

Overview

OVERVIEW

This Report comprises three chapters containing audit findings pertaining to Revenue, Economic, Social and General Sectors and Public Sector Undertakings (PSUs). Chapter I relating to Revenue Sector contains seven compliance audit paragraphs involving ₹ 137.77 crore on under-assessment, short levy of tax, interest and penalty. Chapter II relating to PSUs contains an overview on functioning of power and non-power sector PSUs and four compliance audit paragraphs involving ₹ 30.23 crore and Chapter III relating to Social and General Sectors contains three compliance audit paragraphs involving ₹ 29.76 crore. Some of the major findings detailed in the Report are summarised below.

Chapter I: Revenue Sector

Introduction

The total revenue receipts of the Government of National Capital Territory of Delhi (GNCTD) for the year 2018-19 were ₹ 43,112.60 crore as compared to ₹ 38,667.27 crore in the year 2017-18. Out of this, 86 *per cent* was raised through tax revenue (₹ 36,624.67 crore) and non-tax revenue (₹ 644.16 crore). The balance 14 *per cent* was received from the Government of India as Grants-in-Aid (₹ 5,843.77 crore). The increase in tax revenue was 2.54 *per cent* and decrease in non-tax revenue was 15.91 *per cent* over the previous year.

(Paragraph 1.1.1)

Test-check of the records of 60 units of the Department of Trade and Taxes, Revenue, and Transport conducted during the year 2018-19 revealed underassessment/short levy/loss of revenue and other irregularities involving ₹ 521.61 crore in 394 cases. During the course of the year, the concerned Departments accepted underassessment and other deficiencies of ₹ 96.32 crore.

(Paragraph 1.1.8.1)

Compliance Audit Paragraphs

Department of Revenue

In 118 agreements, executed during 2014-15 to 2018-19, the stamp duty and registration fee leviable was not paid which resulted in short realisation of revenue of ₹ 25.68 crore.

(Paragraph 1.2)

Incorrect categorisation of properties and wrong calculation of valuation of properties resulted in short levy of stamp duty and registration fee of ₹ 3.19 crore.

(Paragraph 1.3)

Department of Trade and Taxes

The Assessing Authorities allowed Input Tax Credit of ₹ 2.56 crore to the assessee without verifying the details of tax deposited by the selling dealers which resulted in short levy of tax of ₹ 2.25 crore. In addition, interest of ₹ 1.21 crore and penalty of ₹ 2.25 crore were also leviable.

(Paragraph 1.4)

Failure of the Assessing Authority to ensure eligibility of the assessee for concessional rate of tax resulted in short levy of tax of ₹ 1.91 crore. In addition, interest of ₹ 1.60 crore and penalty of ₹ 1.91 crore were also leviable.

(Paragraph 1.5)

Failure of the Assessing Authorities to levy interest on additional demand resulted in non-levy of interest of ₹ 3.10 crore.

(Paragraph 1.6)

The Department failed to recover demand of ₹ 87.15 crore from assessee whose registrations had been cancelled.

(Paragraph 1.7)

The assessee had disclosed less sale of ₹ 29.94 crore in respect of construction material which resulted in short levy of tax of ₹ 2.72 crore. In addition, interest of ₹ 2.08 crore and penalty of ₹ 2.72 crore were also leviable.

(Paragraph 1.8)

Chapter II: Public Sector Undertakings (PSUs)

Functioning of PSUs

As on 31 March 2019, there were 19 State PSUs which included 17 Government companies and two statutory corporations. The working PSUs registered an annual turnover of ₹ 9,318.69 crore as per their latest finalised accounts as on 30 September 2019. This turnover was equal to 1.20 *per cent* of Gross State Domestic Product (GSDP) for the year 2018-19 (₹ 7,79,652.31 crore). The working PSUs incurred loss of ₹ 3,492.05 crore as per their latest finalised accounts. As on March 2019, the State PSUs had employed 0.30 lakh employees.

(Paragraph 2.1.1.2)

As on 31 March 2019, the total investment (equity and long term loans) in five power sector undertakings was ₹ 11,698.68 crore. The investment consisted of 64.17 *per cent* towards equity and 35.83 *per cent* in long-term loans.

