

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 2007-08, grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned below:

(Rupees in crore)						
Sl. No.		2003-04	2004-05	2005-06	2006-07	2007-08
I	Revenue raised by the NCT Government					
	Tax revenue	5,884.17	7,106.13	8,939.28	10,155.80	11,782.80
	Non-tax revenue	950.34	921.39	1,398.96	1,463.58	1,816.70
	Total	6,834.51	8,027.52	10,338.24	11,619.38	13,599.50¹
II	Receipts from the Government of India					
	Grants-in-aid*	514.02	535.11	505.29	574.23	1,312.88 ²
III	Total receipts of the State	7,348.53	8,562.63	10,843.53	12,193.61	14,912.38
IV	Percentage of I to III	93	94	95	95	91

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

The above table indicates that during the year 2007-08, the revenue raised by the NCT Government was 91 *per cent* of the total revenue receipts (Rs. 14,912.38 crore) against 95 *per cent* in the preceding year. The balance nine *per cent* of the receipts during 2007-08 was from the Government of India.

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- 1 For details, please see statement No. 9 "Detailed account of revenue by minor heads" in the Finance Accounts of the Government of NCT of Delhi for the year 2007-08.
 - 2 Figures under the heads 0021 – Taxes on income other than corporation tax, 0028 – other taxes on income and expenditure – Share of net proceeds assigned to the Government of NCT of Delhi booked in the Finance accounts under A – Tax revenue have been excluded from the revenue raised by the Government of NCT of Delhi and included in grants-in-aid to the Government of NCT of Delhi in lieu of share in central taxes and duties.

1.1.1 The following table presents the details of tax revenue raised during the period from 2003-04 to 2007-08:

(Rupees in crore)

Sl. No.	Head of revenue	2003-04	2004-05	2005-06	2006-07	2007-08	Percentage of increase (+) or decrease (-) in 2007-08 over 2006-07
1.	Taxes on sales, trade, etc.	4,435.07	5,199.93	6,500.56	7,365.79	8,310.49	(+) 12.83
2.	State excise	710.12	843.68	1,024.80	1,133.19	1,301.25	(+) 14.83
3.	Stamp duty and registration fee	435.23	668.34	827.65	917.97	1,318.40	(+) 43.62
4.	Taxes on vehicles	175.24	195.98	298.74	362.84	420.20	(+) 15.81
5.	Other taxes	128.51	198.20	287.53	376.01	432.46	(+) 15.01
	Total	5,884.17	7,106.13	8,939.28	10,155.80	11,782.80	(+) 16.02

The following reasons for variations were reported by the concerned departments:

Taxes on sales, trade, etc.: The increase was attributed to growth of tax due to inflation.

State excise: The increase was attributed to introduction of new licences during the year.

Stamp duty and registration fee: The increase was attributed to increase in property transactions during the year.

Taxes on vehicles: The increase was attributed to registration of more vehicles during the year.

Other taxes: The increase was attributed to opening of new multiplexes and better monitoring of cable tax collections.

1.1.2 The following table presents the details of non-tax revenue raised during the period 2003-04 to 2007-08:

(Rupees in crore)

Sl. No.	Head of revenue	2003-04	2004-05	2005-06	2006-07	2007-08	Percentage of increase (+) or decrease (-) in 2007-08 over 2006-07
1.	Interest receipts	868.83	821.96	1,254.17	1,284.98	1,634.79	(+) 27.22
2.	Dividend & profit	6.03	3.75	38.62	22.17	31.15	(+) 40.50
3.	General services	41.45	48.18	49.11	62.23	85.20	(+) 36.91
4.	Social services	22.30	27.73	31.60	31.91	37.47	(+) 17.42
5.	Economic services	11.73	19.77	25.46	62.29	28.09	(-) 54.90
	Total	950.34	921.39	1,398.96	1,463.58	1,816.70	(+) 24.13

1.2 Variations between the budget estimates and actuals

The variations between the budget estimates and actual collection of revenue receipts for the year 2007-08 in respect of principal heads of tax and non-tax revenue are mentioned below:

