17 working PSUs, 10 PSUs earned profit of ₹ 988.70 crore and six PSUs incurred loss of ₹ 1,599.73 crore. One working PSU prepared its accounts on a 'no profit no loss' basis. The major contributors to profit were Pragati Power Corporation Limited (₹ 597.91 crore), Indraprastha Power Generation Company Limited (₹ 189.66 crore) and Delhi State Industrial and Infrastructure Development Corporation Limited (₹ 148.35 crore). Losses were incurred by Delhi Transport Corporation (₹ 1,363.74 crore) and Delhi Transco Limited (₹ 199.97 crore).

Some other key parameters of PSUs are given below:

Table 2.1.8: Key Parameters of State PSUs

(₹ in crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Return on Capital Employed (*Per cent*)	*[25]	10.45	17.41	5.21	12.90
Debt	15089.70	19071.18	18426.18	18900.86	18052.64
Turnover[26]	4678.90	7341.49	8465.57	8415.09	8210.02
Debt/ Turnover Ratio	3.23:1	2.60:1	2.18:1	2.25:1	2.20:1
Interest Payments	1578.67	2140.48	2341.86	2655.25	3117.02
Accumulated Profits (losses)	(14242.56)	(15519.42)	(17299.73)	(19507.97)	(21153.51)

The above parameters exhibit a mixed trend in the financial position of the PSUs. After being negative in 2010-11, the percentage of Return on Capital Employed (ROCE) showed an increasing trend during 2011-12 and 2012-13. Thereafter,

[25]2010-11 has negative return on capital employed

[26]Turnover of working PSUs as per the latest finalised accounts as of 30 September 2015

it declined sharply in 2013-14 and again rose to 12.90 in 2014-15. The debt to turnover ratio has also reduced from 3.23:1 in 2010-11 to 2.18:1 in 2012-13 and stood at 2.20:1 in 2014-15. The accumulated losses have increased steadily from 2010-11 to 2014-15.

As per their latest finalised accounts, 10 PSUs earned an aggregate profit of ₹ 988.70 crore and one PSU namely Delhi State Civil Supplies Corporation Limited declared a dividend of ₹ 0.50 crore.

2.1.12 Accounts Comments

Thirteen working companies forwarded their 13 audited accounts to PAG during the period from October 2014 to September 2015. Of these, eight accounts of eight companies were selected for supplementary audit and five companies were selected for issue of non-review certificate. The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicated that the quality of maintenance of accounts needs to be improved. The details of aggregate money value of comments of statutory auditors and CAG are given below:

Table 2.1.9: Impact of audit comments on working Companies

(₹ in crore)

Sl. No.	Particulars	2012-13		2013-14		2014-15	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	2	2.98	3	11.12	-	-
2.	Increase in profit	4	66.76	3	68.29	2	0.25
3.	Decrease in loss	-	-	-	-	-	-
4.	Increase in loss	1	850.59	1	554.82	1	2.59
5.	Non-disclosure of material facts	4	1328.86	-	-	1	3.15
6.	Errors of classification	2	7.30	1	40.17	1	3.54

In two accounts, there were instances, which showed increase in profit to the extent of ₹ 0.25 crore and increase in loss to the extent of ₹ 2.59 crore.

During the year, in respect of the above mentioned 13 accounts, the Statutory Auditors had given unqualified certificates for five[27] accounts, qualified certificates for seven[28] accounts and adverse certificate (which means that accounts do not reflect a true and fair position) for one[29] account. In addition to the above, during the supplementary audit, CAG gave unqualified certificate and qualified certificate for one account each upto 30 September 2015 (the remaining six accounts were under finalization). There were two instances of non-compliance with the Accounting Standards in two accounts during the year.

[27] DSIIDC LIQUOR, DSIIDC MAINTENANCE, GSDL, DSCSC and SRDC
[28] DSIIDC ENERGY, DSIIDC EXIM, DPCL, DTL, IPGCL, PPCL and DTTDC
[29] DTIDC

Similarly, two Statutory Corporations forwarded their accounts for audit during the period from October 2014 to September 2015. Of these, one account of Delhi Transport Corporation pertained to sole audit by CAG which was completed and SAR was issued for the year 2013-14. Remaining one account of Delhi Financial Corporation was selected for supplementary audit which was under finalization as on 30 September 2015. The Audit Reports of Statutory Auditors and the sole/ supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given below:

Table 2.1.10: Impact of audit comments on Statutory Corporations

(₹ in crore)

Sl. No.	Particulars	2012-13		2013-14		2014-15[30]	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	-	-	-	-	-	-
2.	Increase in profit	1	0.01	-	-	-	-
3.	Decrease in loss	-	-	1	1306.17	1	24.56
4.	Increase in loss	1	549.70	2	2569.52	1	2695.74
5.	Non-disclosure of material facts	2	10.71	1	1.54	-	-
6.	Errors of classification	-	-	1	116.66	-	-

In Delhi Transport Corporation account, there was an increase in loss of ₹ 2,695.74 crore.

2.1.13 Response of the Government to Performance Audits and Paragraphs

For the Report of the Comptroller and Auditor General of India for the year ended 31 March 2015, one performance audit and six audit paragraphs were issued to the Additional Chief Secretaries/ Principal Secretaries of the respective Departments with request to furnish replies within six weeks. However, replies in respect of the performance audit and three compliance audit paragraphs were awaited from the State Government (February 2016).

2.1.14 Follow up action on Audit Reports

The Report of the Comptroller and Auditor General (CAG) of India represents the culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive. The Finance Department, Government of NCT of Delhi issued instructions to all undertakings to submit replies/ Action Taken Notes (ATNs) to paragraphs/ reviews included in the Audit Reports of the CAG of India on priority after their presentation to the Legislature in the prescribed format. The Audit Reports of Comptroller and Auditor General of India for Commercial/ PSUs sector for the years ended

[30] The impact of accounts comments for DTC is for the year 2013-14.

31 March 2009 to 31 March 2014 of GNCTD featured a total of five performance audits and 29 compliance audit paragraphs. As on 30 September 2015 there was no pendency in receipt of action taken notes from the Departments in respect of these performance audits and compliance audit paragraphs.

2.1.15 Discussion of Audit Reports by Committee on Government Undertakings (COGU)

The status as on 30 September 2015 of Performance Audits and paragraphs that appeared in Audit Reports (PSUs) and discussed by the Committee on Government Undertakings (COGU) was as under:

Table 2.1.11: Reviews/paras appeared in Audit Reports and discussed (as on 30 September 2015)

Period of Audit Report	Number of reviews/ paragraphs			
	Appeared in Audit Report		Paras discussed	
	PAs	Paragraphs	PAs	Paragraphs
2009	1	4	1	Nil
2010	1	8	Nil	Nil
2011	Nil	5	Nil	1
2012	1	3	Nil	Nil
2013	1	7	Nil	Nil
2014	1	2	Nil	Nil
Total	**5**	**29**	**1**	**1**

2.1.16 Compliance to Reports of COGU

Action Taken Notes (ATN) to three paragraphs pertaining to one Report of the COGU presented to the State Legislature between March 2009 and March 2015 had not been received (December 2015) as indicated below:

Table 2.1.12: Compliance to COGU Reports

Year of the COGU Report	Total no. of COGU Reports	Total no. of recommendations in COGU Report	No. of recommendations where ATNs not received
2010	1	11	11
Total	**1**	**11**	**11**

These Reports of COGU contained recommendations in respect of paragraphs pertaining to one[31] undertaking, which appeared in the Report of the CAG of India for the year ended March 2005.

2.1.17 Disinvestment, Restructuring and Privatisation of PSUs

The State Government had not undertaken the exercise of disinvestment, privatisation or restructuring of any of the State PSUs during 2014-15.

[31]Delhi SC/ ST/ OBC/ Minorities, Handicapped Financial and Development Corporation Limited

Department of Transport

2.2 Performance Audit on the 'Working of Delhi Transport Corporation'

Delhi Transport Corporation was incorporated to provide an efficient, economical and properly coordinated road transport service in Delhi. The significant audit findings of the performance audit are as under:

Highlights

The fleet utilisation and vehicle productivity was less than all India averages. Route planning was deficient. The number of routes not recovering the variable cost increased from 15.24 per cent to 63.80 per cent during 2010-15. Scheduled kms of 14.14 to 21.29 per cent were missed. Breakdowns increased from 1.77 to 5.35 per 10,000 kms of operations.

(Para 2.2.3.1 to 2.2.3.7)

The Corporation could not procure new buses despite availability of funds. It also lost the opportunity of availing central assistance of ₹ 204.57 crore.

(Para 2.2.4.1 to 2.2.4.3)

Deployment of staff in other departments of GNCTD without any recorded reasons resulted in non-reimbursement of salaries and allowances of ₹ 57.40 crore.

(Para 2.2.4.5)

Corpus fund of ₹ 40.65 crore was utilized for payment of salaries, purchase of furniture, auxiliary vehicles, computers in violation of guidelines. Due to systemic lapses, improper maintenance, injudicious/ delayed decisions and inaction in awarding contracts for display of advertisements, the Corporation lost the opportunity of earning revenue of ₹ 79.84 crore.

(Para 2.2.5.2 and 2.2.5.3)

Transfer of space to other departments without executing written agreements resulted in non-recovery of ₹ 53.06 crore. The Corporation suffered a loss of ₹ 46.11 crore in operation of school buses during 2010-15.

(Para 2.2.5.4)

2.2.1 Introduction

Delhi Transport Corporation (Corporation) was incorporated in November 1971 as a wholly owned Corporation of the Government of India (GoI) under Section 3 of the Road Transport Corporations (RTC) Act, 1950, to provide an efficient, economical and properly coordinated road transport service in Delhi. Its administrative control was transferred to the Department of Transport (DoT), GNCTD with effect from 5 August 1996.

As on 31 March 2015, the Corporation had a fleet of 4,705 buses in its 43 depots and manpower of 32,930 employees. During 2014-15, it carried an average of 38.87 lakh passengers per day and had a turnover of ₹ 1,121.90 crore. The Corporation was incurring losses since its inception and was not able to recover its cost of operations.

2.2.1.1 Organisation structure

Management of the Corporation is vested with a Board of Directors (BoDs) comprising the Chairman-cum-Managing Director (CMD) and directors appointed by GNCTD. The CMD is the Chief Executive, who manages day-to-day operations of the Corporation with the assistance of four Chief General Managers, six Regional Managers and Depot Managers.

2.2.1.2 Audit objectives

The main audit objectives were to assess whether:

- operational performance was based on need assessment to provide an efficient, economical, reliable and coordinated system of road transport;
- adequate resources (financial, human and equipment) were available and utilised optimally to achieve operational efficiency;
- the implementation and management of services were based on sound business principles; and
- internal control mechanism was effective.

2.2.1.3 Scope of audit and methodology

The present performance audit on the functioning of the Corporation was conducted from May 2015 to August 2015, covering the period of five years from 2010-11 to 2014-15. Audit examined records of the Corporate Office, Traffic Data Department, Strategic Business Unit, Stores Purchase Department, Civil Engineering Department, central workshops, six regional offices (controlling 43 depots) and Publicity Division.

An entry conference with the Chief General Manager (Finance, Operation and Administration), to discuss audit methodology, scope, objectives and criteria was held in June 2015. The draft performance audit report was issued to the Government in December 2015. An exit conference was held (February 2016) that was attended by Managing Director and Chief General Manager (Finance, Traffic and Operation) and Deputy Secretary (Finance), GNCTD. The views of the Corporation where received have been considered and incorporated in this performance audit. The replies of the Government were awaited (February 2016).

2.2.1.4 Audit criteria

The audit findings were evaluated against criteria sourced from the following:

- Performance standards and operational norms fixed by the Association of State Road Transport Undertakings (ASRTU) and State Transport Profile and Performance and Quick Review of State Transport Undertakings, published by the Central Institute of Road Transport, Pune (CIRT);
- Agenda and minutes of the meetings of the Board of Directors, Audit Committee and annual accounts of the Corporation;
- Physical and financial targets/ norms fixed by GNCTD and the Management;
- Manufacturers' specifications, norms for life of a bus, preventive maintenance schedules and fuel efficiency norms;
- Instructions issued by GoI and GNCTD and other relevant rules and regulations; and
- Sanction orders for grants and subsidies to the Corporation.

2.2.1.5 Previous performance audit

A performance audit on the functioning of the Corporation was included in the Report of the Comptroller and Auditor General of India (Civil and Commercial), GNCTD for the year ended March 2009. The Committee on Government Undertakings (COGU) had discussed (December 2011) the report and its recommendations were awaited (January 2016).

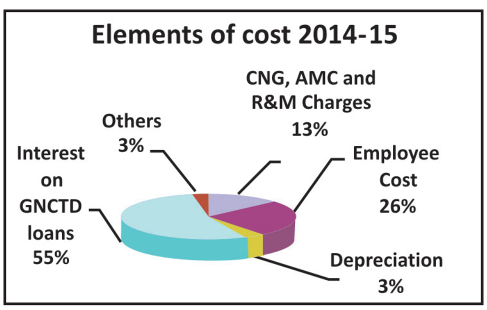
Audit, however, observed that the Management had not taken remedial action on the recommendations of the previous performance audit regarding fixing depot wise targets, rationalisation of the surplus staff under 'repair and maintenance' category, increasing fleet utilisation and vehicle productivity and exploiting potential in real estate and streamlining advertisement policy.

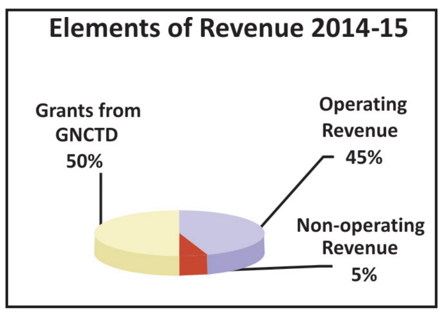
Audit findings

2.2.2 Financial status of the Corporation

Major elements of cost and revenue are depicted in charts below:

Chart 2.2.1: Elements of cost and revenue in 2014-15





Source: Corporation data

Chart 2.2.1 indicate that interest on loans from GNCTD and employee cost constituted more than 80 *per cent* of the total cost. The operating revenue was 45 *per cent* of total revenue.

The financial status of the Corporation for the years 2010-11 to 2014-15, showing details of operating revenue and expenditure, total revenue and expenditure, net surplus or loss, and earning and cost per kilometer of operation, are given in **Annexures 2.2A and 2.2B**.

An analysis of the working results is as below:

2.2.2.1 Liquidity Position: The liquidity of an entity is determined by Liquidity Ratio (LR) i.e. excess of current assets[32] over current liabilities. The lower the ratio, the more critical the ability of the entity to service its immediate requirements. For the Corporation the LR ranged between 0.26:1 and 0.43:1 during 2010-11 to 2014-15, implying that it lacked required liquidity to meet its short term liabilities. Though the LR improved from 0.26:1 in 2010-11 to 0.43:1 in 2014-15, this was attributable to increase in sundry debtors by 102 *per cent* and decrease in current liabilities by 46 *per cent* in 2014-15 over that of 2010-11 and not due to rise in cash in hand and Bank. As against the total income of ₹ 5,922.98 crore during 2010-15, Corporations' cash expenses were ₹ 9,656 crore, resulting in a cash crunch.

Audit observed that the Corporation could not ensure timely deposit of statutory dues of Provident Fund (PF) contribution deducted from salaries of its employees and its own share of contribution with the Employees Provident Fund (Trust). Resultantly, Corporation suffered extra financial burden of interest of ₹ 3.16 crore, of which ₹ 1.26 crore was paid during 2010-15.

The Management stated (February 2016) that due to shortage of funds and heavy input cost on account of staff and fuel, the statutory liability of PF could not be deposited in time.

2.2.2.2 The Profitability Ratio of the Corporation , Return on Equity, Return on Capital Employed and Net Worth were all in negative **(Annexure 2.2A)** during 2010-15 due to losses in each year.

[32]Excluding short term deposit against the equity capital/plan loans as these were earmarked funds for restructuring/infrastructure development, not for payment of short term liabilities.

2.2.2.3 Change in the total income from ₹ 33.71 per km in 2010-11 to ₹ 108.92 per km in 2013-14 and ₹ 77.47 per km in 2014-15 was due to accounting of grants-in-aid from GNCTD of ₹ 2,204 crore and ₹ 1,104.64 crore in 2013-14 and 2014-15 respectively and not due to improvement in operational performance.

2.2.2.4 Total expenditure of the Corporation per km ranged between ₹ 113.60 per km and ₹ 177.50 per km during 2010-15. The operating expenditure and non-operating expenditure[33] significantly increased by ₹ 23.81 per km and ₹ 41.56 per km respectively over the years 2010 to 2015. The employee costs alone were either equal or more than the total earnings of the Corporation thereby leaving no margins for other cost of operations.

2.2.3 Operational performance

The operational performance of the Corporation for the last five years ending March 2015 is given in **Annexure-2.3**. An analysis of the operational parameters is discussed in the succeeding paragraphs.