(Paragraph 2.1.2.4)

The profit earned by Power Sector Undertakings was ₹ 806.48 crore in 2018-19 against ₹ 297.55 crore in 2014-15. According to their latest accounts received, out of these five PSUs, three PSUs earned profit and two PSUs incurred losses. The top profit making companies were Delhi Transco Limited (₹ 398.00 crore) and Pragati Power Corporation Limited (₹ 264.38 crore). Indraprastha Power Generation Company Limited incurred loss of ₹ 19.84 crore.

(Paragraph 2.1.2.9)

The overall accumulated profits of five power sector undertakings were ₹ 869.91 crore as against the capital investment of ₹ 7,506.79 crore resulting in net worth of ₹ 8,375.83 crore. Out of the five power sector undertakings, the net worth was eroded completely in Delhi Power Company Limited (-₹ 615.17 crore).

(Paragraph 2.1.2.13)

As on 31 March 2019, the total investment (equity and long term loans) in 14 State PSUs (other than power sector) was ₹ 14,093.20 crore. The investment consisted of 16.76 *per cent* towards equity and 83.24 *per cent* in long-term loans. The Long term loans advanced by the Government of National Capital Territory of Delhi (GNCTD) constituted 99.84 *per cent* (₹ 11,712.20 crore) of the total long term loans whereas 0.16 *per cent* (₹ 18.74 crore) of the total long term loans were availed from other financial institutions.

(Paragraph 2.1.3.4)

Of the total 14 PSUs (other than power sector), 12 PSUs had finalised 12 annual accounts during the period 1 October 2018 to 30 September 2019. Further, 15 annual accounts were in arrears which pertain to eight PSUs.

(Paragraph 2.1.3.8)

The PSUs (other than power sector) incurred overall losses during the five year period from 2014-15 to 2018-19. As per the latest accounts received, out of the 14 PSUs, five PSUs earned profit of ₹ 68.42 crore and five PSUs incurred losses of ₹ 4,366.95 crore (of which loss of DTC was ₹ 4,329.41 crore) and four PSUs had marginal loss.

(Paragraph 2.1.3.12)

Out of 14 non power sector PSUs, GNCTD invested in nine PSUs of which, the net worth was completely eroded in Delhi Transport Corporation (-₹ 31,489.06 crore).

(Paragraph 2.1.3.17)

Compliance Audit Paragraphs

Department of Industries

Delhi State Industrial and Infrastructure Development Corporation Limited

Audit of “Operation and Maintenance of Industrial Areas at Bawana and Narela by Delhi State Industrial and Infrastructure Development Corporation Limited”

Delhi State Industrial and Infrastructure Development Corporation Limited (DSIIDC) was entrusted the responsibility of securing orderly establishment of industrial areas in NCTD, including their Operation and Maintenance.

The work of re-development and Operation and Maintenance of Industrial Areas at Bawana and Narela for a period of 15 years was allotted to M/s Bawana Infra Development Private Ltd (M/s Bawana) and M/s PNC Delhi Industrial Infra Private Limited (M/s PNC) respectively. The overall responsibility of management of Industrial Areas and services rendered by the concessionaires rested with DSIIDC.

(Paragraph 2.2.1)

The audit of operation and maintenance of these two Industrial Areas revealed serious deficiencies on the part of DSIIDC with respect to ensuring proper discharge of functions by the two concessionaires as per the concession agreement. DSIIDC neither had the complete details of the charges due and paid by each industrial unit, nor ensured the required certification of income and expenditure by the Statutory Auditors before transferring the amount collected to concessionaires. The concessionaires were given undue financial benefit by allowing escalation of monthly maintenance charges without obtaining the details of expenditure incurred by the concessionaires on Operation and Maintenance activities.

(Paragraphs 2.2.2.1 and 2.2.2.2)

There was unauthorised collection of water and sewer connection charges by the concessionaire in Narela Industrial Area and delay in adjustment of the same. Besides, there was delay in adjustment of parking charges also. Further, there was delay in adjustment of water and sewer connection charges as well as electricity and water bills in Bawana Industrial Area.