(Rupees in crore)

Sl. No.	Head of revenue	Budget estimates	Actuals	Variation excess (+) / shortfall (-)	Percentage of variation
Tax revenue					
1.	Taxes on sales, trade, etc.	8,500.00	8,310.49	(-) 189.51	(-) 2.23
2.	State excise	1,166.40	1,301.25	(+) 134.85	(+) 11.56
3.	Stamp duty and registration fee	1,350.00	1,318.40	(-) 31.60	(-) 2.34
4.	Taxes on vehicles	463.00	420.20	(-) 42.80	(-) 9.24
5.	Other taxes	415.63	432.46	(+) 16.83	(+) 4.05
Non-tax revenue					
1.	Interest receipts	1,579.76	1,634.79	(+) 55.03	(+) 3.48
2.	Dividend and profit	20.72	31.15	(+) 10.43	(+) 50.34
3.	General services	48.35	85.20	(+) 36.85	(+) 76.22
4.	Social services	28.70	37.47	(+) 8.77	(+) 30.56
5.	Economic services	21.79	28.09	(+) 6.30	(+) 28.91

The following reasons for variations were reported by the concerned departments:

State excise: The increase was attributed to introduction of new licences during the year.

Taxes on vehicles: The decrease is due to target fixed for the year 2007-08 at higher side.

1.3 Cost of collection

The gross collection in respect of the major revenue receipts, expenditure incurred on their collection and the percentage of such expenditure to gross collection during the years 2005-06 to 2007-08 along with the relevant all India average percentage of expenditure on collection to gross collection for the year 2007-08 are mentioned below:

(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 2007-08
Taxes on sales, trade etc.	2005-06	6,501.00	34.56	0.53	0.82
	2006-07	7,365.79	19.54	0.27	
	2007-08	8,310.49	46.45	0.55	
State excise	2005-06	1,025.00	4.99	0.49	3.30
	2006-07	1,133.18	2.75	0.24	
	2007-08	1,301.25	6.53	0.50	
Taxes on vehicles	2005-06	299.00	9.87	3.30	2.47
	2006-07	362.84	11.38	3.14	
	2007-08	420.20	10.99	2.61	
Stamp duty and registration fee	2005-06	828.00	16.44	1.99	2.33
	2006-07	917.97	20.51	2.23	
	2007-08	1,318.40	44.05	3.34	

Thus, the percentage of expenditure on collection under motor vehicle taxes and stamp duty and registration fee was higher than the all India average percentage.

1.4 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2008 in respect of some principal heads of revenue amounted to Rs. 8,464.68 crore, of which Rs. 8,463.96 crore related to sales tax/value added tax as mentioned below:

(Rupees in crore)

Sl. No.	Head of revenue	Amount outstanding as on 31 March 2008	Remarks
1.	Taxes on sales, trade etc.	8,463.96	Arrears mainly related to ex-parte assessments where dealers have ceased to exist.
2.	Luxury tax	0.72	In the beginning of the year, arrear of Rs. 5 lakh was outstanding which increased to Rs. 72 lakh at the end of the year.
Total		8,464.68	

The Transport Department stated that the amount of arrears pending is not assessable and reply from the Stamp Duty Department has not been received (November 2008).

1.5 Arrears in assessments

The details of pending assessments relating to luxury tax at the beginning of the year 2007-08, cases becoming due for assessment during the year, cases disposed during the year and number of cases pending at the end of each year during 2005-06 to 2007-08 as furnished by the Department of Trade and Taxes

are as mentioned below:

Year	Opening balance	Cases which became due for assessment	Total	Cases disposed during the year	Cases pending at the end of the year
2005-06	612	632	1,244	580	664
2006-07	664	710	1,374	507	867
2007-08	867	560	1,427	743	684

The above table indicates that the arrears of assessments in respect of luxury tax had decreased from 867 (2006-07) to 684 (2007-08). There are no arrears in assessment in respect of taxes on sales, trade etc.

