

# Overview



## OVERVIEW

This Report comprises two chapters containing audit findings pertaining to Revenue, Economic, Social and General Sectors and Public Sector Undertakings (PSUs). Chapter I relating to Revenue Sector contains eight compliance audit paragraphs involving ₹ 701.93 crore on Short levy of stamp duty, irregular claim of input tax credit, non-recovery of demand of tax, interest and penalty. Chapter II relating to Social, General and Economic Sectors contains one performance audit report and eight compliance audit paragraphs involving ₹ 62.32 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 2019-20 and 2020-21 were ₹ 47,135.81 crore and ₹ 41,863.60 crore as compared to ₹ 43,112.60 crore in the year 2018-19. Out of this, 80 *per cent* in 2019-20 and 73 *per cent* in 2020-21 were raised through tax revenue (₹ 36,565.87 crore and ₹ 29,425.33 crore) and non-tax revenue (₹ 1096.89 crore and ₹ 979.67 crore). The balance 20 and 27 *per cent* was received from the Government of India as Grants-in-Aid (₹ 9,473.05 crore and ₹ 11,458.60 crore).

*(Paragraph 1.1.1)/Page-1*

Test-check of the records of 61 and 21 units of the Department of Trade and Taxes, Revenue, and Transport conducted during the year 2019-20 and 2020-21 respectively revealed non-levy of interest/non-recovery of tax/short levy of fines and Stamp Duty and Registration Fee and other irregularities involving ₹ 846.15 crore in 182 cases. During the course of the year, the concerned Departments accepted underassessment and other deficiencies of ₹ 94.65 crore.

*(Paragraph 1.1.5.1)/Page-9*

#### Compliance Audit Paragraphs

##### Department of Revenue

**Short levy of stamp duty and registration fee** - Failure of the Sub-registrar in verifying the correct land use factor and categorisation of properties resulted in short levy of stamp duty and registration fee of ₹ 26.89 lakh.

*(Paragraph 1.2)/Page-11*

## **Department of Trade and Taxes**

### **Transitional Credit**

Compliance Audit on Transitional Credit was conducted to ensure whether the mechanism envisaged by the Department for selection and verification of transitional credit claims was adequate and effective and the transitional credits carried over by the assessees into GST regime were valid and admissible. Major audit findings are as follows.

Verification of genuineness of transitional credit cases where ITC had been carried over to Tran-1 and Tran-2 was not conducted by the Department.

*(Para 1.3.6.1)/Page-13*

The transitional credit of ₹ 426.23 crore in respect of 440 assessees could not be verified due to non-production of records.

*(Para 1.3.6.2)/Page-14*

231 assessees had claimed inadmissible ITC amounting to ₹ 190.62 crore by showing excess purchases as compared to the sale shown by its selling dealers.

*(Para 1.3.7.1)/Page-15*

202 assessees had carried forward excess Input Tax credit of VAT amounting to ₹ 269.23 crore as compared to balances of tax credit available in the VAT returns of first quarter of 2017-18 filed under the legacy tax regime.

*(Para 1.3.7.2)/Page-16*

50 taxpayers had claimed transitional credit of ITC amounting to ₹ 104.52 crore without filing legacy returns.

*(Para 1.3.7.3) /Page-16*

Effective tax of pending statutory forms not deducted from the VAT credit was carried forward to the Tran-1 resulting in excess carried forward of transitional credit of ₹ 5.92 crore in respect of 23 asseses.

*(Para 1.3.7.5)/Page-17*

Electronic credit ledger of one assesse was credited with excess input credit of ₹ 17.41 lakh over and above the credit claimed by the taxpayer as per Tran-1 return.

*(Para 1.3.8.1)/Page-18*

### **Processing of Refund claims under GST**

Compliance Audit on Processing of Refund claims under GST was conducted to assess the compliance of extant provisions by the tax authorities and the efficacy of the systems in place to ensure compliance by taxpayers. Major audit findings are as follows:

In 92 pre-automation refund cases there were delays in issue of acknowledgement ranging from one to 723 days while in 141 post-automation refund cases, there were delays of one to 217 days in issuing of acknowledgement.

*(Para 1.4.6.1)/Page-21*

The Department did not pay interest of ₹ 2.50 crore in pre-automation refund cases and ₹ 14.79 lakh in post-automation cases due under Section 56 of the Act for belated payment of refunds to the tax payers.

*(Para 1.4.6.2)/Page-22*

There was delay of 7 to 230 days in sanctioning the provisional refunds of ₹ 8.66 crore in 14 cases while in 79 cases of zero-rated supply of goods, provisional refund was not sanctioned against the total claimed amount of ₹ 49.27 crore.

