

## Chapter - I: General

### 1.1 Trend of revenue receipts

The tax and non tax revenue raised by the Government of National Capital Territory (NCT) of Delhi during the year 2004-05, grants in aid received from the Government of India during the year and the corresponding figures for the preceding four years is given below:

(Rupees in crore)

		2000-01	2001-02	2002-03	2003-04	2004-05
<b>I.</b>	<b>Revenue raised by the NCT Government</b>					
(a)	Tax revenue	4,400.62	4,896.75	5,324.19	5,884.17	7,106.13
(b)	Non tax revenue	548.35	876.06	829.56	950.34	921.39
	<b>Total</b>	<b>4,948.97</b>	<b>5,772.81</b>	<b>6,153.75</b>	<b>6,834.51</b>	<b>8,027.52</b>
<b>II</b>	<b>Receipts from the Government of India</b>					
	Grants in aid*	495.02	480.90	512.19	514.02	535.11 <sup>1</sup>
<b>III</b>	<b>Total receipts of the State</b>	<b>5,443.99</b>	<b>6,253.71</b>	<b>6,665.94</b>	<b>7,348.53</b>	<b>8,562.63<sup>2</sup></b>
<b>IV</b>	<b>Percentage of I to III</b>	<b>90.90</b>	<b>92.30</b>	<b>92.30</b>	<b>93.00</b>	<b>93.75</b>

\* Includes grants under provision to Article-275(I) of the Constitution

<sup>1</sup> For details, please see statement No. 9 “detailed accounts of revenue by Minor Heads” in the Finance Accounts of the Government of NCT of Delhi for the year 2004-05.

<sup>2</sup> Figure under the heads 0021 – Taxes on income other than corporation tax, 0028 – other taxes on income and expenditure – ‘share of net proceeds assigned to Govt. of NCT of Delhi’ booked in the Finance Accounts under –A-Tax Revenue have been excluded from revenue raised by the Govt. of NCT of Delhi and included in Grant-in-aid to Govt. of NCT of Delhi in lieu of share in central taxes and duties.

### 1.1.1 Tax revenue

The details of tax revenue raised during the year 2004-05 along with the figures for the preceding four years are given below:

(Rupees in crore)

	Head of Revenue	2000-01	2001-02	2002-03	2003-04	2004-05	Percentage of increase (+) or decrease (-) in 2004-05 over 2003-04
1.	Sales tax	3,387.86	3,704.01	3,883.17	4,435.07	5,199.93	(+)17.25
2.	State excise	557.22	606.41	725.68	710.12	843.68	(+)18.80
3.	Stamp duty	191.69	283.16	436.80	435.23	668.34	(+)53.56
4.	Taxes on vehicles	142.34	166.76	160.40	175.24	195.98	(+)11.83
5.	Other taxes	121.51	136.41	118.14	128.51	198.20	(+)54.22
	<b>Total</b>	<b>4,400.62</b>	<b>4,896.75</b>	<b>5,324.19</b>	<b>5,884.17</b>	<b>7,106.13</b>	

Reasons for variation in receipts during the year 2004-05 as compared to those of 2003-04 as intimated by the respective departments are given below:

- **Sales Tax:** Increase of 17.25 per cent was due to close monitoring of the top dealers and better enforcement of revenue machinery.
- **Stamp Duty:** Increase of 53.56 per cent was due to introduction of registration of general power of attorney as agreement to sell for other than blood relations w.e.f. 12 June 2004
- **Other Taxes:** Increase of 54.22 per cent was due to switchover of system of charging of luxury tax on actual tariff to declared/published tariff basis w.e.f. 6 September, 2004 and constant monitoring of the units by the department.

### 1.1.2 Non tax revenue

The details of the non tax revenue raised by the State during the year 2004-05 along with the figures for the preceding four years are given below:

(Rupees in crore)							
Sl. No.	Head of Revenue	2000-01	2001-02	2002-03	2003-04	2004-05	Percentage of increase (+) or decrease (-) in 2004-05 over 2003-04
1.	Interest Receipts	477.28	789.83	741.42	868.83	821.96	(-) 5.40
2.	Dividend & profit	8.70	7.17	7.19	6.03	3.75	(-) 37.81
3.	General Services	35.38	40.07	45.18	41.45	48.18	(+) 16.24
4.	Social Services	11.88	19.04	22.63	22.30	27.73	(+)24.35
5.	Economic Services	15.11	19.95	13.14	11.73	19.77	(+) 68.54
<b>Total</b>		<b>548.35</b>	<b>876.06</b>	<b>829.56</b>	<b>950.34</b>	<b>921.39</b>	

The reasons for variation though called for were not furnished upto December 2005.