2.2.3.1 Share of Corporation in Public Transport in Delhi

Tackling Urban Transport – Operating Plan for Delhi (2007) of GNCTD seeks to achieve a balanced modal mix of public transport and to discourage personalised modes of transport. The State Transport Authority (STA) decided (July 2007) that the then existing private stage carriage buses operated by individual permit holders will be phased out in a synchronised manner with introduction of buses operated by companies in private sector. Accordingly, the Delhi Integrated Multi Modal Transit System Limited (DIMTS) was assigned (July 2007) to study and submit a report to the DoT. DIMTS presented a report (November 2007) and the GNCTD re-grouped (October 2007) public transport routes of Delhi into 17 clusters. Each cluster was to be serviced both by the Corporation fleet and newly created 'Corporate Sector Bus Operator System' fleet, popularly known as 'cluster buses' under a unified time table. GNCTD appointed (November 2007) DIMTS for integrating the cluster buses and Corporation fleet. GNCTD via a separate study had assessed the requirement of NCT of Delhi at 11,000 public buses and decided (October 2007) that 60 *per cent* of the public buses shall be the share of the Corporation and 40 *per cent* of cluster bus operators. GNCTD revised (May 2010) the share of the Corporation vis-a-vis the cluster buses to 40:60 and again (July 2012) to 50:50.

[33] Operating expenditure: Employee cost CNG/oil/lubricants consumption, R&M charges, spare parts, Annual Maintenance Charges of low floor buses and depreciation. Non-operating expenses mainly included interest on GNCTD loans.

Table 2.2.1: Year wise status of buses provided by the Corporation

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Total public buses required on road in Delhi	11000	11000	11000	11000	11000
Corporation share of buses as per Transport Plan	4400	4400	5500	5500	5500
Average number of Corporation buses on road	4330	5121	4805	4567	4180

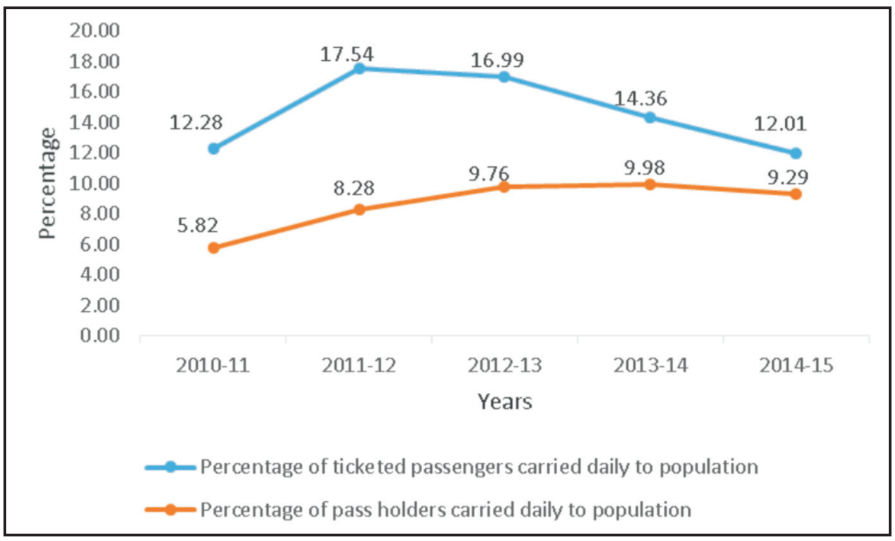
Source: Corporation data

As can be seen from the above table, the Corporation was able to provide required number of buses for the public bus fleet of Delhi only in 2011-12. As of August 2015, cluster bus operators could provide only 1,324 buses against their share of 5,500 buses.

The management stated (February 2016) that despite its best efforts it could not procure new buses to augment its fleet to the mandated 5,500 buses and to replace the overaged buses in a phased manner.

The share of the Corporation in public transport i.e. the percentage of average passengers carried daily by the Corporation against the total population increased from 18.10 *per cent* in 2010-11 to 26.75 *per cent* in 2012-13. The share was 21.30 *per cent* in 2014-15. The Corporation increased its commuter base by 3.20 *per cent* during this period. The percentage of different categories of pass holders increased by 3.47 *per cent* while the percentage of ticketed passengers, who have option of other modes of transport, decreased by 0.27 *per cent* as shown in the following graph:

Chart 2.2.2: Percentage of ticketed passengers to population



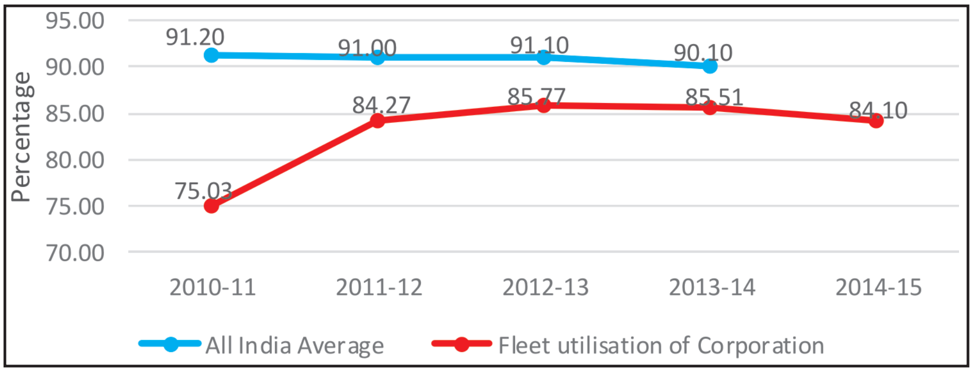
Source: Corporation data

The Management stated (February 2016) that the percentage of passengers carried by the Corporation depends upon a number of factors including other modes of transport and number of buses.

2.2.3.2 Fleet utilisation

Fleet utilisation represents the ratio of buses on road to those held by the Corporation. Optimum fleet utilisation is necessary for enhancing the operational performance. The fleet utilisation of the Corporation during 2010-15 is indicated in the graph below:

Chart 2.2.3 : Chart showing all India average of fleet utilization vis-a-vis of the Corporation fleet



Source: Corporation data and ASRTU data

Audit observed that against the all India average[34] fleet utilisation of 90.1 to 91.2 *per cent* of State Transport buses during 2010-14**,** the fleet utilisation of the Corporation buses was 75.03 *per cent* in 2010-11, at 85.77 *per cent* in 2012-13 and 84.10 *per cent* in 2014-15. Main reasons contributing to low fleet utilisation included aged Standard Floor (SF) buses, delay in getting motor vehicle inspection certificate (35,502 bus days) and increased rate of breakdowns (1.77 in 2010-11 to 5.35 in 2014-15 per 10,000 kms).

The issue was also highlighted in para 5.2.7 of the Report of the CAG (Civil and Commercial) for the year ended March 2009, but no concrete measures were taken to enhance the fleet utilisation. The Management stated (February 2016) that the Corporation out-sheds relatively less number of buses on gazetted holidays, Saturdays and Sundays due to fewer passengers available on road and out-sheds 92 *per cent* buses on working days, 85 *per cent* on Saturdays and *70 per cent* on Sundays. Therefore, it cannot achieve 91 *per cent* fleet utilization and the fleet utilisation is calculated on the total buses available on the fleet.

[34]As per State Transport Undertakings Profile & Performance published by Central Institute of Road Transport, Pune

Audit observed that even on the basis of reduced fleet being outsheded on Saturdays/ Sundays, Corporation's fleet utilisation works out to just above 87 *per cent* which was still lower than the all India average of State Road Transport Undertakings' fleet utilisation. Audit also observed that the fleet utilisation was being computed by the Corporation on the basis of buses being outsheded in the morning shift only without taking into account buses outsheded in the evening shift, which was significantly lower and if included in the computation would bring down the fleet utilisation figures even further.

2.2.3.3 Vehicle productivity

Vehicle productivity refers to the average kilometers run by each bus per day in a year. The Report of CAG (Civil and Commercial) for the year ended March 2009 had highlighted the need to improve vehicle productivity by replacing overaged buses or reducing breakdowns. The vehicle productivity of the Corporation *vis-à-vis* the targets fixed during 2010-15 is shown in the table below:

Table 2.2.2: Targets per bus in kilometer per day and Vehicle productivity achieved

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Targets per bus (in km per day)	**180**	**201**	**201**	**192**	**191**
Vehicle productivity achieved					
Corporation as a whole	185	199	202	190	188
SF buses	165	171	173	165	161
Non AC LF buses	198	212	213	199	197
AC LF buses	203	219	213	198	192

Source: Corporation data

The Corporation did not fix depot wise target for vehicle productivity. The all India average[35] of vehicle productivity was 345.3 to 351.7 km during 2010-14, whereas for the Corporation, it increased from 185 km in 2010-11 to 202 km in 2012-13 and subsequently decreased to 188 km in 2014-15. Utilisation of SF buses was low because 75.29 to 100 *per cent* of SF buses were overaged. Bus utilisation of LF buses was more than targets fixed for itself by the Corporation but was much less than the utilization of buses in the Bangalore Metropolitan Transport Corporation (218.2 to 224.8 km during 2011-14) and Metropolitan Transport Corporation, Chennai (307.3 to 316.3 km during 2010-14) although the buses were operated in similarly crowded city road conditions in these cities.

[35]Source: As per STU profile & performance published by CIRT, Pune.

Audit further observed that though 19.77 to 35.33 *per cent* of overall fleet being over-aged was a key factor for low vehicle productivity, there were increased number of breakdowns per 10,000 kms of operations of LF buses from 1.97 in 2010-11 to 4.89 in 2014-15 in case of non AC LF buses and from 1.36 in 2010-11 to 8.13 in 2014-15 in case of AC LF buses due to poor maintenance. Due to low vehicle productivity, the Corporation failed to achieve even its own set targets during 2011-12 and 2013-15, resulting in loss of contribution of ₹ 18.23 crore[36].

The Management stated (February 2016) that the vehicle productivity in the all India Average range is possible only on interstate long routes and vehicle utilisation remains in the range of 200-250 km per day in City services. The main factor for low vehicle productivity was absenteeism amongst the drivers which leads to non out-shedding of buses in the evening shift ultimately resulting into low vehicle productivity. The point remains that the Corporation had set its targets in the range of 180 to 201 km per day per bus, lower than its own argument of 200-250 kms and absenteeism in drivers is a matter for administration to address.

2.2.3.4 Load factor

Capacity utilisation of a transport undertaking is measured in terms of load factor, which represents percentage of passengers carried to seating capacity. The Corporation reported load factor in the range of 71.43 to 92.90 *per cent* for the period 2010-15. Audit scrutiny showed low public response to AC Low Floor (LF) buses on routes in NCR areas. Their load factor remained low at between 34.41 to 56.02 *per cent* during 2010-15 but the Corporation did not consider it necessary to deploy these buses on city routes where load factor ranged from 55.25 to 99.34 *per cent* for the same period so as to earn more revenue. The Management stated (February 2016) that the load factor of AC buses in the NCR was lower than the city operation but due to social obligations DTC could not divert these routes on the city operation where load factor is higher. The reply is not tenable and the Corporation may consider feasibility of replacing AC buses with SF and/or Non AC buses in NCR area in view of the fact that load factor of AC buses was low.

Periodical review of load factor is necessary to improve it, as it depends not only on number of vehicles on road, but also on the number of breakdowns, cancellation of scheduled kilometers and other reliability parameters, which are controllable. However, the Corporation failed to do so. The **Table 2.2.3** provides details of break-even load factor (BELF) for operation at no profit no loss at the given level of vehicle productivity and total cost per km:

[36]Less kms run per day per bus as compared to targets fixed x average number of buses on road during the year x number of days in the year x contribution per km.

Table 2.2.3: Break-even load factor analysis

Sl. No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1	Cost per km (in ₹)	113.60	102.06	120.51	151.67	177.50
2	Operating revenue per km at current load factor (in ₹)	29.65	31.98	34.74	35.24	34.52
3	Load factor	71.43	77.75	92.90	86.63	85.02
4	Operating revenue per km at 100 *per cent* load factor (in ₹) (2/3 × 100)	41.51	41.13	37.40	40.68	40.60
5	Break-even load factor (*per cent*) (1/4 × 100)	273.67	248.13	322.26	372.85	437.17

Source: Corporation data

As can be observed, Corporation's BELF was very high and unlikely to be achieved given the present load factor, particularly when Corporation is required to cater to all parts of the city. Thus as scope of improving load factor is limited, there is need to rationalize routes and initiate efforts to raise non-traffic revenue and cut down operational costs as discussed elsewhere in the PA.

2.2.3.5 Route planning

As per Section 22 of the Road Transport Corporation Act, the Corporation while carrying on its operations shall act on business principles. Operational performance can be improved by periodic review of uneconomical routes with a view to assessing their continuance, rationalising them and optimising buses operation on higher revenue earning routes. Audit observed the following:

(i) Economic viability of routes: The Corporation was operating 574 out of 791 routes as on 31 March 2015. Comparing the earning per km (EPK) with total operating cost per km of operations, Audit observed that not even one of these routes was profitable and many of them were not recovering even the variable cost (excluding employee cost, depreciation etc.). As a result, the Corporation suffered a loss of ₹ 5,022.05 crore[37] on operations during 2010-15. The Management stated (February 2016) that the buses are allocated on any route based on its income and passenger load factor. The reply is not tenable as the Corporation was not compiling any route wise income and expenditure data.

(ii) Periodical review of routes: In the scenario of inadequate number of buses, mounting losses and obligation to serve all parts of the city, it was incumbent upon the Corporation to resort to periodical review of routes for optimising its revenue. However, no such exercise was carried out by the Corporation, even as the number of routes not recovering even variable cost, increased from 15.24 to 63.80 *per cent* during 2010 to 2015, indicating deficient route planning.

[37] Sl. No. 16 of Annexure 2.2 B – (₹ 741.09 crore + ₹ 837.86 crore + ₹ 975.68 crore + ₹ 1,194.23 crore + ₹ 1,273.19 crore = ₹ 5,022.05 crore)

(iii) Rationalisation of routes: Change in travel pattern of commuters, expansion of urban spread, metro network and other modes of public transport authorised by DoT warranted rationalisation of bus routes. The Corporation stated (June 2012) that GNCTD had commissioned a report on route rationalisation for augmentation of revenue. DIMTS had prepared a draft report which was under consideration of GNCTD and the Corporation has taken action for curtailment and augmentation of routes from time to time.

(iv) Favour to cluster buses: The Corporation and cluster buses were operating 95 routes under the unified time table. Audit observed that deployment of buses between the Corporation and cluster buses on 13 of these routes with comparatively higher earning per kilometer, was not in accordance with agreed ratio of 50:50. It was observed that 7.14 to 28.57 *per cent* trips were allocated to cluster buses in excess of the agreed share. The Corporation pointed out the deficiency to the Department of Transport (DoT) in respect of seven of these routes but did not point out the deficiency in respect of the balance six routes. The DoT had not taken action till date to enforce the agreed proportion of buses. Failure to ensure adherence to the agreed 50:50 ratio adversely impacted the revenue earning potential of the Corporation and impacted its financial interest.

2.2.3.6 Missing of scheduled kilometres

Audit scrutiny of records relating to operation of buses showed that scheduled kilometres (kms) were not fully operated. The Corporation recorded the reasons as non-availability of buses, want of crew and compressed natural gas (CNG) and breakdowns. The details of scheduled kms missed are depicted in the table below:

Table 2.2.4: Scheduled kms, effective kms and missed kms of buses of the Corporation

(Figures in lakh kms)

Sl.No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1	Scheduled kms	3666.18	4354.33	4195.17	4012.45	3647.73
2	Effective kms	2920.70	3738.70	3534.09	3165.21	2870.98
3	Kms missed	745.48	615.63	661.08	847.24	776.75
4	Percentage of missed kms to Scheduled kms	20.33	14.14	15.76	21.12	21.29
Cause-wise analysis of missing kms (Percentage to kms missed is given in brackets)						
5	Non-availability of buses	250.65 (33.62)	273.56 (44.44)	296.98 (44.92)	271.59 (32.06)	221.72 (28.54)
6	Non-availability of crew	359.06 (48.16)	154.90 (25.15)	146.05 (22.10)	319.09 (37.65)	246.45 (31.74)
7	Late out shedding	34.54 (4.63)	47.66 (7.74)	40.05 (6.06)	41.00 (4.84)	45.85 (5.90)
8	Want of CNG	4.07 (0.55)	6.01 (0.98)	4.58 (0.69)	3.28 (0.39)	4.15 (0.53)
9	Other reasons	97.16 (13.03)	133.50 (21.69)	173.42 (26.23)	212.28 (25.06)	258.58 (33.29)
10	Missing kms on account of controllable reasons (5 to 8)	648.32 (86.97)	482.13 (78.31)	487.66 (73.77)	634.96 (74.94)	518.17 (66.71)
11	Contribution per km	19.53	17.41	16.39	15.07	14.61
12	Loss of revenue (10×11/ 100) (amount ₹ in crore)	126.62	83.94	79.93	95.69	75.70

Source: Corporation data

The percentage of missed kms decreased from 20.33 *per cent* in 2010-11 to 14.14 *per cent* in 2011-12, but subsequently increased to 21.29 *per cent* in 2014-15. The percentage of missing scheduled kms was also on a higher side as compared to those of BMTC (2.56 to 5.41 *per cent*) and MTC (1.65 to 6.11 *per cent*) during 2010-13. Audit observed that the main factors responsible for missed kms were shortage of buses, longer repair time for broken downs buses, delay in obtaining vehicle inspection certificates and non-filling of CNG. These factors could be mitigated by timely corrective action by the management. The missed kilometers deprived the Corporation of revenue of ₹ 461.88 crore during 2010-15. The Corporation stated (February 2016) that they have taken corrective steps to reduce the missing kms.