(Paragraphs 2.2.2.3 and 2.2.2.4)

Improper monitoring by DSIIDC led to adverse environmental implications, e.g. non-disposal and accumulation of Municipal Solid Waste in these Industrial Areas leading to choking of drains and sewers; industrial effluents were discharged directly into storm water drains. There were instances of inadequate sweeping of roads, watering and cleaning of parks and slow progress of repair works etc.

(Paragraphs 2.2.4.1, 2.2.4.2 and 2.2.4.3)

Third Party Engineer failed to discharge its duties effectively by highlighting the repeated occurrences of deficiencies in operation and maintenance and recommending recovery of penalties but DSIIDC failed to take any action against the Third Party Engineer in the absence of any penal clause in the agreement with Third Party Engineer, despite directions from the CMD to incorporate this clause while granting extension to the Third Party Engineer.

(Paragraphs 2.2.3 and 2.2.5.1)

The grievance redressal mechanism was not functioning adequately and effectively.

(Paragraph 2.2.5.3)

Failure of Delhi State Industrial and Infrastructure Development Corporation to timely assess the income tax liability and consequent non-payment of advance tax resulted in avoidable payment of interest of ₹ 3.74 crore.

(Paragraph 2.3)

Department of Power

Pragati Power Corporation Limited

Pragati Power Corporation Limited suffered a loss of ₹ 22.83 crore as it had undervalued the assets under “Machinery Breakdown” policy by excluding the value of Excise and Custom duties element, at the time of taking insurance of its Power Plant.

(Paragraph 2.4)

Department of Tourism

Delhi Tourism and Transportation Development Corporation Limited

Delhi Tourism and Transportation Development Corporation Limited failed to recover service tax timely from the concessionaires and paid ₹ 93.91 lakh including interest on service tax from its own funds.

(Paragraph 2.5)

Chapter III: Social, General and Economic Sectors (Non-PSUs)

This portion of the Report contains three paragraphs with financial implication of ₹ 29.76 crore relating to Functioning of Delhi Building and Other Construction Workers Welfare Board, Government of National Capital Territory of Delhi, excess expenditure on electricity charges by Delhi Technological University and excess payment of transport allowance to employees by Indraprastha Institute of Information Technology Delhi.

Compliance Audit Paragraphs

Department of Labour

Audit of Functioning of Delhi Building and Other Construction Workers Welfare Board, Government of National Capital Territory of Delhi

The Delhi Building and Other Construction Workers' Welfare Board was constituted in September 2002 to collect Cess and utilise the same for providing social security, health care etc. to construction workers in Delhi. However, the Board did not prepare any long term perspective plan or annual plan to ensure fulfilment of its mandated objectives. During the years 2002-19, the Board received ₹ 3,273.64 crore as cess, interest on cess collected and registration fee out of which it spent only ₹ 182.88 crore (5.59 per cent) on welfare of construction workers and the cess and fee collected alongwith interest had accumulated to ₹ 2,709.46 crore as of March 2019.

(Paragraph 3.2.6.2)

Construction workers are required to be registered with the Board for availing benefits of the welfare schemes. However, the Board did not conduct any survey for identification of construction workers in Delhi for improving the registration of number of workers. As of March 2019, only 17,339 (1.7 per cent) out of an estimated 10 lakh construction workers were registered with the Board, thereby depriving 98 per cent of the workers of the benefits of welfare schemes of the Board. Even in the case of registered workers, the benefits provided were limited as there was no outgo on six out of the 15 welfare schemes implemented by the Board. The administrative expenses of the Board was also much in excess of the prescribed limit of five per cent of total expenditure, and was 14.42 per cent in 2016-17 and 12.20 per cent in 2018-19.

(Paragraphs 3.2.6.1 and 3.2.10.1)

Directorate of Training and Technical Education

Failure of Delhi Technological University to assess the sanctioned load in consonance with actual requirement resulted in excess expenditure of ₹ 1.55 crore during the period from July 2018 to March 2020 on account of fixed charges.

(Paragraph 3.3)

Grant of Transport Allowance at enhanced rates to the employees of Indraprastha Institute of Information Technology, Delhi without the prior concurrence of the Finance Department of GNCTD resulted in irregular payment of extra TA amounting to ₹ 1.03 crore.

(Paragraph 3.4)