### 1.2 Variations between budget estimates and actuals

The variations between budget estimates and actuals of revenue receipts for the year 2004-05 in respect of the principal heads of tax and non tax revenue are given below:

(Rupees in crore)					
Sl. No.	Head of Revenue	Budget estimates	Actuals	Variation excess (+) or shortfall (-)	Percentage of variation
<b>Tax revenue</b>					
1.	Sales tax	4,795.00	5,199.93	(+)404.93	(+)8.44
2.	Sate excise	850.00	843.68	(-)6.32	(-)0.74
3.	Stamp duties	425.00	668.34	(+)243.34	(+)57.25
4.	Taxes on vehicles	275.00	195.98	(-)79.02	(-)28.73
5.	Other taxes	176.50	198.20	(+)21.70	(+)12.29
<b>Total</b>		<b>6,521.50</b>	<b>7,106.13</b>		
<b>Non tax receipts</b>					
6.	Interest Receipts	766.55	821.96	(+)55.41	(+)7.22
7.	Dividend and profit	7.10	3.75	(-)3.35	(-)47.18
8.	General Services	46.23	48.18	(+)1.95	(+)4.21
9.	Social Services	23.38	27.73	(+)4.35	(+)18.60
10.	Economical Services	13.29	19.77	(+)6.48	(+)48.75
<b>Total</b>		<b>856.55</b>	<b>921.39</b>		

The reasons for variations between budget estimates and actuals, though called for in October 2005 has not been received as of December 2005.

### 1.3 Cost of collection

The gross collection in respect of major revenue receipts, expenditure incurred on their collection and the percentage of such expenditure to gross collections during the years 2002-03 to 2004-05 along with the relevant all India average percentage of expenditure on collection to gross collection for the year 2003-04 were as follows:

**(Rupees in crore)**

Head of Revenue	Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage for the year 2003-04
Sales tax	2002-03	3,883	22.04	0.6	1.15
	2003-04	4,435	22.27	0.5	
	2004-05	5,200	28.66	0.5	
State excise	2002-03	726	3.74	0.5	3.81
	2003-04	710	13.27	1.9	
	2004-05	844	5.57	0.6	
Motor vehicles taxes	2002-03	160	11.28	7.1	2.57
	2003-04	175	9.13	5.2	
	2004-05	196	12.87	6.5	
Stamp duty	2002-03	437	4.02	0.9	3.66
	2003-04	453	2.86	0.6	
	2004-05	668	4.55	0.6	

The table above shows that the percentage expenditure on collection under motor vehicle taxes was higher than the all India percentage of cost of collection. The department stated in September 2005 that there was no abnormal fluctuation with reference to expenditure incurred in collection of tax and that the collection cost should actually be 5.80 instead of 6.5 if collection charges received by the department from the Municipal Corporation of Delhi for collection of parking fees on their behalf were taken into account. The fact remains that the cost of collection would even then be higher than the all India average.

#### 1.4 Collection of sales tax per assessee

According to information furnished by the department, the sales tax collection per assessee during the years from 2002-03 to 2004-05 was as under:

**(Rupees in lakh)**

Year	No. of assesses	Sales tax revenue	Revenue/assessee
2002-03	1,78,832	3,883.17	2.17
2003-04	1,84,303	4,435.07	2.41
2004-05	1,74,611	5,199.93	2.98

#### 1.5 Analysis of arrears of revenue

As on 31 March 2005, the arrears of revenue under principal heads of revenue, as reported by the department, were as under:

**(Rupees in crore)**

Sl. No.	Head of Revenue	Amount outstanding as on 31 March 2005	Remarks
1.	Sales tax	8,635.87	The stage at which the amounts outstanding were pending collections was not made available.
2.	Luxury tax	0.66	In the beginning of the year, arrears of Rs.1.90 crore were outstanding which was reduced to Rs.66 lakh at the end of the year.
	<b>Total</b>	<b>8,636.53</b>	