2.2.3.7 Reliability of bus service

Performance of public bus service is judged not only on the basis of number of buses put on road, but also on reliability of their operations i.e. extent of satisfaction with respect to punctuality of buses. Audit observed factors which adversely affected the reliability of bus service provided by the Corporation in the city. These are discussed below:

(i) Regularity percentage: Ratio of trips operated by Corporation buses against trips scheduled increased from 79.13 *per cent* in 2010-11 to 85.76 *per cent* in 2011-12 but decreased to 80.33 *per cent* in 2014-15. In comparison, this ratio was 92.93 to 97.89 *per cent* in case of Bangalore Metro Transport Corporation (BMTC) and 93.23 to 97.70 *per cent* in Metro Transportation Corporation, Chennai (MTC) during 2010-13. The Management stated (February 2016) that the city routes of Delhi are not comparable to the BMTC routes due to problems like traffic discipline, high number of vehicle population and mixed traffic in Delhi. The reply is not tenable because Corporation's own Audit Committee had desired (March 2010) that the performance of DTC should be benchmarked with the parameters of BMTC.

(ii) Impounding of buses for violation of traffic rules: Audit also observed that 1,888 buses of 34 depots were challaned and impounded for 3,831 days during 2010-15 resulting in 7.38 lakh kms being missed and loss of revenue of ₹ 1.29 crore.

(iii) Rate of breakdowns: The rate of breakdowns per 10,000 kms of operation increased substantially from 1.77 in 2010-11 to 5.35 in 2014-15.

(iv) Fire incidents: There were a total of 67 fire incidents in LF buses during 2010-15 due to short circuit, leakage of coolants, heating problems in engines, bursting of engine blocks and loose fitting of parts. The management stated (February 2016) that they have issued (January 2016) guidelines to avoid such fire incidents in future.

2.2.3.8 Fuel cost

Fuel constituted 8.85 *per cent* of the total expenditure of the Corporation during 2014-15. The Corporation had fixed CNG consumption targets at 3.00 and 3.20 kms per kg (kmpkg) in respect of its Ashok Leyland (ALL) and Tata (TML) make Standard floor (SF) buses respectively. The SF buses could obtain average fuel efficiency of between 2.77 kmpkg and 2.99 kmpkg during 2010-15. The actual consumption, mileage obtained per kg and extra expenditure on CNG consumption is given in **Annexure 2.4**. Audit observed that the mileage obtained per kg was less than the targets fixed by the Corporation during 2010-15 and this resulted in excess CNG consumption of 120.98 lakh kg. worth ₹ 41.24 crore. The management stated (February 2016) that overaged SF buses could not achieve fuel efficiency norms as fixed/ worked out at the time of operation of new buses and losses worked out on these buses at this stage is not justified. Reply is not acceptable as the Corporation had itself set the targets after considering factors of road use/ wear and tear.

In respect of Low floor (LF) buses, annual maintenance contracts (AMCs) inter alia included that the contractors (M/s ALL and M/s TML) should guarantee minimum average fuel efficiency in terms of kmpkg of CNG, as shown in the table given below:

Table 2.2.5: Minimum average fuel efficiency in kmpkg of CNG as per AMC

Sl.No.	Description	Non-AC	AC
1	During warranty period	2.6	2.35
2	After warranty period upto 8 years of operation (2.6 - 5 *per cent*)	2.47	2.23
3	More than 8 years to 7.5 lakh kms or 12 years of operation, whichever is later (2.6 – 7 *per cent*)	2.42	2.19

AMC provides reckoning of fuel efficiency on yearly average basis and authorises the Corporation to recover cost of CNG consumed in excess of agreed norms, from the contractors. Audit noticed that LF buses consumed 182.57 lakh kg of CNG in excess of agreed norms during 2011-14 and ₹ 66.74 crore was recoverable from M/s ALL and M/s TML, however, only ₹ 5.10 crore was recovered from M/s ALL for 2011-12. The matter of recovery of balance amount was under arbitration with both contractors. Further, the Corporation had yet to finalise CNG consumption data for 2009-11 and 2014-15 (February 2016).

2.2.3.9 Non-installation of GPS, automated fare collection system and CCTVs

Urban Bus Specifications Safety Guidelines (UBSSG) of Ministry of Urban Development (MoUD), Government of India (GoI) made it mandatory for installation of electronic route display system, automated fare collection system

(AFCS) using electronic ticketing machines (ETMs), global positioning system (GPS) based automatic vehicle location system (AVLS) and closed circuit television (CCTV) cameras in buses purchased under JNNURM. The Corporation purchased 1,500 LF buses between September 2009 and September 2010 under Jawahar Lal Nehru National Urban Renewal Mission (JNNURM). The status of these facilities is as below:

(i) GPS based Automatic Vehicle Location System: In accordance with Delhi High Court directions (February 2009), the DoT awarded (March 2010) the work of installation of GPS based AVLS in all buses of Corporation and Cluster Buses, to DIMTS. However, a physical survey conducted by Depot Managers and DIMTS (June 2013) showed that the system was installed only in 3,906 out of 6,197 buses. Audit examination of survey reports showed that the Corporation had requested DIMTS to remove these deficiencies but to no avail. Subsequently, DoT decided (May 2014) that 'Cure Period'[38] may be extended to improve the functionality of GPS system, for which one DTC depot Noida was selected for testing for a period of one month. As of July 2015, GPS was functioning in only 404 out of 3,906 buses.

(ii) Automated Fare Collection System: Implementation of AFCS using ETMs in the buses was also given to DIMTS (February 2010) but due to unsatisfactory test performance of ETMs and differences over rates. DoT asked (October 2013) the Corporation to process the project itself. The management stated (February 2016) that fare collection using ETMs has been started (January 2016) on one route in 20 buses as a pilot project. After successful completion of pilot project, it will be rolled out in the whole fleet.

(iii) Closed Circuit TV cameras: The DoT decided (July 2013) to install CCTV cameras initially in 200 buses. After its successful completion, installation was to be taken up in the remaining buses. The initial phase of installing CCTV cameras was completed in November 2014 at a cost of ₹ 3.91 crore. The Corporation requested (November 2014) GNCTD to release ₹ 103.25 crore for installation of CCTV cameras in the remaining 3,575 LF buses. The management stated (February 2016) that the GNCTD has allowed (November 2015) to go ahead to install CCTV cameras with GPS + Wi-Fi + Passenger Information System in the remaining 3,575 LF buses but funds have not been released so far.

Thus, even after a lapse of more than five years, systems advised in the UBSS guidelines were yet to be installed. This resulted in GoI withholding the last instalment of central assistance of ₹ 24.21 crore for 1,500 LF buses and also deprived the Corporation of its intended benefits.

[38] Time permitted to remove the defects.

2.2.4 Availability and utilisation of resources

2.2.4.1 Age profile and fleet strength

The Corporation adopted age norms of ASRTU in respect of its standard floor (SF) buses as eight years or five lakh kilometers, whichever is earlier. Age-profile of buses owned by the Corporation during 2010-15 is shown in the table below:

Table 2.2.6: Age-profile of Corporation buses during 2010-15

Sl.No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1	Total No. of buses at the beginning of the year	4718	6197	5884	5438	5216
2	Additions during the year	1839	32	-	-	-
3	Buses scrapped during the year	360	345	446	222	511
4	Buses held at the end of the year (1+2-3)	6197	5884	5438	5216	4705
5	Of (4), No. of buses more than 8 years old	1843	2079	1634	1440	930
6	Percentage of overage buses of total buses	29.74	35.33	30.05	27.61	19.77

Source: Corporation data

The Corporation was not able to maintain the prescribed age profile of buses and the number of over-aged buses ranged between 19.77 and 35.33 *per cent* of its total fleet. Audit also observed that Corporation could not increase its fleet. At the end of 2014-15, it had only 4,680 buses (4,705 buses-25 burnt LF buses, of which 924 SF buses and 3,756 LF buses) against a requirement of 5,500, despite availability of funds of ₹ 245.83 crore in its equity capital funds, allocated for procurement of buses between 2009-10 and 2012-13.

2.2.4.2 Procurement of buses

To augment transport services and replace over-aged buses in a phased manner, Government approved the procurement of buses in September 2012, October 2012 and October 2013. Subsequently, the Corporation initiated the below mentioned proposals during 2010-15 but they did not fructify :

Table 2.2.7: Proposals for procurement of buses

<table>
<tr><th>Particulars</th><th>625 buses (500 Non AC and 125 AC)</th><th>1,100 Non AC buses</th><th>1,725 buses (1,380 Non AC + 345 AC premium segment)</th><th>1,380 Non AC buses</th><th>1,380 Non AC buses without AMC</th></tr>
<tr><td>Cabinet approval</td><td>1933 dated 17.9.2012</td><td>1946 dated 22.10 2012</td><td>2086 dated 03.10 2013</td><td>-</td><td>-</td></tr>
<tr><td>Bus Type/ Floor Height</td><td>LF (350 to 400 mm)</td><td>SF Floor (900mm)</td><td>Non AC SF and AC LF buses</td><td>SF (900 mm)</td><td>Semi LF buses (650 mm)</td></tr>
<tr><td>Consultant</td><td>DIMTS</td><td>CIRT , Pune</td><td>CIRT , Pune</td><td>CIRT, Pune</td><td>Tenders called (19 June 2015)</td></tr>
<tr><td>Consultancy fee</td><td>₹ 0.48 crore</td><td>₹ 0.38 crore</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Estimated cost</td><td>₹ 330 crore (@ ₹ 52.78 lakh per bus)</td><td>₹ 330 crore (@ ₹ 30 lakh/bus)</td><td>₹ 725 crore (Non AC - ₹ 414 crore & AC -₹ 311 crore</td><td>-</td><td>₹ 552 crore</td></tr>
<tr><td>Tender date</td><td>March 2013</td><td>-</td><td>October 2013</td><td>June 2014</td><td rowspan="2">Proposal sent to GNCTD on 18 June 2015 for approval</td></tr>
<tr><td>No. of bids received</td><td>Single bid of M/s TML[39] for 500 Non AC buses</td><td>-</td><td>Single bid of M/s TML for Non AC buses and no bids for AC buses</td><td>Single bid from M/s TML</td></tr>
<tr><td>Outcome of tender</td><td>Scrapped in July 2013 due to high rates[40].</td><td rowspan="2">Clubbed with scrapped tender of 625 LF buses</td><td>Foreclosed in 2014 due to conditional bid.</td><td>Foreclosed in April 2015 due to unreasonably high rates[41]</td><td>Proposal yet to be approved by Government</td></tr>
<tr><td>Decision</td><td>Clubbed with 1,100 Non AC standard floor buses</td><td>Decided to modify the bid conditions[42] for floating tenders</td><td>Decided to float tender without AMC from Vehicle Manufacturers</td><td>AMC of 50 per cent buses itself and 50 per cent through out-sourcing</td></tr>
<tr><td colspan="6">In a meeting with GNCTD (July 2015), the Corporation intimated that M/s ALL[43] and M/s Corona had 650 mm floor height buses but involving high maintenance cost whereas M/s TML and M/s ALL had 900 mm standard floor buses which can be maintained in-house. The Corporation proposed for 900 mm floor height buses as these were likely to be procured at earliest at lower cost with better fuel efficiency & low maintenance cost.
BoD, however, resolved (29 July 2015) to procure 1,380 Non AC 400 mm floor height CNG buses in place of semi floor height (650 mm) buses in view of requirement of modern buses for the capital city. Besides, a proposal for procurement of 345 AC Premium 400 mm floor height buses (estimated cost ₹ 338 crore) was also under process (July 2015) for approval of BoD.</td></tr>
</table>

Audit noted that there were frequent changes in the proposals, cancellation of tenders and retendering. The Corporation has not been able to conclude the procurement process even as of February 2016, despite availability of funds. In this process, a payment of ₹ 0.58 crore to the consultants was rendered infructuous.

Management stated (February 2016) that purchase of buses was as per the policy decision of GNCTD and despite efforts, the buses could not be procured as the vehicle manufacturers did not evince interest in supplying buses with maintenance.

2.2.4.3 Loss of opportunity to avail funds under JNNURM scheme

GoI launched (August 2013) a scheme of funding 35 *per cent* of the total procurement cost of buses conforming to Urban Bus Specifications-II (UBS-II)

[39]Tata Motors Limited
[40]Bus ₹ 75.98 lakh & Annual Maintenance Contract (AMC) - ₹ 83.06 to ₹ 433.08 per km
[41]Bus- ₹ 44.64 lakh and Average AMC ₹ 52.34 against justified AMC of ₹ 19.64 per km
[42]Availability of fleet to 90-92 *per cent*, fuel efficiency norms, LD for delayed deliveries, AMC conditions to 6.50 lakh kms or 10 years operations whatever is later.
[43]Ashok Leyland Limited

under JNNURM. For this, a detailed project report (DPR) was to be forwarded to GoI after approval of State Level Nodal Agency, before 31 March 2014.

The Corporation appointed (June 2013) Central Institute of Road Transport (CIRT), as consultant, for preparation of Detailed Project Report (DPR) by September 2013 for procurement of buses at a tentative fee of ₹ 3.03 crore. As per the agreement, 30 *per cent* consultancy fee was payable on submission of DPR. The consultant submitted the DPR to Corporation (25 September 2013) for its approval. The Corporation sent (26 September 2013) the DPR to GNCTD for its approval and onward transmission to GoI. However, GNCTD sent (23 June 2014) the DPR to GoI after nine months with a delay of three months after the stipulated date of 31 March 2014. GoI returned (2 July 2014) the DPR, being late. Thus, due to delay in submission of DPR, Corporation lost the opportunity of availing central assistance of ₹ 204.57 crore for procurement of buses. In the meantime, the Corporation had released ₹ 25 lakh to CIRT as consultancy fee for the proposal, which was rendered unfruitful.

Management stated (February 2016) that the time consumed in the process of seeking clarifications by Project Officer (JNNURM), GoI, GNCTD from DTC/DoT caused delay in submission of DPR to MoUD.

2.2.4.4 Repair and Maintenance of standard floor buses

The Corporation owns two workshops for repair and maintenance (R&M) of its SF buses. Audit observed that SF buses of Corporation were over-aged and R&M expenditure per bus was increasing, as shown in the table below:

Table 2.2.8: R&M expenditure per SF Bus (2010-15)

S.No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1.	Average number of SF buses held	2722	2302	1821	1560	1189
2.	Cost of material, spares consumed (₹ in crore)	47.56	52.14	44.75	37.82	20.97
3.	Manpower cost (₹ in crore)	96.45	87.27	79.08	76.44	66.68
4.	Total R&M expenses (₹ in crore)	144.01	139.41	123.83	114.26	87.65
5.	R&M expenses per bus (₹ in lakh)	5.29	6.05	6.80	7.32	7.37
6	Cost of material, spares per bus (₹ in lakh)	1.75	2.26	2.46	2.42	1.76
7	Manpower cost per bus (₹ in lakh)	3.54	3.79	4.34	4.90	5.61

R&M cost on over-aged buses increased from ₹ 5.29 lakh to ₹ 7.37 lakh per bus during 2010-15. Cost of material, spares per bus increased from ₹ 1.75 lakh per bus in 2010-11 to ₹ 2.46 lakh per bus in 2012-13, but decreased to ₹ 1.76 lakh per bus in 2014-15, whereas the manpower cost continuously increased from

₹ 3.54 lakh per bus in 2010-11 to ₹ 5.61 lakh per bus in 2014-15. Audit also noticed instances of premature failure of re-conditioned engines which increased from 22 *per cent* in 2010-11 to 53 *per cent* in 2014-15 and that of re-conditioned gear boxes increased from 28 *per cent* in 2010-11 to 49 *per cent* in 2014-15, reflecting poor quality of job done in the workshops. Moreover, workshops failed to keep the required reserve of five *per cent* and six *per cent* of engine assemblies and gear boxes respectively, of the total fleet, forcing holding-up of buses in depots. The Management stated (February 2016) that instructions have been issued to take preventive measures to avoid premature failure of engines.

(i) Loss due to non-achievement of average life of tyres: The average life (including re-treading) of a tyre of SF bus, as fixed by the Corporation, is 1.30 lakh kms. However, the average life of tyre achieved by the Corporation ranged between 1.01 and 1.05 lakh km. Failure to achieve this average life of tyres, necessitated purchase of extra new tyres, resulting in loss of ₹ 15.45 crore, during 2010-15. The management stated (February 2016) that slow flow of traffic, choked roads and frequent application of brakes reduced the life of a tyre. Overloading also affected the tyre life due to excessive heat generation in CNG buses. The reply is not tenable as the Corporation has fixed the norms taking into consideration traffic and road conditions.

(ii) Docking of vehicles for fitness certificates: A total of 3,729 buses (equivalent to 35,502 bus days) of 33 depots were held up during 2010-15 for want of Motor Vehicle Inspection Reports, non-production of challans of CNG leakage, pollution under control certificates (PUCC), defective body work and excess smoke emission. This resulted in loss of revenue of ₹ 11.86 crore.