*(Para 1.4.6.3)/Page-23*

Department issued provisional refund of ₹ 95.37 lakh (90 per cent) to three taxpayers (pre-automation refund cases) on account of inverted duty structure, which was different from zero rated supply of goods or services which resulted in irregular provisional refund of ₹ 95.37 lakh.

*(Para 1.4.6.4)/Page-24*

In 71 pre-automation refund cases, the Department sanctioned refund of ₹ 44.60 crore against the permissible refund of ₹ 32.86 crore resulting in excess refund of ₹ 11.74 crore whereas in 120 post-automation cases, the Department sanctioned refund of ₹ 32.28 crore against the permissible refund of ₹ 21.57 crore leading to excess sanctioning of refund of ₹ 10.71 crore.

*(Para 1.4.6.5)/Page-25*

In 167 cases involving claim of refund amounting to ₹ 51.14 crore, refund was issued even though the tax payer did not submit the copy of GSTR-2A return with the refund application while in 175 cases involving claim of refund amounting to ₹ 36.77 crore, refund was issued without verifying the required documents e.g. CA Certificate, Undertaking etc. in relation to sections 16(2)(c) and section 42(2).

*(Para 1.4.6.8)/Page-28*

In 11 cases of post-automation the Goods and Service Tax Officer rejected an amount of ₹ 0.69 crore against the claimed refund amount of ₹ 9.30 crore but the rejected amount was not re-credited to the electronic credit ledger of the respective taxpayer.

*(Para 1.4.7.1)/Page-29*

**Irregular claim of Input Tax Credit** - The Assessing Authorities allowed Input Tax Credit of ₹ 83.85 lakh to the assesseees without verifying the details of tax deposited by the selling dealers, which resulted in short levy of tax of ₹ 67.91 lakh. In addition, interest of ₹ 49.97 lakh and penalty of ₹ 67.91 lakh were also leviable.

*(Paragraph 1.5)/Page-31*

**Interest not levied on additional demand of tax** - Assessing Authority failed to levy interest of ₹ 6.91 crore on additional demand of tax.

*(Paragraph 1.6)/Page-32*

**Failure to recover demands of tax, interest and penalty** - The Department failed to recover demands of ₹ 87.74 crore from the assesseees whose registrations had been cancelled.

*(Paragraph 1.7)/Page-32*

**Irregular allowance of concessional rate of tax against invalid statutory 'C' forms** - The Assessing Authority allowed concessional rate of tax on inter-state sale of ₹ 6.78 crore to a assessee against invalid statutory 'C' forms which resulted in short levy of tax of ₹ 20.33 lakh. In addition, interest of ₹ 19.96 lakh and penalty of ₹ 20.33 lakh were also leviable.

*(Paragraph 1.8)/Page-34*

## **Department of Transport**

**Short collection of fines from repeat traffic offenders** - Levying fines on the offenders at the rate of first offence instead of at the rate applicable for the second and subsequent offence, resulted in short-collection of fines of ₹ 19.30 lakh. Besides, effect of compounding of fines to discourage repeat traffic offences was negated.

*(Paragraph 1.9)/Page-35*

## **Chapter II: Economic, Social, and General Sectors and PSUs**

### **Introduction**

During the years 2019-20 and 2020-21, the office of the Principal Accountant General (Audit), Delhi conducted the compliance audit of 140 and 126 units respectively out of total 460 and 770 auditable units under 48 Departments of Government of NCT of Delhi. Chapter-II of this Report contains one Performance Audit on Direct Benefit Transfer; Compliance Audits on Tourism activities in NCT of Delhi, Implementation of the Rights of Persons with Disabilities Act, 2016, and Working Women Hostels of Government of National Capital Territory of Delhi; and five compliance audit paragraphs pertaining to eight Departments.

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**Performance Audit**
**Planning Department****Direct Benefit Transfer (DBT)**

DBT is a major reform initiative launched by the Government of India in January 2013 aimed at transferring the benefits and subsidies of various social welfare schemes directly in the bank account of the beneficiaries. A performance audit of implementation of DBT in respect of three selected schemes, viz. Delhi Pension Scheme to Woman in Distress (Department of Women and Child Development), Old Age Pension Scheme (Department of Social Welfare) and Uniform Subsidy to school students (Directorate of Education), was conducted covering the period from April 2017 to March 2021. Significant audit findings are as under:

State DBT Cell was to impart training and do capacity building of state officials for implementing schemes under DBT. Audit observed that the State DBT Cell in Delhi did not conduct any training or organize workshops/seminars for this purpose. It also did not establish any mechanism for redressal of grievances from the beneficiaries/applicants.