#### 1.6 Arrears in assessments

The details of luxury tax cases pending assessment at the beginning of the year 2004-05, cases becoming due for assessment during the year, cases disposed of during the year and number of cases pending finalisation at the end of the year 2004-05, as furnished by the Department, were as follows:

Name of tax	Opening balance	Cases due for assessment during 2004-05	Total assessments due	Cases disposed of during 2004-05	Balance at the end of the year	Percentage of Column 6 to 4
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Luxury Tax	951	668	1,619	1,007	612	37.80

### 1.7 Evasion of tax

The number of cases of evasion of tax detected by the sales tax and state excise, entertainment and luxury tax departments during the years 2002-03 to 2004-05 as reported by the departments were as follows:

Sl. No.	Item of tax	Cases detected during the year		
		2002-03	2003-04	2004-05
1.	Sales tax	2,639	4,104	2,708
2.	Luxury tax	9	-	-

### 1.8 Refunds

The number of refund cases allowed during the year 2004-05, as reported by the departments, was as follows:

(Rupees in crore)

	No of cases	Amount
Sales tax	1,867	2.73
Tax on motor vehicle	40	0.06

### 1.9 Results of audit

Test check of the records of sales tax, motor vehicles tax, state excise and other revenue earning departments conducted during the year 2004-05 revealed under assessment/short levy/loss of revenue, etc. amounting to Rs.671.70 crore in 1,545 cases. The concerned departments accepted under assessment, non recovery, etc. of Rs.204.50 crore involved in 78 cases which had been pointed out in audit during 2004-05 and earlier years. Of these, the department recovered Rs.15.36 lakh in eight cases and raised additional demands of Rs.38.52 crore during the year 2004-05.

This report contains 26 paragraphs and one performance audit relating to under assessment/short/non levy of taxes, etc., involving Rs.402.36 crore of which Rs.200.31 crore have been accepted by the Government/Department.

### 1.10 Outstanding inspection reports and audit observations

Audit observations on under assessments, short determination/realisation of taxes, duties, fees, etc. and defects in the maintenance of initial records, which are not settled on the spot, are communicated to the heads of the departments through inspection reports. Replies to these inspection reports are to be furnished within one month.

In order to expedite the settlement of outstanding audit observations contained in the inspection reports, an Audit Review Committee (ARC) was constituted by the Sales Tax Department in May 2004 at the instance of the Accountant General. Fourteen meetings of ARC were held during 2004-05 which resulted in settlement of 1,413 paras of the inspection reports.

The number of inspection reports and audit observations relating to revenue receipts issued upto 31 March 2005 which were pending settlement with the departments as on 30 June 2005 along with figures for the preceding two years are given below:

		2002-03	2003-04	2004-05
1.	Number of inspection reports pending settlement	1,115	811	580
2.	Number of outstanding audit observations	9,947	5,364	4,354
3.	Amount of revenue involved (Rupees in crore)	835.82	1,206.08	930.98

Department wise break up of the inspection reports and audit observations outstanding as on 30 June 2005 is given below:

Sl. No.	Department	Number of outstanding inspection reports	Number of outstanding audit observations	Amount (Rupees in crore)	Number of inspection reports where even first reply has not been received	Earliest year to which reports relate
1.	Sales tax	560	4,236	917.68	560	1998-99
2.	Divisional commissioner*	11	61	0.88	11	2003-04
3.	Sate excise, Entertainment & Luxury tax	3	31	12.27	3	2003-04
4.	Transport	6	26	0.15	6	2003-04
<b>Total</b>		<b>580</b>	<b>4,354</b>	<b>930.98</b>		

\* Stamp duty.

**1.11 Response of the department to draft audit paragraphs**

Draft paragraphs proposed for inclusion in the Audit Report are forwarded to the concerned departments through demi official letters drawing their attention to the audit finding and requesting them to send their response within the stipulated time of six weeks. The fact of non receipt of replies from Government is invariably indicated at the end of each such paragraph included in the Audit Report.

Twenty six paragraphs and one performance audit proposed for inclusion in the Report of the Comptroller and Auditor General of India (Revenue Receipts) for the year ended 31 March 2005 were forwarded to the respective departments between May 2005 and July 2005. Replies from the department were received in respect of 23 out of the 26 paragraphs sent to the departments and in respect of the performance audit which have been reflected in the report.