2.2.4.5 Manpower cost

(i) Increase in manpower cost: Manpower was an important element of cost, constituting 26 *per cent* of total expenditure of the Corporation in 2014-15. Therefore, optimum utilisation of manpower and control over its cost were imperative to achieve high productivity. Details of manpower, its cost and productivity during 2010-15 are given in **Annexure 2.5**. Audit observed that the manpower cost had increased from ₹ 33.73 to ₹ 46.31 per effective km operated during 2010-15, and was on a higher side when compared to all India average of ₹ 11.45 to ₹ 13.83. The manpower productivity per day per person was between 19.08 and 25.37 kms during 2010-15, as compared to all India average of 52.72 to 59.15 kms. Audit observed that:

- GNCTD had directed (June 2012) the Corporation to abolish unnecessary and wasteful posts and consolidate them into essential components and to prepare a Personnel Policy for cost curtailment. A draft Personnel Policy was awaiting finalisation as of February 2016.

- The Corporation employed 1,350 drivers and 3,474 conductors on contractual basis during 2011-15 despite having 710 and 952 surplus staff in the cadres respectively as on 31 March 2011. The Management stated (February 2016) that due to absenteeism in the categories of drivers and conductors, they engaged some additional staff to ensure that the Corporation's buses were not held up for want of drivers and conductors. Reply is not justifiable as absenteeism is a controllable factor. Further, despite engagement of additional staff 1,225.55 lakh kms were missed for want of staff during 2010-15.
- In R&M Wing, 1,632 staff became surplus due to outsourcing of R&M of LF buses. This surplus manpower was being utilised as helping hands in unrelated areas like administration and traffic resulting in underutilisation of their expertise. The Corporation had never considered development of in-house R&M capabilities during 2010-15 and it was only in May 2015 that a proposal for development of in-house R&M facilities for 50 *per cent* of its new buses was initiated.

(ii) Deployment of staff in other departments of GNCTD: The Corporation had been diverting its surplus staff to DoT, State Transport Authority (STA) and General Administration Departments of GNCTD since 1997, for which reasons were not recorded. Inspite of repeated requests by the Corporation, borrowing departments did not reimburse the salary and allowances of diverted staff on the plea that it was not remitted under Fundamental Rules & Supplementary Rules. Though, some of the staff was repatriated, 143 employees were still working in other departments as on March 2015, as compared to 275 in July 2012. The unreimbursed amount of salaries and allowances of diverted staff had accumulated to ₹ 57.40 crore till December 2014.

2.2.5. Financial management

2.2.5.1 The Corporation has been continuously incurring losses since its inception. To meet its working capital requirements, Corporation was dependent on ways and means interest bearing loans from GNCTD. The GNCTD released ₹ 11,164.84 crore (₹ 4,009.06 crore for salaries and ₹ 7,155.78 crore as adjustment of interest payments) till 31 March 2011. During 2012-15, GNCTD released ₹ 3,164 crore as grants-in-aid to meet working deficit of the Corporation instead of interest bearing ways and means loans. Audit observed that while the Corporation was granted financial assistance of ₹ 3,164 crore (42 *per cent*) it did not make adequate efforts to improve its operational efficiency to reduce losses and thus remained dependent on GNCTD funding to sustain operations.

The Management stated (February 2016) that due to high input cost and other parallel transport services, its revenues were affected. Fact remains that efficiency was not improved and no new sources for enhancing non-traffic revenue were explored by Corporation to reduce its dependency on government funding.

2.2.5.2 The Corporation kept the unutilised Equity Capital and Plan Funds as term deposits in banks. Audit observed a significant difference of ₹ 290.08 crore between unspent equity capital and plan funds (₹ 677.89 crore as per record) and amount actually lying in bank accounts (investments of ₹ 387.81 crore) as on 31 March 2015. Audit noticed diversion of ₹ 40 crore and ₹ 50 crore in 2010 and 2012 respectively for salary disbursement from equity capital funds meant for specific purposes of procurement of buses. Further, the Corporation created (September 2001) a Corpus Fund from the interest received on equity capital fund and plan loan funds and the amount so received was to be utilised for financing special projects, R&D projects, promotional projects and technological projects etc. However, the Corporation diverted ₹ 20.57 crore and ₹ 20.08 crore for payment of salaries and purchase of Furniture & Fixture, auxiliary vehicles, computers between 2003-2010 and 2010-15 respectively, in violation of guidelines for utilisation of Corpus Fund.

The Management stated (February 2016) that transfer of funds for salary disbursement was to avoid employees' resentment and were recouped to capital account on receipt of funds from Government. For corpus funds utilisation, it stated that approval of competent authority was obtained. The point remains that the Corporation diverted the funds in violation of guidelines for utilization of corpus fund.

2.2.5.3 Non-operating revenue

The non-operating income[44]of the Corporation which was ₹ 116.64 crore in 2010-11 increased only by 0.90 *per cent* to ₹ 117.70 crore during 2014-15. Audit noted that this non increase through non-operating streams was due to transfer of composite fee[45] (June 2011) and maintenance (including transfer of advertising rights thereon) of a part of Bus Queue Shelters (BQSs) & Time Keeping Booths (TKBs) (August 2012) owned by Corporation to another Government Public Sector undertaking - Delhi Transport Infrastructure Development Corporation (DTIDC) – which were hitherto the revenue of the Corporation.

[44]Interest income on unutilised capital/plan funds, award of advertisement display contracts, penalties levied on vehicle manufacturers etc.

[45] ₹ 10,000 per month per bus from private stage carriage operators and ₹ 2,400 per month per RTV

The Corporation possessed 87 sites at prime locations in Delhi for construction of depots, terminals and workshops as of March 2015. Of these, 10 properties were vacant **(Annexure 2.6)**. Despite recommendation for exploiting potential in real estate and streamlining advertisement policy in Para 5.2 of Audit Report (Civil and Commercial) for the year ended March 2009, the Corporation did not explore possibilities of augmenting its non-operating revenue as discussed below:

(i) Delay in award of advertisement contract for unipoles: The Corporation identified (April 2009) sites in 10 bus depots for erection of unipoles, four in each depot, for displaying of advertisements and fixed a reserve licence fee of ₹ 30,000 per unipole per month. The tenders, floated in November 2009, could not be finalised due to error in eligibility criteria. Subsequently, the Corporation directed to identify other locations and decided (July 2011) to construct and install unipoles itself but no progress was made till April 2014.

The Corporation subsequently identified 17 other locations and out of 27 locations floated tenders (May 2014) for already identified 10 locations and awarded contract (October 2014) at a license fee of ₹ 28,775 per month per unipole for three years. For subsequently identified 17 locations, tenders floated in November 2014 could not be finalised (February 2016) due to awaited permission from Municipal Corporations (MCs). Delay in obtaining permission from MCs led to loss of opportunity to generate revenue of ₹ 14.90 crore for the period from December 2009 to June 2015.

The Management stated (February 2016) that North Delhi Municipal Corporation has granted the permission but permission of South Delhi Municipal Corporation is awaited.

(ii) Loss due to improper maintenance of Bus Queue Shelters (BQS)/ Time keeping Booths (TKBs): The Corporation awarded contracts (March 2010) of advertisements rights on 612 BQSs/TKBs in six Zones[46] at monthly licence fee of ₹ 3,194 to ₹ 12,700 per BQS/TKB plus ₹ 400 per month per BQS/TKB for R&M charges, for a period of two years, which were extended upto September 2013. The contract for West Zone-I was also awarded (January 2013) for 66 BQS/TKBs at a licence fee of ₹ 8,460 per BQS/TKB for a period of three years. Audit observed that the first contracts initially awarded for 612 BQSs/TKBs in six Zones, was reduced significantly to 425 BQS/TKBs at the expiry of the contract in September 2013, while in West Zone I, it remained only for 44 BQSs/TKBs as on 31 March 2015 due to dismantling and poor condition of BQSs/TKBs. The Corporation also allowed rebate on licence fee for reduced number of BQS/TKBs on the basis of report of concerned depots and contractor. In doing so, the Corporation lost potential revenue of ₹ 3.55 crore.

[46]Civil Line-I, Narela R-I, Rohini-I , Rohini-II , Karol Bagh and Shahadara N

The Management stated (February 2016) that depot managers were repairing BQS/TKBs whenever found damaged as per availability of funds and manpower. It also attributed the reduced number of BQS to on-going works, damages and theft etc. The reply is not acceptable as Depots were asking engineering division for repairs but the latter held concerned depots responsible for maintenance of BQS/TKBs.

(iii) Non-display of advertisements inside LF buses: An Internal Committee recommended (November 2009) awarding advertisements inside LF buses at a reserved price of ₹ 2,000 per bus per month for total space of 1.0206 sqm in a bus. However, the Corporation did not consider awarding advertisement rights inside the bus till March 2015. Thus, due to inaction on the part of the management in awarding advertisement inside LF buses, the Corporation lost an opportunity of earning revenue of ₹ 31.33 crore[47] for the period April 2010 to March 2015 after considering the advertisements revenue of ₹ 8.72 crore earned from government departments. The matter had been highlighted in the Para 5.2.15 of the Report of C&AG of India for the year ended March 2009 (Civil and Commercial), but no consideration was given for advertisements inside LF buses till March 2015.

The Management stated (February 2016) that tenders for rear wind screen advertisement remained unresponsive despite reduction of reserve price. The reply is not acceptable as Corporation took initiative only for advertisement on rear wind screen of buses which was already banned by the Court in April 2012 but no action was taken for advertisement inside the buses.

(iv) Display of advertisements on body of LF Buses: Despite BoDs directions (October 2012) to augment its non-traffic revenue, the Corporation after a lapse of more than one year constituted (March 2014) a Committee for advertisements on full body wrap (except rear wind screen) of LF buses which recommended reserve price of ₹ 1.92 lakh to ₹ 2.18 lakh per bus per month, for an area of 262.99 to 297.87 sqft per bus. The Corporation floated tenders (November 2014) for 530 buses of five depots. Change in the Government policy (December 2014) regarding advertisements necessitated amendments[48] in tenders, hence bid opening date was extended. The technical bid was finally opened (February 2015) and a single bid of M/s Prime Time Communications was received for two out of five lots with offer of ₹ 1,501 and ₹ 1,555 per bus per month. The contract was yet to be awarded (February 2016) due to pendency of permission from Municipal Corporations. Thus, delay in decision making coupled with delay in awarding contract led to loss of opportunity to earn potential revenue of ₹ 30.06 crore[49] during 2010-2015.

[47] Calculated @ ₹ 2,000 per bus per month with no escalation in price

[48] Advertisement only on left side of bus not covering more than 75 *per cent*. Total area for TATA Non AC and AC (98.75 sq ft.) ALL Non AC (100.18 sq ft.) ALL AC (102.80 sq ft.)

[49] Worked out on minimum offer of ₹ 1,501 per bus per month in single offer in July 2015 at 92 *per cent* availability of buses, without escalation to licence fee, though it appears to be exceptionally low as compared to the rates recommended by committee in March 2014 of ₹ 72,093 per bus p.m.

(v) Non-exploitation of bus depots/terminals for commercial use: In view of the observation made on 'non-exploitation of commercial sites' in paragraph 5.2.15 of the Report of CAG of India for the year ended March 2009 (Civil and Commercial), the Corporation identified six depots/terminals for constructing budget category hotels, multi-level parking and retail marketing outlets. However, as of August 2015, no significant development was visible except signing of MoU with DTTDC (September 2013) and appointment of a Transaction Advisor by DTTDC (January 2014). The Management stated (February 2016) that Corporation is in the process of withdrawing the said work from DTTDC.

The Corporation approved (December 2011) construction of a multi-storey complex at IP Depot to earn additional revenue and enhance bus parking capacity. No progress had been made as of February 2016.

2.2.5.4 Other issues

(i) Non-recovery of rent for parking space in Depots

(a) Audit noticed that the Corporation transferred space of 1.59 lakh square meters (of eight[50] depots, workshops, bus terminals) to DoT between January 2011 and October 2013 for parking of cluster buses on rent basis, without executing any written agreement. The Corporation had been regularly raising bills on DoT for rent[51] and water charges since January 2011, but no payment have been received. As on 31 March 2015, receivable amount had accumulated to ₹ 51.39 crore

(b) The Corporation provided (August 2010) space to Delhi Tourism and Transportation Development Corporation (DTTDC) at Indraprastha Depot for parking and maintenance of 14 *Hop On Hop Off* buses on cost basis but no written agreement was executed. Though the Corporation regularly raised bills for rent and water charges on DTTDC, no payment was received as of June 2015 which had accumulated to ₹ 1.67 crore (May 2015). Audit observed that the matter was never brought before the GNCTD, though the facility was provided on its intervention.

Management stated (February 2016) that due to non-payment of dues by DTTDC, the Corporation has discontinued the parking facility for these buses w.e.f October 2015. Fact remains that DTC could not enforce recovery of rent in the absence of written agreement.

[50]Millennium Park, Kanjhawala, BBM-II, Dilshad Garden, Rajghat, Kair, CWS-II Okhla, Punjabi Bagh
[51]In the absence of assessment of rates by the PWD, the Corporation computed the monthly rental charges on the basis of rates at which Municipal Corporation of Delhi (MCD) was charging rent from Transport Department for land at Sunheri Nalha, Kushak Nalha etc.

(ii) Operation of school buses

The Corporation had been providing buses to schools at the rate of ₹ 40 per km for SF buses, ₹ 60 per km for LF non-AC buses and ₹ 75 per km for LF AC buses as fixed by GNCTD in November 2009. Audit observed that against working cost of ₹ 49.79 per km and ₹ 74.09 per km, the average revenue per km from school bus service was between ₹ 43.65 per km and ₹ 51.90 per km during 2010-15 resulting in working loss of ₹ 46.11 crore.

The Management stated (February 2016) that these buses are deployed on normal routes after school operations. The reply is not tenable as Audit has pointed out working loss per km operated and not for a day per bus and it was incumbent upon the Corporation to ensure that at least the operating expenses for such services were recovered.

2.2.6. Internal control mechanism

An effective internal control mechanism is an integral process within an entity which provides reasonable assurance of economical, efficient and effective operations and adequate safeguards for entity's resources against loss. The Management Information System takes care of reporting on achievements of targets and addressing system deficiencies. Appraisal of internal control mechanism of the Corporation showed:

- Depot wise targets were not fixed, in the absence of which, management was not in a position to closely monitor the operational performance, fleet utilisation, vehicle and manpower productivity;
- An Audit Committee under the chairmanship of Principal Secretary (Finance), GNCTD was reconstituted (October 2009) to review internal control system and financial reporting system quarterly. However, the Committee met only thrice during 2010-15, defeating the intent of its reconstitution; and
- Monthly operational statistics were not discussed at the Board Level and as a result, Corporation's BoD were not able to address areas of weakness and recommend remedial action.

2.2.6.1 Internal Audit

The Corporation has an internal Audit wing reporting to Chief General Manager (Finance) which confined itself only to establishment matters. The audit of operational and financial matters was entrusted to a firm of Chartered Accountants (CAs) which submits its audit report to CMD. Internal Audit Wing pursues these reports for compliance.

As of September 2015, 4,397 audit objections relating to establishment matters were pending settlement, indicating poor follow-up by the Corporation. During the period under report, Chartered Accountants firm had conducted audit for the period 2011-14. Consolidated position of outstanding objections of audit reports was not being prepared by the Corporation and therefore, number of objections lying outstanding relating to CA audit could not be assessed in audit. Besides, internal audit reports were not being submitted for Board's, perusal and action.

The Directorate of Audit, GNCTD had not conducted any audit of the Corporation during 2010-15.

2.2.7 Conclusion

The Corporation's fleet utilization and vehicle productivity were low as compared to all India averages. The mandatory facilities envisaged under the urban bus safety guidelines of Government of India were yet to be provided in the buses. Its revenues suffered due to cancellation of scheduled kilometers and high rates of breakdowns. The Corporation failed to augment its fleet and had high repair and maintenance costs. It failed to tap non traffic streams of revenue generation to augment its resources. The internal control mechanism was weak.

2.2.8 Recommendations

The Government may consider instructing the Corporation to:

- ***i) Improve fleet utilisation and vehicle efficiency;***
- ***ii) Expedite installation and activation of systems like GPS based automatic vehicle location system, automated fare collection system and CCTVs in buses to improve both safety and operational efficiency;***
- ***iii) Expedite replacement of overaged buses by timely procurement and improve maintenance procedures and practices;***
- ***iv) Examine avenues for generation of revenue from non-traffic streams; and***
- ***v) Strengthen internal control.***

Department of Power

Indraprastha Power Generation Company Limited

2.3 Excess Deposit of Income Tax resulting in blockade of funds

Excess deposit of income tax due to not availing MAT credit while computing self-assessment tax resulted in blockade of funds of ₹ 8.10 crore and consequent interest burden of ₹ 0.95 crore.

Section 115JAA of Income Tax Act provides that a Minimum Alternate Tax (MAT) credit can be carried forward for set-off against regular tax payable during the subsequent ten years.