*(Paragraphs 2.2.7)/Page-47*

The Government neither advertised the details of Delhi Pension Scheme to Woman in Distress (DPSWD) and Old Age Pension Scheme (OAP) nor conducted any camps for dissemination of information about these schemes. It also did not undertake any exercise to assess the actual number eligible residents under these schemes. Further, the Government also put a cap on number of beneficiaries under OAP Scheme preventing eligible residents from applying for benefits once the cap was reached.

*(Paragraphs 2.2.8.1 and 2.2.9.1)/Page - 49&55*

Details of legacy beneficiaries under OAP and DPSWD, i.e. beneficiaries who were drawing benefits before introduction of DBT, were not migrated to the Scheme Management Portal (e-District). Thus, details of 80 per cent of beneficiaries under DPSWD and 79 per cent beneficiaries under OAP Scheme were not digitized.

*(Paragraphs 2.2.8.2 and 2.2.9.2)/Page-50&56*

Input validation checks were absent or inadequate in the scheme management softwares (e-District and Edudel portals) of all the three selected schemes which allowed invalid data to be entered in the database.

*(Paragraph 2.2.8.3, 2.2.9.3 and 2.2.10.1)/Page-50, 57&61*

There was no linkage between SMS and PFMS (Public Financial Management System) through which payment is released to beneficiaries' bank accounts

necessitating manual intervention for transfer of data for payment from SMS and PFMS leaving scope for manipulation of the data.

*(Paragraph 2.2.8.4, 2.2.9.4 and 2.2.10.3)/Page-52, 58&64*

There was no mechanism for periodical re-assessment of eligibility of beneficiaries under DPSWD and OAP Scheme so as to identify beneficiaries who have become ineligible for benefit due to death, re-marriage, moving out of Delhi etc.

*(Paragraph 2.2.8.8 and 2.2.9.7)/Page-54&60*

As per eligibility criteria of DPSWD and OAP, beneficiaries can avail benefit under only one scheme and those availing benefits from other schemes of Centre/State/ULBs etc. are not eligible for benefits under these schemes. Audit noticed that 1423 beneficiaries received benefits under both these schemes which was irregular.

*(Paragraph 2.2.8.9)/Page-54*

## **Compliance Audit Paragraphs**

### **Department of Home**

**Blockade of funds of ₹ 4.02 crore and avoidable expenditure of ₹ 70.41 lakh-** Acquisition of a plot of land which did not meet the requirements, by Forensic Science Laboratory, resulted in blockade of funds of ₹ 4.02 crore incurred on purchase of the land and avoidable expenditure of ₹ 70.41 lakh on its ground rent.

*(Paragraph 2.3)/Page-70*

### **Irrigation and Flood Control Department**

**Unfruitful expenditure of ₹ 81.56 lakh -** Failure of Irrigation and Flood Control Department to ensure hindrance free sites before awarding of three works resulted in foreclosure of these works rendering an expenditure of ₹ 81.56 lakh incurred on these works unfruitful.

*(Paragraph 2.4)/Page-71*

### **Department of Social Welfare**

#### **Implementation of the Rights of Persons with Disabilities Act, 2016**

Compliance Audit on Implementation of the Rights of Persons with Disabilities Act, 2016 was conducted to assess as to how far the Government has been able to implement the provisions of the above Act. Major audit findings as under:

There were delays in notification of Delhi Rights of Persons with Disability Rules (DRPwD Rules) and establishing institutional framework for implementation of the Rights of Persons with Disability Act (RPwD Act).

DRPwD Rules which were to be notified before October 2017 were actually notified only in December 2018. There were also delays in constitution of State Advisory Board on Disability (four years), designation of certifying medical authority for issue of disability certificates (two years) and constitution of District Level Committee (two to four years).

*(Paragraph 2.5.6)/Page-76*

The Government did not have up to date data on the number of Persons with Disabilities (PwD) in Delhi as it did not conduct any survey etc. to identify all the PwD in Delhi but relied on Census figures of 2011. As a result, data necessary for planning and formulation of schemes for welfare of PwD was not available with the Government.

*(Paragraph 2.5.10)/Page-85*

Special Schools and Hostels for PwD suffered from various deficiencies such as school buildings also being used by other offices leading to overcrowding, unsafe school building, shortage of teaching and other staff, unhygienic and dirty campuses, unavailability of safe drinking water etc. In Delhi Government Schools also, there were shortage of Special Education Teachers for PwD. Further, there was no special school for visually impaired girls and hostel for college going visually impaired girls in Delhi.