Indraprastha Power Generation Company Limited (Company) paid ₹ 121.97 crore as income tax for the assessment year 2012-13. At that time the Company had MAT credit of ₹ 7.55 crore of the assessment year 2010-11. However, while paying income tax (July 2012) for the AY 2012-13 it did not utilise the MAT credit available to it. Subsequently, at the time (September 2012) of filing Income Tax Return, the Company claimed the refund of excess income tax of ₹ 8.10 crore[52], including MAT credit of ₹ 7.55 crore. However, Income Tax Department (IT Department) adjusted (August 2013) ₹ 8.02 crore of the refund claimed against the demand for assessment year 2010-11. The assessment order for the year 2012-13 was eventually passed in February 2015.

Thus, non-availing of available benefit of MAT credit of ₹ 7.55 crore, at the time of self-assessment of tax resulted in the Company paying ₹ 51.23 crore instead of ₹ 43.13 crore as income tax. This resulted in blockade of funds of ₹ 8.10 crore which entailed an interest burden of ₹ 0.95 crore[53] for the Company (upto August 2013) which was dependent on borrowed funds for its working capital requirements.

The Management admitted (July 2013) that benefit of MAT credit of ₹ 7.55 crore could not be taken due to oversight. The matter was referred to Government (July 2013/ August 2015), their reply was awaited (February 2016).

[52] MAT credit ₹ 755.36 lakh (+) interest thereon of ₹ 67.20 lakh (+) TDS of 6.35 lakh (-) excess tax paid ₹ 19.16 lakh = ₹ 809.75 lakh or say ₹ 8.10 crore.

[53] Calculated @ 11 *per cent* p.a. from August 2012 to January 2013 and @ 10.7 *per cent* from February 2013 to August 2013.

Delhi Power Company Limited

2.4 Avoidable interest liability

Company incurred an additional liability of ₹ 0.46 crore on account of interest due to late deposit of Minimum Alternate Tax of ₹ 3.54 crore.

Section 115JB of the Income Tax Act, 1961 (the Act) provides that where in the case of an assessee being a company, the income-tax, payable on the total income as computed under this Act, in respect of any previous year relevant to the assessment year commencing on or after the first day of April 2010, is less than 15 *per cent* of its book profit, such book profit shall be deemed to be the total income of the assessee and the tax payable by the assessee on such total income shall be the amount of income tax at the rate of 15 *per cent* as Minimum Alternate Tax (MAT).

The Delhi Power Company Limited (Company) earned net profit of ₹ 59.39 crore and book profit of ₹ 20.87 crore as per the balance sheet for the year 2009-10. Considering the accumulated losses in previous years, the tax liability of the Company would have been 'Nil'. However, since the Company had a book profit of ₹ 20.87 crore during the year 2009-10, in terms of provision of section 115JB of the Act, Company was liable to pay MAT at the rate of 15 *per cent* on book profit *plus* surcharge and cess, aggregating to ₹ 3.54 crore, for the previous year 2009-10. However, the Company did not deposit the same within the stipulated time i.e. by the 15th of June, September, December and March under the Act and therefore became liable to pay interest thereon under Section 234B and Section 234C of the Act. On this being pointed out by Audit to the Company (May 2013) and Government (September 2013), the Company deposited its MAT liability of ₹ 3.54 crore *plus* ₹ 2.02 crore on account of interest under Section 234B and 234C, in July 2014. Thus, delay in deposit of MAT of ₹ 3.54 crore resulted in avoidable liability of ₹ 2.02 crore on account of interest.

The Management stated (November 2014) and Government endorsed (January 2015/ December 2015) that the view for not depositing MAT was taken by the then management. They added that the Income Tax Department had not objected to their returns, which were accepted without any objection and the MAT for previous year 2009-10 was deposited with Income Tax Department on the advice obtained. It was further contended that the interest was paid as per the provisions of the Act and only on principal amount of MAT whereas the available funds were invested and earned interest for different periods and that there would not be much material deviation/excess payment of interest because of delay.

The reply is not acceptable as the Company having earned book profit of ₹ 20.87 crore was required to deposit MAT under the provisions of the Act. The contention regarding Income Tax Department not challenging their IT Return is not borne out of facts as assessment order for the year 2010-11 was passed *ex-parte*. Further, there was difference of interest to the extent of ₹ 0.46[54] crore between the interest earned on the amount invested (not paid on account of deposit of MAT liability) and interest paid due to delayed payment.

Delhi Transco Limited

2.5 Avoidable interest liability

Delay in payment of licence fee resulted in creation of avoidable liability of ₹ 3.20 crore on account of interest.

Regulation 49 of the Delhi Electricity Regulatory Commission (DERC) Comprehensive (Conduct of Business) Regulations, 2001 (Regulations 2001) enjoin upon a licensee, granted licence of supply and transmission of electricity, to pay the fee as prescribed at the time of grant of licence and annually till the validity of the licence. Clause 14 of the Electricity Act, 2003 (Act, 2003) stipulates that the State Transmission Utility (STU) shall be deemed to be a transmission licensee and shall not be required to obtain a licence under the Act. Further, both the licensee and the deemed licensee are at par to pay licence fee in view of CERC notification no. L-1/106/2012-CERC dated 30 March 2012.

DERC granted (28 May 2003), Delhi Transco Limited (Company), a licence for transmission and bulk supply of electricity in the territory of Delhi. As per clauses 12.2 and 12.3 of the licence, the licensee was required to pay an annual licence fee of ₹ 50.00 lakh per annum in terms of Schedule to the regulation 49 of the Regulation 2001 by the 10 of April of every year to DERC and where the licensee failed to pay any of the fees due by due dates, the licensee was liable to pay interest on the outstanding dues at a rate of two *per cent* per month.

On completion of transition period of the Delhi Electricity Reforms Act 2000 and rules framed thereunder from time to time, DERC ordered (31 March 2007) that the Company shall cease to be the bulk supply licensee with effect from 01 April 2007 and it will engage in only wheeling of power in Delhi and operate as state load dispatch center in accordance with the mandate of the Government i.e. the responsibility and functions assigned to a State transmission utility. It was thus liable to pay annual licence fee of ₹ 50.00 lakh.

Company sought (4 April 2007) advice of DERC as to whether the existing licence issued for transmission and bulk supply of power in the NCT of Delhi needs to be amended restricting its activities to only transmission of electricity or a fresh

[54] Calculated as a difference between interest of ₹ 2.02 crore paid under section 234B and 234C and interest worked out on ₹ 3.54 crore at the FDR interest rates taken from the records of the Company.

licence is required to be obtained. Company also sought details of the formalities to be completed including payment of licence fee. DERC intimated (2 July 2009) that on expiry of the policy direction period, the functions of procurement and bulk supply of electricity had become statutorily inoperative. The Company, inspite of this clarification from DERC, did not pay any licence fee for the period from 2007-08 to 2013-14 amounting to ₹ 3.50 crore (at the rate of ₹ 50 lakh per annum for seven years). DERC demanded (July 2013) outstanding annual licence fees alongwith interest due in terms of clause 12.3 of the licence. The Company paid (15 January 2014) outstanding licence fee of ₹ 3.50 crore but did not pay interest and requested DERC for its waiver. DERC rejected the request and demanded (September 2014) ₹ 3.20 crore as applicable interest. However, as the Company did not comply, DERC referred (31 March 2015) the matter to GNCTD and requested for issuance of appropriate instructions to the Company for remitting the dues at the earliest. Government decision on the same was awaited (February 2016).

Thus, delay in payment of the licence fee by the Company resulted in creation of avoidable liability of ₹ 3.20 crore on account of interest.

The Management stated (September 2015) and Government endorsed (December 2015) that they were not liable to pay interest for the delay in payment of licence fee as claimed by DERC. The reply is not acceptable as in terms of clause 14 of the Electricity Act, 2003, the State Transmission Utility (DTL in this case) is a deemed licensee and liable to pay license fee and interest in case of delay as they are statutory dues of DERC.

2.6 Avoidable payment of interest

Failure in assessing and discharging advance tax liability resulted in avoidable expenditure of ₹ 8.62 crore on account of interest.

Section 210 of the Income Tax Act, 1961 (the Act) stipulates that every person who is liable to pay advance tax under Section 208[55], shall pay on or before specified date, advance tax on his current income calculated in the manner laid down under Section 209[56]. Section 234B provides that if in any financial year, an assessee fails to pay such advance tax or where the advance tax paid by such assessee is less than 90 *per cent* of the assessed tax, the assessee shall be liable to pay simple interest at the rate of one *per cent* for every month. Section 234C

[55]Under Section 208 of the Income Tax Act, it is obligatory for every assessee to pay advance tax during the financial year, if his estimated tax liability for current financial year is ₹ 10,000 or more.

[56]Advance Tax is calculated u/s 209 of the Act on the estimated current year's income and payable in four installments falling on or before 15 June (up to 15% of such estimated tax liability), 15 September (up to 45% of such tax liability), 15 December (up to 75% of such tax liability) and on or before 15 March (100 % of tax liability) of each financial year.

further provides that where the company which is liable to pay advance tax under Section 208 has failed to pay such tax or the advance tax paid by the company on or before the 15th day of June, September and December is less than 15, 45 and 75 *per cent* of the tax due on the returned income respectively, then, the company shall be liable to pay simple interest at the rate of one *per cent* per month for a period of three months on the amount of the shortfall and where the advance tax paid by the company on its current income on or before 15 March, is less than tax due on returned income, then the company shall be liable to pay simple interest at the rate of one *per cent* on the amount of the shortfall.

Audit noticed (July 2014) that the Company had paid interest of ₹ 8.62 crore due to delay in deposit of advance tax on its income for the assessment year 2012-13. The Company had assessed its advance tax liability only for the first quarter of financial year 2011-12 but did not however carry out the assessments for the subsequent quarters. The Company assessed its tax liability at ₹ 201.14 crore in September 2012 and after taking into account the amount of TDS, deposited (September 2012) the balance tax of ₹ 78.00 crore and interest of ₹ 8.62 crore under sections 234B and 234C, for not depositing advance tax as required under the Act.

The Management clarified (July 2014) that as per transmission agreements with power distribution companies (DISCOMs), the Company was entitled to recover any income tax liability on its transmission business and that income tax liability was to be met out of interest bearing loans and added that in no case business income can be estimated exactly as assessed at the end of financial year. The management attributed payment of interest on delayed payment of income tax to - (i) abnormal rise in profit to ₹ 1005.33 crore for financial year 2011-12 due to previous years' income of ₹ 320 crore (ii) extra ordinary claim of higher capitalization of assets and (iii) decision to obtain opinion/ clarification before depositing income tax liability.

The contention of the Company is not acceptable as interest paid for delayed payment of advance income tax is not recoverable from DISCOMs, as was already laid down by Delhi Electricity Regulatory Commission (DERC) in its tariff order for the financial year 2009-10[57]. Also, the contention of the Company that in order to meet its income tax liability, it had to take interest bearing loans is also no cause to delay its statutory liabilities. The previous years' income of ₹ 320 crore which led to rise in income tax liability, was known to the Company as early as August 2011 and the Company should have, in taking cognizance thereof, assessed and paid its advance income tax in time and not waited till September 2012 when it got the opinion and paid its income tax liability after the close of the financial year.

[57]As mentioned in DERC 's Order on True up for FY 2007-08 and ARR for the FY 2009-10 for NDPL.

Thus, the Company by delaying its payment of advance income tax liability was saddled with avoidable burden of interest of ₹ 8.62 crore.

The matter was referred to the Company ((July 2015)/ Government (September 2015), their reply was awaited (February 2016).

2.7 Corporate Governance in State Public Sector Undertakings

Corporate governance in PSUs of GNCTD was deficient in terms of the Companies Acts of 1956 and 2013. The Board of Directors did not have independent directors, did not meet as required and the Directors did not disclose their interests in other companies. Audit Committee were either not formed or functioning as envisioned in the Act. Companies defaulted in submission of returns and finalising their annual accounts.

The term 'Corporate Governance' denotes a system to direct and control the operations of a company so as to ensure transparency and timely financial reporting. The Companies Act, 1956 (Act of 1956) and the Companies Act, 2013 (Act of 2013) contain provisions for good corporate governance.

Deficiencies in corporate governance in the Public Sector Undertakings (PSUs) of Delhi had been reported in the Audit Reports of the CAG of India on the GNCTD for the year ended March 2005 and March 2006 at Paras 5.12 and 5.11 of the Reports respectively. The present audit covering the period from 2012-13 to 2014-15 was conducted in 10[58] out of 15 PSUs, selected on the basis of their paid up capital and scale of operations. The main audit findings are given below:

2.7.1 Board of Directors (BoD)

The Corporate Board is responsible for compliance of principles of corporate governance in the management of the Company.

2.7.1.1 Composition of BoD: In terms of Section 149 (4) of the Act of 2013, BoD of a public company having paid up share capital of ₹ 10 crore or more or turnover of ₹ 100 crore or more or having in aggregate outstanding loans, debentures and deposits exceeding ₹ 50 crore, were required to appoint at least two 'independent directors' by 31 March 2015. Audit, however, observed that BoDs of seven selected companies[59] did not have any Independent Director as of November 2015.

[58]i) Delhi Power Company Limited (DPCL), (ii) Delhi SC /ST /OBC Minorities, Handicapped Financial and Development Corporation Limited (DSCFDC), (iii) Delhi State Civil Supplies Corporation Limited (DSCSC), (iv) Delhi State Industrial and Infrastructure Development Corporation Limited (DSIIDC), (v) Delhi Transport Infrastructure Development Corporation (DTIDC), (vi) Delhi Transco Limited (DTL), (vii) Delhi Tourism and Transportation Development Corporation Limited (DTTDC), (viii) Geospatial Delhi Limited (GDL), (ix) Indraprastha Power Generation Company Limited (IPGCL) and (x) Pragati Power Corporation Limited (PPCL).

[59](DPCL, DSCFDC, DTIDC, DTL, GDL, IPGCL and PPCL)

In their reply, endorsed by Government, DPCL, DTL, IPGCL and PPCL stated (November 2015) that they had requested Government to nominate directors while DTIDC and GDL accepted (July and August 2015) the audit observation. DSCFDC stated (December 2015) that GNCTD reconstituted its Board in July 2015, which included representatives from NBCFDC, NMFDC and NHFDC, who can be treated as Independent Directors. Management reply is not acceptable as nominee directors cannot be treated as independent directors as per the Act.

2.7.1.2 Frequency of BoD meetings: As per Section 285 of the Act of 1956, a meeting of BoD should be held at least once in every three months and four times in a year. Section 173 of the Act of 2013, also requires every company to hold minimum four meetings of its BoD every year, with not more than 120 days interval between two consecutive meetings. However, BoD of DSCSC did not meet in the first quarter of 2012-13. BoD of DTIDC met only twice in 2012-13 and did not meet in first and second quarters. GDL held only three BoD meetings in each year during 2012-15. DTIDC, GDL and DSCSC accepted (July to October 2015) the audit observation.

2.7.1.3 Attendance in Board of Directors Meetings: It is important that every Director attends the BoD meetings to share expertise and knowledge. However, Directors of selected companies did not attend the meetings regularly as can be seen from **Annexure 2.7**. In DSCFDC, DSCSC, DSIIDC, DTTDC and GDL (for 2012-13); DSCFDC, DSIIDC, DTL, DTTDC and GDL (for 2013-14) and in DSCFDC, DTTDC, IPGCL and PPCL (for 2014-15) – one or two directors did not attend any meeting of BoD scheduled in these years.

2.7.2 Formation and reconstitution of Audit Committee

As per section 292A of the Act of 1956, every public company having paid-up capital of not less than ₹ five crore should constitute an Audit Committee. Sections 177 and 177(3) of the Act of 2013 also stipulate that every Audit Committee existing immediately before the commencement of the Act, should within one year of such commencement, be reconstituted with minimum three directors with majority of independent directors. Audit observed the following:

- DPCL did not form any Audit Committee during 2013-14 and failed to reconstitute the Committee with necessary number of independent directors during 2014-15. In its reply endorsed by the Government, DPCL stated (November 2015) that such Committee was not mandatory as its paid up capital was ₹ five lakh at the beginning of 2013-14, which increased in September 2013, but assured that it would be reconstituted after appointment of independent directors.

- DTIDC, DTL, IPGCL and PPCL did not reconstitute their Audit Committees as required under Act of 2013. DTL, IPGCL and PPCL in their reply endorsed by Government stated (November 2015) that Committee would be reconstituted after appointment of independent directors by GNCTD. DTIDC stated (July 2015) that their Audit Committee was reconstituted from time to time as required. The reply was not acceptable as the Audit Committee was not re-constituted as per the Act of 2013.
- GDL accepted (August 2015) the audit observation and stated that they could not reconstitute their Audit Committee for want of independent directors.
- DPCL, DTL, GDL, IPGCL and PPCL did not have independent directors in their Audit Committees. GDL (August 2015) and the Government in case of DPCL, DTL, IPGCL and PPCL, accepted (November 2015) the audit observation.

2.7.2.1 Frequency of the Audit Committee meetings: Audit scrutiny showed that Audit Committees were not regular in holding meetings, as enumerated below:

- Audit Committee in DSCFDC held only two meetings in 2012-13 and none during 2013-15 as against six meetings decided by the Company to be held every year. DSCFDC accepted (December 2015) the audit observation. DSIIDC decided that their Audit Committee should meet once in each quarter. However, it did not meet in the fourth quarter of 2012-13, first and third quarters of 2013-14 and first and fourth quarters of 2014-15. DSIIDC noted (November 2015) for future compliance.
- DTIDC had not fixed any frequency for the Audit Committee meeting. No meeting was held during 2012-13 and only one was held during 2013-14. DTIDC replied (July 2015) that being a small size organisation, Audit Committee meetings were held on need basis. Company may consider to fix a minimum frequency of Audit Committee meetings to be held every year.
- DTTDC had fixed that the Audit Committee should hold three meetings in a year. However, only two meetings each during 2012-13 and 2014-15 were held. Government accepted (February 2016) the observation.
- GDL had not fixed its frequency of audit committee meetings and held one meeting each during 2012-13 and 2014-15 and two meetings during 2013-14. The Company stated (August 2015) that meetings of Audit Committee were appropriate and that its operations were in a nascent stage. The Company may consider to fix a minimum frequency of audit committee meetings to be held every year.

2.7.2.2 Attendance in Audit Committee meetings: Section 292A (5) of the Act of 1956 states that the auditors, the internal auditor, if any, and the Director-in-charge of Finance, shall participate in Audit Committee meetings. However, these key authorities were not regular in attending Audit Committee meetings **(Annexure 2.8)**. It can be seen that there were notable abstentions in DSCFDC and DTIDC during 2012-15 from all the participants.

DSCSC stated (October 2015) that since statutory auditors conduct audit of annual accounts, they attend only those meeting in which annual accounts are placed before the Audit Committee. It further added that as internal auditors for 2012-13 and 2013-14 were appointed in December 2012 and January 2014 respectively, they did not attend meetings held prior to their appointment. Reply is not tenable as the Act of 1956 requires the statutory auditors and internal auditors to attend meetings of Audit Committee.

2.7.2.3 Non-discussing of allocated matters by the Audit Committees: As per section 292A(6) of the Act of 1956, Audit Committee should discuss with auditors periodically about internal control systems, scope of audit and review the annual financial statements, before their submission to the Board. Further, as per section 177(4) of the Act of 2013, Audit Committee shall recommend terms of appointment and remuneration of auditors, examine financial statements, Auditors' Report, and evaluate internal financial controls. However, Audit Committees did not discuss these activities regularly. Company wise details are given in **Annexure 2.9**.

- In the Action Taken Note on Para 5.12 of the Audit Report 2005, DSCSC assured to refer the review of financial and risk management policies to the Audit Committee, but this was not done. The Company stated (October 2015) that Audit Committee discussed all matters except fraud. Reply is not acceptable as no such record of discussion was found in minutes of meetings.
- DTIDC stated (July 2015) that internal control systems were briefed to the Committee and internal procedures were being followed as per Government guidelines. Reply is not acceptable as it is not supported by minutes of meetings.
- In the Action Taken Note on Para 5.12 of the Audit Report 2005, IPGCL stated that as per Board's decision, mandate of Audit Committee would include review of fraud and fraud risk. However, there was no change in the status as per Terms of Reference for the Audit Committee for the period under audit. A case of fraud in scrap involving ₹ 0.85 crore was noticed by the Company (2012-13) which highlights the risk due to non-review of the policy and a weak internal control mechanism.

2.7.3 Attendance of Chairman of Audit Committee in AGM:

As per section 292A (10) of the Act of 1956, the Chairman of Audit Committee shall attend annual general meetings (AGM) of the Company to provide any clarification on matters relating to audit. However, the Chairmen of respective Audit Committees did not attend AGMs of GDL (2013-14), DPCL, DTTDC and DTL during 2014-15 and in case of DSCSC and DSIIDC during 2013-15. The DSIIDC and GDL (November and August 2015), and Government for DPCL, DTTDC and DTL (November 2015/ February 2016) accepted the audit observation. DSCSC stated (October 2015) that the Chairman attended AGM in 2013-14 and in 2014-15. The reply is not borne out of facts as minutes/ records showed that AGM held in 2013-14 was not attended by the Chairman of the Audit committee.

2.7.4 Filing of papers with Registrar of Companies

According to section 220 of the Act of 1956, 'Balance Sheet' and 'Profit & Loss Account' should be filed with the Registrar of Companies (ROC) within 30 days from the date on which these were so laid before the AGM. Where AGM for any year has not been held, these shall be filed with ROC within 30 days from the latest day on or before which that meeting should have been held.

However, IPGCL, PPCL, DPCL, DSCSC, DSIIDC, DTL and DTTDC paid fine of ₹ 34,500 for failing to file these papers for 2012-14. They were filed with delays ranging between 3 and 312 days. DSIIDC, DSCSC and DTTDC (August to November 2015) and Government in case of DPCL, IPGCL, PPCL and DTL (November 2015) accepted the audit observation.

2.7.5 Corporate Social Responsibility (CSR)

As per section 135 (1) of the Act of 2013, every company having net worth of ₹ 500 crore or more or turnover of ₹ 1,000 crore or more or a net profit of ₹ five crore or more during any financial year, was required to constitute a 'Corporate Social Responsibility Committee' (CSRC) by 31 March 2015. Further, section 135(3) (a) envisages that this Committee shall formulate and recommend to the Board, a Corporate Social Responsibility Policy (CSRP). However, DSCFDC, DSCSC and DTIDC did not formulate any CSRP. DTL formulated CSRP in September 2015. DSCFDC accepted (December 2015) the audit observation. The DTIDC and DSCSC stated (July and October 2015) that CSRP was under preparation.

Further, section 135(5) of the Act of 2013 envisages that the BoDs should ensure that the company spends at least two *per cent* of the average net profits made during the three immediately preceding financial years, in pursuance of its CSRP, i.e. on activities for eradication of hunger, poverty, promotion of education and other social causes. However, Audit observed that six out of 10 selected companies did not fulfil their CSR. Details of amounts these companies were expected to spend towards discharging their CSRs during 2014-15, are given in **Annexure 2.10**.

Going by their accounts, these six companies were expected to spend an aggregate of ₹ 17.87 crore towards discharging their CSR during 2014-15, but no amount was spent. DSIIDC and DTIDC accepted (November and July 2015) the audit observation. Further, in their reply endorsed by Government, DTL, IPGCL and PPCL replied (November 2015) that they were not able to spend on CSR activities due to acute financial crisis for non-payment of dues by BRPL[60] and BYPL[61].

2.7.6 Disclosure of concern or interest by Directors

Section 184 of the Act of 2013 provides that every director shall at the first meeting of the Board in which he participates and, thereafter, at the first meeting in every financial year, disclose his concern or interest in any company, body corporate, firms or other association. However, directors of DSCFDC, DSCSC and DTTDC did not disclose such information in the meetings of Board held during 2014-15.

DSCSC stated (October 2015) that directors provided Directors Identification Number (DIN) and other key documents which may be considered as their disclosure of interest. The reply was not acceptable as Companies Act prescribes every director to disclose his/ her interest at the first meeting of the Board in which he/ she participates and not at any other occassion. Government for DTTDC noted (February 2016) the audit observation for future compliance.

2.7.7 Other issues

(i) It was noticed in DSCFDC that:

- Annual accounts for the years 2004-05 onwards were in arrears, as of March 2016.
- Internal audit of its accounts was not conducted during the period 2012-15. The Company had not appointed internal auditors for these years. DSCFDC stated (December 2015) that a proposal for appointment of Internal Auditors had been submitted.
- Its BoD neither discussed minutes of the second Audit Committee meeting held on 25 September 2012 nor approved the comments of the CAG on its financial statements for the years 2002-03 and 2003-04, as of May 2015.

[60]BSES Rajdhani Power Limited
[61]BSES Yamuna Power Limited

(ii) Annual accounts of DTIDC for 2013-14 were in arrears. Company, attributing arrears to unavoidable reasons stated (July 2015) that efforts were on to complete it.

2.7.8 Conclusion

The corporate governance in PSUs was deficient. BoDs did not meet as per required frequency and were short of prescribed number of independent directors. The Directors were not regular in attending meetings and did not disclose their interests in other companies or firms. Audit Committees were either not formed or functioning adequately as envisioned in the Act. Though statutorily required to spend two *per cent* of their net profits on corporate social responsibilities, six PSUs spent no amount on the same.

The above points were reported (September 2015) to Government, their reply was awaited in respect of observations on DSCFDC, DSCSC, DSIIDC, DTIDC and GDL (March 2016).

Department of Urban Development

2.8 Working of Shahjahanabad Redevelopment Corporation

Shahjahanabad Redevelopment Corporation had not prepared any plan for implementing its mandate of redeveloping Shahjahanabad even after seven years of its formation. It failed to conceptualize and plan even a single project and the aim of revitalising Shahjahanabad is still in its infancy. Expenditure of ₹ 4.36 crore since inception was mainly on establishment.

GNCTD approved (30 November 2007) a proposal of its Department of Urban Development for speeding up the work on preservation and upgradation of heritage sites in the walled city (Shahjahanabad) and set up a Special Purpose Vehicle (SPV). The SPV was named 'Shahjahanabad Redevelopment Corporation' and was incorporated as a section 25, Company (a not for profit company) on 01 May 2008 under the Companies Act, 1956. The main objective of forming the Company were development of *katras,* conservation of havelis and heritage structures, improvement of civic services and to formulate policy for shifting of markets and trades of hazardous nature, etc. from the walled city area.

To evaluate the activities undertaken towards fulfilment of its mission objectives, Audit appraised the working of SRDC. Main audit findings are discussed in the succeeding paragraphs.

2.8.1 Inconsistency between mandate and Memorandum of Association

The Company was set up with specific mandate of undertaking development and conservation work in the walled city area. Audit, however, observed that in its Memorandum of Association, the Company extended its objectives to the whole of Delhi.

Activities undertaken in areas beyond mandate

- The Company undertook work of conservation of monuments transferred by the Department of Archaeology, GNCTD (December 2009) and revival of Qutub ki Baoli (March 2011). The Board of Directors of the Company realising the inconsistency decided to stop the works (September 2011/ July 2013 respectively) and confine their activities in the first phase of their activities to the walled city area. By then, ₹ 9.37 lakh had been spent on cleaning of Qutub ki Baoli and ₹ 17.50 lakh on preparation of conservation notes. Thus, had the decision been taken in time and in line with its mandated objectives, expenditure of ₹ 26.87 lakh could have been avoided.
- The company undertook heritage walks and organised workshops as part of its mandate to showcase the heritage of the city. The Company appointed (February 2011) a consultant, on nomination basis, on six monthly basis with consolidated monthly salary of ₹ 50,000. However, Audit observed that more than half of the heritage walks were organised in areas other than walled city including Haus Khas, Mehrauli, despite SRDC being mandated to confine its activities within Shahjahanabad. The Company had incurred an expenditure of ₹ 27.10 lakh[62] on these walks.

2.8.2 Delay in preparation of a comprehensive framework

In every project for achieving mandated objective of conservation and redevelopment, a detailed estimate of the site and the work to be undertaken has to be prepared. SRDC therefore should have prepared a comprehensive framework including inter alia the programmes and plans as may be required by inviting various stakeholders, preparing conservation budgets and implementation procedures for each project. It should have also collected details of ongoing works of other civic agencies like Municipal Corporation, Public Works Department (PWD), Electricity, Water supply utility etc. to avoid conflict of activities. Audit observed that though a period of more than seven years has elapsed since incorporation, the Company had not been able to finalise any comprehensive plan for fulfilling its objectives. It was seen that the few works entrusted like 'Redevelopment of Jama Masjid precincts' (transferred from MCD), 'Redevelopment of Chandni Chowk' involving works of providing ducts along all major roads for undergrounding of utilities were undertaken in piece meal manner and were not part of a bigger plan.

[62]Salary: ₹ 20 lakh @ ₹ 50,000 per month for 40 months, Videography and photography expenses of ₹ 7.10 lakh.

2.8.3 Development works

The project of redevelopment of Chandni Chowk was decided to be undertaken in two phases. Phase I involved undergrounding of all services and Phase II involved revival of Chandni Chowk. Audit noticed:

For improving aesthetics of the walled city, the GNCTD provided ₹ 25 crore in the annual plan-2011-12 to the Company for providing ducts along all major roads for undergrounding utility facilities. The Company identified (June 2011) two roads - Urdu Bazar Road and Chandni Chowk Road in Stage-I. It estimated the cost of work at ₹ 12 crore, revised to ₹ 13.23 crore (September 2011), to be completed by December 2011. The project was inaugurated on 5 December 2011 on Chandni Chowk Road. The Company spent ₹ 35.78 lakh on publicity.

GNCTD observing the slow progress of the work which had not begun even two years after its inauguration, transferred (February 2013) it to PWD. Audit scrutiny showed PWD had provided ducts on the northern side of the main road whereas work on southern side remained to be initiated as of December 2015 due to pending decision on proposal of Tramway System by the Government. The Company nevertheless had not submitted (February 2016) the memorandum for seeking approval and release of funds for the ducting project from Expenditure Finance Committee of GNCTD.

Audit observed that PWD in accordance with the decision of a meeting convened (June 2014) by Honorable Lieutenant Governor got prepared (May 2015) a DPR for Tramway System by Delhi Metro Rail Corporation entailing a cost of ₹ 782 crore. Considering the project to be within the scope of 'Shahjahanbad Redevelopment Plan', PWD submitted (May 2015) the DPR of Tramway System to SRDC for its approval, with a request for payment of ₹ 75 lakh (yet to be approved) as cost of preparation of DPR. However, SRDC rejected (September 2015) the proposal considering its high estimated cost and the long implementation period. It proposed running of electric buses instead and requested PWD to submit a proposal accordingly.

2.8.4 Redevelopment of Chandni Chowk

The project of 'Redevelopment of Chandni Chowk' was conceived by the Council of Scientific and Industrial Research and MCD in 2008 and a Draft Project report (DPR) was prepared by M/s Abhimanyu Dalal Architects (ADA) with estimated cost of work of ₹ 18.94 crore. The project envisioned pedestrianisation of streets, carriage way improvement, lighting and illumination, horticulture and landscaping for aesthetic stretch, public amenities. SRDC adopted (May 2011) this project as Phase-II of the project - 'Providing ducts along all major roads of Shahjahanbad' and sought (September 2011) funds of ₹ 22.50 crore from GNCTD. However, no progress was made as of December 2015.

2.8.5 Finances and capacity buildup

The Company is 100 *per cent* funded by grants-in-aid from the Department of Urban Development, GNCTD. In the 12th Five Year Plan, it was allocated ₹ 200 crore[63] (including for capital expenditure on redevelopment and conservation works and capacity buildup expenditures). Funds were to be released after the Company had obtained approval of the Expenditure Finance Committee (EFC) for its projects. Audit, however, observed that SRDC did not submit any memorandum to EFC for approval of any project. Funds allocated and released to SRDC during 2008-15, are depicted in table given below:

Table 2.8.1: Allocation, release and utilisation of funds (2008-15)

(₹ in crore)

Year	Funds allocated	Funds released	Funds utilised
2008-09	20.00	1.00	-
2009-10	5.00	4.93	0.29
2010-11	5.00	-	0.69
2011-12	30.00	-	1.32
2012-13	40.00	-	0.77
2013-14	47.00	-	0.81
2014-15	5.00	-	0.48
Total	**152.00**	**5.93**	**4.36**

It is evident that SRDC was still in its infancy even seven years after its incorporation. After initial release of ₹ 5.93 crore, no funds were released, as SRDC failed to come up with any project proposal before the EFC. Expenditure of ₹ 4.36 crore over a period of seven years was mainly on establishment.

SRDC failed to appoint full-time or part-time experts and/or consultants in various fields[64], a post of Deputy Director (Projects & Administration) was created only in May 2014. It had not undertaken a formal stakeholder analysis so far to involve them in the planning and implementation of programmes and maintenance of heritage sites. This is also evident from the fact that SRDC was not even able to prepare a conceptual framework for revitalisation of Shahjahanabad so far (November 2015).

The Company suffered shortage of staff of upto 60 *per cent* in its cadres and nine important posts[65] were vacant since their creation.

[63]For providing ducts for undergrounding of utilities along roads, redevelopment of Chandni Chowk and Jama Masjid precinct, capacity building, digital maps and GIS based heritage listing, creation of heritage sensitive infrastructure, etc.

[64]History, Heritage Education, Architecture, Conservation, Urban Planning, Art & Culture, Finance, Administration for planning, coordination and supervision.

[65]Three posts of Advisor (Heritage), Advisor (Planning & Coordination) and Manager (IT) created in October 2009 and six posts of Dy. Director (Engineering Works), Dy. Director (Urban Planning), Asstt Director (Civil), Asstt Director (Electrical), Junior Engineer (Civil) and Junior Engineer (Electrical) created in September 2011.

2.8.6 Other issues

As per the provisions of the Companies Act, 2013, a Director of a company should not have any pecuniary relationship with that company. Audit observed that one independent Director on the Board of SRDC, through his consultancy firm (M/s ADA), was assigned consultancy work for the projects - 'Providing ducts along all major roads in Shahjahanbad' and 'Redevelopment of Chandni Chowk' which was a violation of the Companies Act.

2.8.7 Conclusion

Though SRDC was incorporated in 2008, it has not prepared till date any plan for implementing its envisioned mandate of redeveloping Shahjahanabad. It failed to conceptualise and plan even a single project and the aim of revitalising Shahjahanabad was still in its infancy.