*(Paragraph 2.5.11)/Page-87*

The Government's efforts in providing social security to PwD lacked in many aspects. There were delays in sanctioning financial assistance to PwD and six schemes for the welfare of PwD announced in budget speech of 2019-20 and 2020-21 were not made operational. There was also a huge backlog (65 per cent) of vacancies reserved for PwD in the Government.

*(Paragraph 2.5.12)/Page-99*

## **Department of Tourism**

### **Tourism activities in National Capital Territory of Delhi**

Compliance Audit on Tourism activities in National Capital Territory of Delhi was undertaken to assess whether the initiatives taken by GNCTD to promote tourism in Delhi were adequate and effective. Significant audit findings are as follows:

The Government did not formulate any Tourism Policy for Delhi nor any long-term/strategic/master plans for promotion of tourism. It also did not have information regarding tourists' inflow into Delhi.

*(Paragraph 2.6.3) /Page-112*

Advisory Council, as required under the Delhi Ancient and Historical Monuments and Archaeological Sites and Remains Act was yet to be constituted even after 17 years of commencement of the Act.

*(Paragraph 2.6.4)/Page-113*

Expenditure incurred by Department of Tourism and DTTDC on tourism related activities, excluding salary and wages, during 2017-18 to 2020-21 was nominal and in the range of ₹ 31.06 crore to ₹ 47.37 crore.

*(Paragraph 2.6.5)/Page-113*

DTTDC was setup for overall development and promotion of Delhi as a tourist destination for domestic and international tourists visiting India. However, only 22 per cent of manpower was deployed in tourism related work and expenditure incurred by DTTDC on tourism activities was from 3.11 per cent to 8.80 per cent of total expenditure during the audit period, indicating the low priority assigned to Tourism.

*(Paragraph 2.6.6)/Page-115*

HOHO Bus Service, started in 2010 in Public Private Partnership (PPP) mode, failed to achieve the intended objectives as DTTDC did not devise any monitoring mechanism nor took riders' feedback about the bus service. The service was discontinued in July 2020 after gradual reduction in number of buses from 14 envisaged in 2010 to five in 2017-18. Schemes/facilities of Theme based Tourist Circuits and Single-window Clearance for Film Shooting were not implemented.

*(Paragraph 2.6.8)/Page-117*

Inspection of 18 monuments conserved by GNCT Delhi revealed that there was slow pace of conservation of monuments, lack of maintenance of conserved monuments, unavailability of toilets and guides, absence of CCTV cameras and fire-fighting equipment's etc.

*(Paragraph 2.6.9)/Page-120*

#### **Directorate of Training: Union Territories Civil Services**

**Irregular payment of Training Allowance amounting to ₹ 168 lakh** - Grant of Training Allowance to staff posted at UTCS for administrative work, in violation to the instructions of the Department of Personnel and Training, resulted in irregular payment of Training Allowance to the tune of ₹ 168 lakh.

*(Paragraph 2.7)/Page-128*

#### **Directorate of Training and Technical Education - Netaji Subhas University of Technology**

**Irregular expenditure amounting to ₹ 66.25 lakh** - Creation of two posts of Assistant Registrar by Netaji Subhas University of Technology without the approval of the Government of National Capital Territory of Delhi (GNCTD) resulted in irregular expenditure amounting to ₹ 66.25 lakh.

*(Paragraph 2.8)/Page-129*

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**Urban Development Department**

**Blockade of fund of ₹ 114.01 lakh and loss of interest of ₹ 25.42 lakh by Delhi Jal Board** - Erroneous payment of Road Restoration charges to South Delhi Municipal Corporation lead to blockade of fund of ₹ 114.01 lakh and further consequent loss of interest of ₹ 25.42 lakh.

*(Paragraph 2.9)/Page-130*

**Department of Women and Child Development**

Compliance Audit of Working Women Hostels (WWHs) of Department of Women and Child Development (DWCD) was undertaken to examine the adequacy of the efforts made by DWCD, GNCTD for providing safe and secure accommodation for working women in Delhi. Significant audit findings are as follows:

DWCD did not have any data regarding the number of working women in Delhi who require accommodation due to which it was not in a position to assess the requirement of WWHs in Delhi.

*(Paragraph 2.10.2)/Page-132*

The two WWHs, at Rohini and Vishwas Nagar, under DWCD which were being operated and managed by YWCA were closed down in September 2019 and August 2020 respectively as DWCD failed to ensure maintenance of the buildings housing these WWHs.

*(Paragraph 2.10.3)/Page-132*

DWCD could not construct WWHs at five locations for which it had taken possession of land from DDA. Four of these plots were acquired between 2001 and 2003 and the fifth in 2014.

*(Paragraph 2.10.5)/Page-134*