New Delhi	**(DOLLY CHAKRABARTY)**
Dated :	**Principal Accountant General (Audit), Delhi**

Countersigned

New Delhi	**(SHASHI KANT SHARMA)**
Dated :	**Comptroller and Auditor General of India**

Appendix/Annexures

Appendix-1
Different types of assessments under DVAT Act and CST Act
(Referred to in Paragraph 1.2.2)

System of assessment under DVAT Act and CST Act

Self Assessment	Under Section 31(1), where a return is furnished by a person as required under section 26 or 27 of this Act which contains the prescribed information and complies with the requirements of this Act and the Rules- (a) the Commissioner is taken to have made, on the day on which the return is furnished, an assessment of the tax payable of the amount specified in the return; (b) the return is deemed to be a notice of the assessment and to be under the hand of the Commissioner, and (c) the notice referred to in clause (b) is deemed to have been served on the person on the day on which the Commissioner is deemed to have made the assessment.
Default Assessment	Under section 32(1), if any person - (a) has not furnished returns under this Act by the prescribed date; or (b) has furnished incomplete or incorrect returns; or (c) has furnished a return which does not comply with the requirements of this Act;or (d)for any other reason, the Commissioner is not satisfied with the return furnished by a person; the Commissioner may for reasons to be recorded in writing assess or reassess to the best of his judgment the amount of net tax due for a tax period or more than one tax period by a single order so long as all such tax periods are comprised in one year.
Penalty Assessment	Under section 33, if any person is liable to pay a penalty under the Act, the Commissioner shall assess the case and serve on the person a notice of assessment of the penalty that is due.
Assessment under Central Sales Tax (CST) Act	Section 9(2) of the CST Act, *inter-alia* empowers the authorities of a State Government, who collect tax on behalf of Government of India under different sections of CST Act, to assess, re-assess, collect and enforce payment of tax including interest and penalty.

Annexure 1.1
Details of cases which escaped assessment and became time-barred
(Referred to in paragraph 1.2.2.1)

(₹ in crore)

Sl. No.	Ward	2009-10		2010-11	
		Cases not assessed	GTO	Cases not assessed	GTO
1	33	2	21.33	3	39.29
2	44	14	148.27	15	314.45
3	49	5	57.73	3	36.97
4	76	7	146.19	7	272.40
5	86	8	56.70	5	108.83
6	88	12	132.49	9	103.28
7	94	23	389.80	15	518.17
8	101	14	984.19	19	1299.71
9	104	5	70.22	2	99.33
10	201	3	93.21	4	480.21
11	204	3	125.82	3	48.02
Total		**96**	**2225.95**	**85**	**3320.66**

Annexure 1.2
List of pending demand cases
(Referred to in paragraph 1.2.2.2 (i) and (ii))

(₹ in crore)

Ward No.	Demand cases selected	Cases where demand paid/ recti-fied	Out-standing demand cases	Amount out-standing	Objection filed in cases[66]	Amount under objection	Cases where neither objection filed nor demand paid	Amount
33	72	7	65	7.59	0	0	65	7.59
44	235	28	207	100.11	2	45.00	205	55.11
49	256	49	207	21.10	5	0.36	202	20.74
76	157	10	147	32.65	0	0	147	32.65
86	129	56	73	7.72	15	3.24	58	4.48
88	135	12	123	18.36	9	0.23	114	18.13
94	421	17	404	148.33	0	0	404	148.33
101	358	70	288	84.89	0	0	288	84.89
104	189	41	148	24.40	65	9.47	83	14.93
201	122	36	86	36.50	39	13.74	47	22.76
204	175	26	149	30.40	29	7.88	120	22.52
Total	**2249**	**352**	**1897**	**512.05**	**164**	**79.92**	**1733**	**432.13**

[66] Wards 33,76,94 and 101 did not provide any information regarding objections filed by dealers with OHAs.

Annexure 1.3
Outstanding demand against cancelled dealers
(Referred to in paragraph 1.2.2.2 (iv))

(₹ in crore)

Ward No.	No. of dealers whose RC is cancelled	No. of cases	Amount
33	07	14	2.98
44	09	33	52.82
49	18	63	9.18
76	05	17	8.45
86	01	01	0.77
88	05	16	5.98
94	48	132	74.68
101	29	97	51.43
104	03	26	4.75
204	03	11	3.94
Total	**128**	**410**	**214.98**

Annexure 1.4
Forms issued to dealers after the cancellation of RC without realisation of demands
(Referred to in paragraph 1.2.3.1 (iii))

(₹ in crore)

Sl. No.	TIN and Ward No.	Form Type	Date of cancellation of RC	Date of issue of forms	Form Amount	Demand amount
1	07560473427, W-76	C	20.06.2014	29.07.2014	0.48	0.24
2	07256893591, W-101	C	15.05.2013	30.08.2014	0.14	0.06
3	07730364839, W- 94	C	09.01.2014	06.08.2014	1.59	0.18
	-do-	F	09.01.2014	06.08.2014	2.16	-
4	07590417296, W-94	C	02.07.2012	16.06.2014	0.04	0.18
5	07050468906, W-101	F	12.05.2014	24.05.2014	6.00	0.18
6	07620212658, W-104	F	30.04.2011	17.04.2013	31.38	0.14
7	07980378039, W-76	C	19.03.2012	08.11.2012	15.17	0.18
Total					**56.96**	**1.16**

Annexure 1.5
Allowance of refund to dealers whose registration were cancelled
(Referred to in paragraph 1.2.3.1 (vi))

(Amount in ₹)

Sl. No.	TIN	Ward	Date of cancellation of RC	Refund amount	Date of issue	Assessment period	Date of assessment	Demand amount
1	07040113843	49	31/07/2013	157925	29/10/2013	First Quarter-2012	07/06/2014	31820
2	07150439654	76	01/10/2013	923	23/12/2013	Third Quarter-2012	07/06/2014	1763
3	07230303422	49	01/07/2011	16969	19/07/2011	Annual-2011	26/02/2013	10000
4	07500229796	94	15/03/2012	157372	11/07/2012	Annual-2010	30/03/2015	1472814
5	07550295292	94	30/05/2012	6137	29/01/2014	First Quarter-2012	07/06/2014	199
6	07560223943	94	01/04/2012	242826	31/01/2014	Annual-2010	30/03/2015	2059586
7	07720165267	94	01/04/2012	242032	31/01/2014	Annual-2010	30/03/2015	1919552
8	07730203625	76	30/09/2010	76436	12/05/2011	Annual-2009	05/11/2012	200883
9	07730307609	49	27/12/2010	14485	08/08/2012	Annual-2010	09/03/2015	430175
10	07900067683	49	31/03/2012	150000	23/05/2012	Annual-2010	16/03/2015	1636286
11	07900280695	104	01/04/2012	242284	24/06/2014	Annual-2010	30/03/2015	1340330
Total				**1307389**				**9103408**

Annexure 2.1(i)
Statement showing investments made by State Government in PSUs whose accounts are in arrears
(Referred to in paragraph no. 2.1.9)

(Figures in columns 4 and 6 to 8 are ₹ in crore)

Sl. No.	Name of the Public Sector Undertaking	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Period of accounts pending finalisation	Investment made by State Government during the years for which the accounts are in arrears			
					Year	Equity	Loans	Grants/ Subsidy
(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)
A	**Working Companies/ Corporations**							
1	Delhi SC /ST /OBC Minorities, Handicapped Financial and Development Corporation Limited	2003-04	25.92	11 years (2004-05 to 2014-15)	2004-05	0.00	0.00	2.04
					2005-06	1.81	0.00	0.66
					2006-07	0.00	0.34	0.00
					2007-08	7.00	2.15	0.00
					2008-09	0.64	0.00	0.36
					2009-10	6.00	0.00	0.64
					2010-11	3.83	0.00	0.51
					2011-12	0.00	0.00	0.50
					2012-13	0.00	50.00	0.53
					2013-14	0.00	0.00	81.00
					2014-15	0.00	0.00	0.00
2	Delhi State Industrial & Infrastructure Development Corporation Limited	2013-14	21.00	1 year (2014-15)	2014-15	0.00	0.00	0.00
3	Delhi Power Company Limited	2013-14	745.05	1 year (2014-15)	2014-15	0.00	0.00	350.00
4	Delhi Transco Limited	2013-14	3951.00	1 year (2014-15)	2014-15	0.00	100.00	200.00
5	Indraprastha Power Generation Company Limited	2013-14	736.54	1 year (2014-15)	2014-15	0.00	0.00	5.00
6	Pragati Power Corporation Limited	2013-14	2074.19	1 year (2014-15)	2014-15	0.00	100.00	0.00
7	Delhi State Civil Supplies Corporation Limited	2013-14	7.00	1 year (2014-15)	2014-15	0.00	0.00	40.89
8	Delhi Tourism and Transportation Development Corporation Limited	2013-14	6.28	1 year (2014-15)	2014-15	0.00	0.00	3.61
9	Delhi Transport and Infrastructure Development Corporation Limited	2012-13	10.65	2 year (2013-14 to 2014-15)	2013-14	0.00	10.00	0.00
					2014-15	0.00	0.00	0.00
Total A (Working Government Companies)			**7577.63**			**19.28**	**262.49**	**685.74**
B	**Working Statutory Corporations**							
1	Delhi Financial Corporation	2013-14	26.30	1 year (2014-15)	2014-15	0.00	0.00	0.00
2	Delhi Transport Corporation	2013-14	1983.85	1 year (2014-15)	2014-15	0.00	0.00	1003.85
Total B (Working Statutory Corporations)			**2010.15**			**0.00**	**0.00**	**1003.85**
Grand Total (A+B)			**9587.78**			**19.28**	**262.49**	**1689.59**
Total Investment						**1971.36**		

Annexure – 2.1 (ii)

Summarised financial position and working results of Government Companies and Statutory Corporations as per their latest finalised financial statements/accounts

(Referred to in paragraph 2.1.11)

(Figures in Columns 5 to 12 are ₹ in crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which accounts finalised	Paid up Capital	Loans outstanding at the end of the year	Accumulated Profit (+)/ Loss (-)	Turnover	Net Profit (+)/ Loss (-)				Net Impact of Audit Comments[67]	Capital employed[68]	Return on capital employed[69]	Percentage return on capital employed	Manpower
								Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss (before tax)					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	9 (a)	9 (b)	9 (c)	9(d)	(10)	(11)	(12)	(13)	(14)
A. Working Government Companies																
FINANCE																
1	Delhi SC /ST /OBC Minorities, Handicapped Financial and Development Corporation Limited	2003-04	2013-14	25.92	11.79	26.99	11.09	6.22	0.40	0.25	5.57	0.00	81.94	5.97	7.29	166
Sector wise Total				**25.92**	**11.79**	**26.99**	**11.09**	**6.22**	**0.40**	**0.25**	**5.57**	**0.00**	**81.94**	**5.97**	**7.29**	**166**
INFRASTRUCTURE																
2	Delhi State Industrial & Infrastructure Development Corporation Limited	2013-14	2014-15	21.00	0.00	311.75	1305.00	150.04	0.00	1.69	148.35	0.00	2026.06	148.35	7.32	1521
3	Shahjahanabad Redevelopment Corporation[70]	2014-15	2015-16	0.00	0.00	0.00	0.00	0.05	0.00	0.05	0.00	0.00	0.18	0.00	0.00	16
Sector wise Total				**21.00**	**0.00**	**311.75**	**1305.00**	**150.09**	**0.00**	**1.74**	**148.35**	**0.00**	**2026.24**	**148.35**	**7.32**	**1537**
POWER																
4	Delhi Power Company Limited	2013-14	2014-15	745.05	3189.98	-1660.24	0.00	57.29	93.28	0.02	-36.01	0.00	3837.82	57.27	1.49	18
5	Delhi Transco Limited	2013-14	2014-15	3951.00	1695.23	-2593.23	532.39	-1.40	79.03	119.54	-199.97	-2.59	3482.80	-120.94	0.00	1502
6	Indraprastha Power Generation Company Limited	2013-14	2014-15	736.54	88.15	438.57	969.12	350.20	122.76	37.78	189.66	0.00	701.84	312.42	44.51	955

[67] Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG issued during the period Oct 2014 to Sep 2015 on the latest finalised accounts and is denoted by (+) increase in profit/ decrease in losses (-) decrease in profit/ increase in losses.

[68] Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in case of finance companies/ corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings (including refinance).

[69] Return on capital employed has been worked out by adding profit and interest charged to profit and loss account.

[70] SRC has a paid up capital of ₹ 700 only, interest of ₹ 113 and accumulated profit of ₹ 43,514 only

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which accounts finalised	Paid up Capital	Loans outstanding at the end of the year	Accumulated Profit (+)/ Loss (-)	Turnover	Net Profit (+)/ Loss (-)				Net Impact of Audit Comments[67]	Capital employed[68]	Return on capital employed[69]	Percentage return on capital employed	Manpower
								Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss (before tax)					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	9 (a)	9 (b)	9 (c)	9(d)	(10)	(11)	(12)	(13)	(14)
7	Pragati Power Corporation Limited	2013-14	2014-15	2074.19	2068.71	1227.62	2139.00	1105.08	304.94	202.23	597.91	0.00	6112.18	902.85	14.77	277
8	DSIIDC Energy Limited	2014-15	2015-16	0.01	0.00	0.21	0.16	0.11	0.00	0.00	0.11	0.03	0.23	0.11	47.83	0
Sector wise Total				**7506.79**	**7042.07**	**-2587.07**	**3640.67**	**1511.28**	**600.01**	**359.57**	**551.70**	**-2.56**	**14134.87**	**1151.71**	**8.15**	**2752**
SERVICES																
9	Delhi State Civil Supplies Corporation Limited	2013-14	2014-15	7.00	2.14	19.00	1037.22	11.78	0.00	0.56	11.22	0.00	35.10	11.22	31.97	650
10	Delhi Tourism and Transportation Development Corporation Limited	2013-14	2014-15	6.28	0.00	21.46	1050.60	22.41	0.00	3.15	19.26	0.00	196.97	19.26	9.78	782
11	Geospatial Delhi Limited	2014-15	2015-16	10.76	1.00	3.56	4.24	2.60	0.00	0.73	1.87	0.22	21.15	1.87	8.84	63
12	DSIIDC Exim Limited	2014-15	2015-16	0.01	0.03	-0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
13	DSIIDC Liquor Limited	2014-15	2015-16	0.01	0.00	-0.04	0.00	0.00	0.00	0.00	0.00	0.00	-0.03	0.00	0.00	0
14	DSIIDC Maintenance Services Limited	2014-15	2015-16	0.01	0.00	-0.07	0.00	-0.01	0.00	0.00	-0.01	0.00	-0.06	-0.01	0.00	0
Sector wise Total				**24.07**	**3.17**	**43.87**	**2092.06**	**36.78**	**0.00**	**4.44**	**32.34**	**0.22**	**253.13**	**32.34**	**12.78**	**1495**
TRANSPORT																
15	Delhi Transport and Infrastructure Development Corporation Limited	2012-13	2014-15	10.65	20.00	21.97	28.23	36.01	19.31	1.98	14.72	0.00	219.84	34.03	15.48	135
Sector wise Total				**10.65**	**20.00**	**21.97**	**28.23**	**36.01**	**19.31**	**1.98**	**14.72**	**0.00**	**219.84**	**34.03**	**15.48**	**135**
Total A (All sector wise working Government companies)				**7588.43**	**7077.03**	**-2182.49**	**7077.05**	**1740.38**	**619.72**	**367.98**	**752.68**	**-2.34**	**16716.02**	**1372.40**	**8.21**	**6085**
B. Working Statutory corporations																
FINANCE																
16	Delhi Financial Corporation	2013-14	2014-15	26.30	56.99	0.00	16.99	7.45	7.10	0.32	0.03	0.00	146.70	7.13	4.86	99
Sector wise Total				**26.30**	**56.99**	**0.00**	**16.99**	**7.45**	**7.10**	**0.32**	**0.03**	**0.00**	**146.70**	**7.13**	**4.86**	**99**
TRANSPORT																
17	Delhi Transport Corporation	2013-14	2014-15	1983.85	11676.14	-18971.02	1115.98	1298.13	2490.20	171.67	-1363.74	-2671.18	2557.09	1126.46	44.05	32930
Sector wise total				**1983.85**	**11676.14**	**-18971.02**	**1115.98**	**1298.13**	**2490.20**	**171.67**	**-1363.74**	**-2671.18**	**2557.09**	**1126.46**	**44.05**	**32930**
Total B (All sector wise working Statutory corporations)				**2010.15**	**11733.13**	**-18971.02**	**1132.97**	**1305.58**	**2497.30**	**171.99**	**-1363.71**	**-2671.18**	**2703.79**	**1133.59**	**41.93**	**33029**
Grand Total (A + B)				**9598.58**	**18810.16**	**-21153.51**	**8210.02**	**3045.96**	**3117.02**	**539.97**	**-611.03**	**-2673.52**	**19419.81**	**2505.99**	**12.90**	**39114**

Annexure-2.2 A
Financial position of the Corporation for the years 2010-11 to 2014-15
(Referred to in paragraph-2.2.2 and 2.2.2.2)

(₹ in crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
LIABILITIES					
Total Equity Capital including ₹ 540 crore issued under JNNURM	1583.30	1784.30	1983.85	1983.85	1983.85
Reserves and funds	193.26	257.45	270.58	301.71	326.70
Loans from GNCTD	511.30	511.30	511.30	511.30	511.30
Ways & Means loans from GNCTD	11164.84	11164.84	11164.84	11164.84	11164.84
Grant-in-Aids (VRS)/Pension	0.47	0.47	0.47	0.00	24.0
GIA-water harvesting	0.02	0.02	0.02	0.02	0.02
Grant for construction of Bus depots/terminals	137.87	128.27	139.36	146.80	22.02
Grant-in Aid-Ways & Means	0	529	1304	0	0
Interest on Govt. loans	170.65	1915.33	3954.93	6419.86	9222.86
Current Liabilities	1171.00	578.45	514.82	550.69	632.56
Total	**14932.71**	**16869.44**	**19844.17**	**21079.07**	**23888.15**
ASSETS					
Fixed assets (at cost)	2538.41	2517.64	2473.99	2448.07	2327.76
less Depreciation	629.61	760.79	865.40	1002.55	1050.17
Net Fixed Assets	1908.80	1756.85	1608.59	1445.52	1277.59
Investment/deposit with bank against reserve funds	2.164	2.37	2.57	2.82	2.99
total current assets, loans & advances	759.95	417.35	625.73	659.71	718.79
Accumulated losses	12261.80	14692.88	17607.28	18971.02	21888.78
Total	**14932.71**	**16869.44**	**19844.17**	**21079.07**	**23888.15**
Ratio analysis					
Liquid Ratio	0.26 :1	0.33 : 1	0.51 : 1	0.63 : 1	0.43:1
Debt Equity Ratio	7.37	6.55	5.88	5.88	5.88
Fixed Assets to Shareholders' fund	111.25	88.74	73.34	64.99	56.81
Return on equity	-146.78	-131.57	-139.68	-61.75	- 130.46
Return on capital employed	-220.978	-175.635	-213.082	-108.704	-246.48
Net worth	-10346.87	-11993.35	-13908.99	-16538.60	-19532.19

Annexure-2.2B
Working results of the Corporation for the period 2010-15
(Referred to in paragraph 2.2.2)

(₹ in crore)

Sl. No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1	Operating revenue	866.34	1196.05	1228.38	1115.98	992.17
2	Non-operating revenue	116.64	80.65	96.03	113.04	117.70
3	Utilization of Grant-in-aid from GNCTD	0.00	0.00	0.00	2204.00	1104.64
4	Others-prior period adjustment etc.	1.99	138.93	25.28	16.57	12.03
5	**Total revenue (1+2+3+4)**	**984.97**	**1415.63**	**1349.69**	**3449.59**	**2226.54**
Operating Expenditure						
6	CNG, Oil & Lubricants and Repairs & Maintenance	354.28	513.91	597.27	578.31	492.35
7	AMC charges-Low Floor Buses	56.79	109.23	145.98	172.64	197.57
8	Total Employee Cost	985.06	1165.67	1220.18	1310.77	1329.59
9	Depreciation	159.05	184.31	173.10	171.67	169.11
10	Other miscellaneous operating expenses	52.25	60.79	67.53	76.82	76.74
11	**Total Operating expenditure (6+7+8+9+10)**	**1607.43**	**2033.91**	**2204.06**	**2310.21**	**2265.36**
Non-operating expenditure						
12	Interest on GNCTD loans	1678.88	1770.82	2039.60	2456.79	2803.00
13	Others (interest on equity capital and plan loan reapportioned to capital reserve and other misc. non-operating revenue)	33.78	41.97	20.43	46.34	75.93
14	Total Non-operating expenditure (12+13)	1712.66	1812.79	2060.03	2503.13	2878.93
15	**Total expenditure (11+14)**	**3320.09**	**3846.70**	**4264.09**	**4813.34**	**5144.29**
16	Operating loss for the year (1-11)	741.09	837.86	975.68	1194.23	1273.19
17	Total loss for the year (15-5)	2335.12	2431.07	2914.40	1363.75	2917.75
Analysis of revenue and expenditure per kilometer						
18	Effective kms operated (in crores)	29.22	37.4	35.36	31.67	28.74
19	Operating revenue per km (1/18) (₹)	29.65	31.98	34.74	35.24	34.52
20	Non-operating revenue per km (2/18) (₹)	3.99	2.16	2.72	3.57	4.10

Sl. No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
21	Total Income per km (5/18) (₹)	33.71	37.85	38.17	108.92	77.47
22	Operating expenditure per km (11/18) (₹)	55.01	54.38	62.33	72.95	78.82
23	Non-operating Expenditure per Km (14/18) (₹)	58.61	48.47	58.26	79.04	100.17
24	Operating Loss per km (16/18) (₹)	25.36	22.40	27.59	37.71	44.30
25	Traffic earning (₹ in crore)	863.60	1191.44	1222.53	1109.92	987.05
26	Non-traffic earning (₹ in crore)	119.38	85.26	101.88	119.10	122.82
27	Traffic earning per km (25/18) (₹)	29.56	31.86	34.57	35.05	34.34
28	Non-Traffic Earning per km (26/18) (₹)	4.09	2.28	2.88	3.76	4.27
29	Variable cost (₹ in crore)	412.34	625.75	744.75	751.76	689.92
30	Variable Cost per km (29/18) (₹)	14.11	16.73	21.06	23.74	24.01
31	Contribution (total earnings – variable cost) (₹ in crore)	570.64	650.95	579.66	477.26	419.95
32	Contribution per km (31/18) (₹)	19.53	17.41	16.39	15.07	14.61
33	Total of semi variable cost (Employee cost, Rent rates and taxes etc.) (₹ in crore)	1069.25	1236.23	1303.63	1420.15	1439.31
34	Total of semi variable cost per KM (33/18)(₹)	36.59	33.05	36.87	44.84	50.08
35	Working Expenditure (variable cost +semi variable cost) per km (₹)	50.70	49.79	57.93	68.58	74.09
36	Working Loss (₹ in crore)	498.61	585.28	723.98	942.89	1019.36
37	Working Loss per km (36/18) (₹)	17.06	15.65	20.47	29.77	35.47
38	Depreciation per km (in ₹)	5.44	4.93	4.90	5.42	5.88
39	Interest on GNCTD loan per km (in ₹)	57.45	47.35	57.68	77.57	97.53
40	Fixed cost per km (₹)	62.90	52.28	62.58	83.00	103.41
41	**Total expenditure per km (₹)**	**113.60**	**102.06**	**120.51**	**151.57**	**177.50**
42	**Total Profit(loss) per km (₹)**	**(-)79.92**	**(-)65.00**	**(-)82.42**	**(-)43.06**	**(-)101.52**

Source: Annual Accounts of the Corporation and information provided by Corporation.

Annexure-2.3
Statement showing operational performance of Delhi Transport Corporation
(Referred to in paragraph 2.2.3)

Sl. No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1	Buses held at the end of the Year[71]	6197	5885	5438	5216	4705
2	Average number of buses held	5771	6084	5609	5341	4977
3	Average number of buses on road	4330	5121	4805	4567	4180
4	Percentage of utilisation of buses {(3÷2)×100}	75.03	84.27	85.77	85.51	84.10
5	Number of employees	41938	40796	38162	35561	32930
6	Employee vehicle ratio (5÷2)	7.27	6.71	6.80	6.66	6.62
7	Number of routes operated during the year	571	547	556	567	558
8	Average number of trips scheduled daily	38949	46621	45795	46963	44207
9	Average number of trips operated daily	30819	39983	38612	37404	35511
10	Operational ratio (Percentage) {(9÷8)×100}	79.13	85.76	84.31	79.65	80.33
11	Scheduled kilometers (in lakh)	3666.18	4354.33	4195.17	4012.45	3647.73
12	Gross kilometers operated (in lakh)	2981.80	3806.74	3592.39	3216.42	2910.86
13	Effective kilometers operated (in lakh)	2920.70	3738.70	3534.09	3165.21	2870.98
14	Dead kilometers (in lakh)	61.10	68.04	58.30	51.21	39.88
15	Percentage of dead kilometers to gross kilometers {(14÷12)×100}	2.05	1.79	1.62	1.59	1.37
16	Missed kilometers (in lakh) (11-13)	745.48	615.63	661.08	847.24	776.75
17	Percentage of missed kilometers to scheduled kilometers {(16÷11)×100}	20.33	14.14	15.76	21.12	21.29
18	Vehicle utilisation kilometers/bus/day (13÷ average number of vehicles on road ÷ number of days in the year)	185	199	202	190	188
19	Population of Delhi (in lakh)	167.53	171.15	174.85	178.62	182.48
20	Average number of buses on road per one lakh population (3÷19)	25.85	29.92	27.48	25.57	22.91
21	Total passengers carried (in lakh per year)	11066.15	16176.86	17071.79	15867.61	14187.28
22	Load factor (*Per cent*)	71.43	77.75	92.90	86.63	85.02
23	Breakdowns per 10,000 kilometers	1.77	2.35	3.19	3.95	5.35
24	Accidents per one lakh kilometers	0.07	0.07	0.07	0.07	0.06

[71]Excluding seven numbers of Maruti Versa DX2

Annexure-2.4
Actual consumption, mileage obtained per kg and extra expenditure on CNG consumption
(Referred to in paragraph 2.2.3.8)

Sl.No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1	Total gross kms of SF buses (in lakh)	1198.60	1152.27	910.69	748.53	528.25
2	Actual consumption of CNG (in lakh kg)	400.30	396.81	321.98	268.33	190.70
3	Average kms obtained per kg (1/2)	2.99	2.90	2.83	2.79	2.77
4	Consumption as per norms	386.41	370.20	292.02	239.91	168.60
5	Excess consumption (in lakh kg) (2-4)	13.89	26.61	29.96	28.42	22.10
6.	Average cost per kg (in ₹)	36.75	41.44	36.66	30.02	25.35
7	Extra expenditure (₹ in crore) (5x6)	5.10	11.03	10.98	8.53	5.60

Annexure-2.5
Detail of manpower, its cost and productivity during 2010-11 to 2014-15
(Referred to in paragraph 2.2.4.5(i))

Sl.No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1	Total manpower (Nos.)	41938	40796	38162	35561	32930
2	Manpower cost (₹ in crore)	985.06	1165.67	1220.18	1310.77	1329.59
3	Effective kms (in lakh)	2920.70	3738.70	3534.09	3165.21	2870.98
4	Manpower cost per effective km (₹)	33.73	31.18	34.53	41.41	46.31
5	Manpower productivity per day per person (kms)	19.08	25.04	25.37	24.39	23.89
6	Average number of buses held during the Year	5771	6084	5609	5341	4977
7	Manpower per bus (1/6)	7.27	6.71	6.80	6.66	6.62
8	Staff required as per norms (Nos.)	44954	42410	38842	37066	32986
9	Shortage of staff (Nos.) (8-1)	3016	1604	680	1505	56

Annexure-2.6
Details of Corporation's properties lying vacant
(Referred to in paragraph 2.2.5.3)

Sl. No.	Location of property	Owned by	Year of acquisition	Cost of acquisition	Intended purpose	Status of use
1	Dichaou Kalan	DTC	20.12.1972	Free	Vacant	Vacant
2	Dera Mandi	DTC	Not available	1273187	Vacant	Vacant
3	Pratap Nagar	DTC	Not available	NA	Scrap yard	Vacant
4	Khyala More	DTC	June 2006	15185520	Terminal	Vacant
5	MadanPur Khadar	Transport Department	August 2006	2324941	Terminal	Vacant
6	Gadaipur	Transport Department	Sept 2008	2125521	Vacant	Vacant
7	Village Mallikpur	Transport Department	January 2009	62578054	Vacant	Vacant
8	Village Daurala	Transport Department	January 2009	67676584	Vacant	Vacant
9	Dilshad Garden	Transport Department	March 2009	2839677	Terminal	Vacant
10	Rani Khera (Rohini Ph-V)	Transport Department	July 2014	8494585	Depot	Vacant

Source: Details provided by the Corporation

Annexure 2.7
Short attendance in Board of Directors meetings
(Referred to in paragraph 2.7.1.3)

PSU	2012-13			2013-14			2014-15			Remarks
	No. of Dir.	Meetings to attend	Meetings not attended	No. of Dir.	Meetings to attend	Meetings not attended	No. of Dir.	Meetings to attend	Meetings not attended	
DPCL	1	5	4	1	4	3	1	5	4	Government accepted (November 2015).
	1	5	3	-	-	-	-	-	-	
DSCFDC	2	4	4	1	4	4	3	4	4	DSCFDC accepted (December 2015).
	-	-	-	3	4	3	1	3	3	
	-	-	-	-	-	-	1	4	3	
DSCSC	1	4	4	-	-	-	-	-	-	DSCSC accepted (Oct. 2015).
DSIIDC	1	4	4	1	3	3	1	6	4	No Director (F) since 15.10.2012. DSIIDC accepted (November 2015).
	2	5	4	-	-	-	1	4	3	
	1	4	3	-	-	-	-	-	-	
DTIDC	-	-	-	1	4	3	-	-	-	DTIDC accepted (July 2015).
DTL	1	5	4	1	3	3	1	8	6	Government accepted (November 2015).
	1	5	3	1	6	4	2	5	3	
DTTDC	1	5	5	1	5	5	1	4	4	DTTDC accepted (Aug. 2015).
	1	6	4	1	5	3	1	4	3	
GDL	2	2	2	3	2	2	1	3	2	GDL accepted (August 2015).
IPGCL	-	-	-	1	4	3	1	4	4	Government accepted (November 2015).
PPCL	1	4	3	1	4	3	1	4	4	Government accepted (November 2015).
							1	6	3	

Annexure 2.8
Irregular attendance in Audit Committee meetings
(Referred to in paragraph 2.7.2.2)

Company	Year	Internal Auditor		Statutory Auditor		Director (Finance)		Remarks
		Meetings to be attended	Meetings not attended	Meetings to be attended	Meetings not attended	Meetings to be attended	Meetings not attended	
DSCFDC	2012-13	2	2	2	2	2	2	DSCFDC accepted (December 2015)
DSCSC	2012-13	4	2	4	2	-	-	
	2013-14	5	4	5	3	-	-	
DSIIDC	2012-13	4	4	-	-	4	2	DSIIDC accepted (November 2015)
	2013-14	3	2	-	-	-	-	
DTIDC	2013-14	1	1	1	1	1	1	DTIDC accepted (July 2015)
DTL	2012-13	4	2	4	2	-	-	Government accepted (November 2015)
	2013-14	3	1	-	-	3	2	
DTTDC	2012-13	2	2	2	1	2	2	Government accepted (February 2016)
	2013-14	-	-	-	-	3	1	
IPGCL	2013-14	4	1	4	1	-	-	Government accepted (November 2015)
PPCL	2013-14	4	1	4	1	-	-	

Annexure 2.9
Details of matters not discussed in Audit Committee Meetings
(Referred to in paragraph 2.7.2.3)

Company	Matters not discussed			Remarks
	2012-13	2013-14	2014-15	
DPCL	-	-	Scope of audit, Financial and risk management policies, Fraud and fraud risk.	Government accepted (November 2015)
DSCFDC	Financial and risk management policies, Internal control system, Fraud and fraud risk Statutory Auditors' Report, C&AG comments on financial statements	-	-	DSCFDC accepted (December 2015). No Audit Committee meeting held during the year 2013-14 and 2014-15.
DSCSC	Financial and risk management policies, Internal control system, Fraud and fraud risk, Scope of audit	Financial and risk management policies, Internal control system, Fraud and fraud risk, Scope of audit	Financial and risk management policies, Internal control system, Fraud and fraud risk Scope of audit, Recommendation on remuneration of Auditors	
DSIIDC **DTIDC**	Financial and risk management policies, Internal control system, Fraud and fraud risk	Financial and risk management policies, Internal control system, Fraud and fraud risk	Financial and risk management policies, Internal control system, Fraud and fraud risk	DSIIDC (November 2015) noted for future compliance.
DTL	Financial and risk management policies, Internal control system, Fraud and fraud risk, Scope of Audit	Financial and risk management policies, Internal control system, Fraud and fraud risk, Scope of Audit	Financial and risk management policies, Internal control system, Fraud and fraud risk, Scope of audit	Government accepted (November 2015).
DTTDC	Fraud and fraud risk	Fraud and fraud risk	Fraud and Fraud risk Did not recommend for appointment, remuneration and terms of appointment of Auditors	Government accepted (February 2016).
GDL **IPGCL** **PPCL**	Fraud and fraud risks	Fraud and fraud risks	Fraud and fraud risks	GDL accepted (August 2015).Government accepted (November 2015) for IPGCL & PPCL.

Annexure 2.10
Amount not spent on CSR activities by PSUs (2014-15)
(Referred to in paragraph 2.7.5)

(₹ in lakh)

Sl. No.	Company	Average net profit (ANP)	Amount to be incurred as CSR (2% of ANP)
1	DSCFDC (for 2001-02 to 2003-04)*	284.12	5.68
2	DSIIDC	18354.42	367.09
3	DTIDC (for 2010-11 to 2012-13)*	957.93	19.16
4	DTL	7585.22	151.70
5	IPGCL	24208.10	484.16
6	PPCL	38002.81	760.06
Total		**89392.60**	**1787.85**

**Accounts for subsequent years are in arrears and yet to be audited.*