1.6 Evasion of tax

The number of cases of evasion of tax detected by the Department of Trade and Taxes during the years 2005-06 to 2007-08 as reported were 255, 238 and 959 respectively.

1.7 Refunds

The number of refund cases allowed during the year 2007-08 as reported by the departments are mentioned below:

(Rupees in crore)		
Name of the department	No. of cases	Amount
Sales tax/value added tax	20,859	251.08
Transport Department	51	0.02
Stamp duty and Registration fee	Not available	19.04

1.8 Results of audit

Test check of the records of the departments of trade and taxes, transport, state excise, registration etc. conducted during the year 2007-08 revealed underassessment/short levy/loss of revenue, etc. aggregating Rs. 1,051.67 crore in 898 cases. The departments concerned accepted underassessment, non-recovery and other deficiencies of Rs. 28.17 crore involved in 38 cases which had been pointed out in the audit in earlier years. Of these, the departments raised additional demands of Rs. 9.14 crore and recovered Rs. 18.41 lakh in 6 cases during the year 2007-08.

This report contains 11 paragraphs including two reviews relating to underassessment/short/non-levy of taxes, etc. involving Rs. 945.52 crore of which Rs. 28.17 crore have been accepted by the Government/departments.

1.9 Outstanding inspection reports and audit observations

Accountant General (Audit) (AG) conducts periodical inspection of the Government departments to test check the transactions and verify the maintenance of important accounting and other records as per the prescribed rules and procedures. Important irregularities and defects in assessments demand and collection of State receipts, noticed during these inspections but

not settled on the spot, are communicated to the heads of the offices and to the next higher departmental authorities through the inspection reports (IRs).

The number of IRs and audit observations relating to revenue receipts issued upto 31 March 2008 which were pending with the departments as on 30 June 2008 are mentioned below along with the figures for the preceding two years:

Sl. No.	Particulars	2005-06	2006-07	2007-08
1.	Number of IRs pending	433	123	206
2.	Number of outstanding audit observations	3,745	1,582	2,645
3.	Amount of revenue involved (Rupees in crore)	927.71	530.98	1,758.51

The department wise break up of the IRs and audit observations outstanding as on 30 June 2008 is mentioned below:

Sl. No.	Department	Number of outstanding IRs	Number of outstanding audit observations	Amount (Rs. in crore)	Number of IRs where even first reply has not been received	Earliest year to which the reports relate
1.	Sales tax/ Value added tax	158	2,517	1,523.53	158	2005-06
2.	Transport department	48	128	234.98	48	2005-06
Total		206	2,645	1,758.51	206	

1.10 Departmental audit committee meetings

In order to expedite the settlement of outstanding audit observations contained in the IRs, an audit review committee (ARC) was constituted by the Department of Trade and Taxes in May 2005 at the instance of the Accountant General. Six meetings of the ARC were held during 2007-08 which resulted in settlement of 514 paragraphs.

1.11 Response of the department to draft audit paragraphs

Draft paragraphs proposed for inclusion in the Audit Report are forwarded by the AG to the concerned departments through demi-official letters. All the departments are required to furnish their remarks within six weeks of their receipt. The fact of non-receipt of replies from the Government is invariably indicated at the end of each such paragraph included in the Audit Report.

15 paragraphs clubbed into 11 paragraphs (including two reviews) proposed for inclusion in the Report of the Comptroller and Auditor General of India (Revenue Receipts) for the year ended 31 March 2008 were forwarded to the respective departments and the Government in May 2008. The replies from the department were received in parts in respect of all the paragraphs which have been reflected in the report.

1.12 Follow-up on Audit Reports

Once the Reports of Comptroller and Auditor General of India are placed in State Legislative Assembly, the various departments are required to submit action taken notes (ATNs) on all paragraphs contained therein for consideration of Public Accounts committee (PAC). Undue delay in submission of ATNs dilutes the accountability of the Executive to the Legislature and is to be viewed seriously. The position of outstanding ATNs on paragraphs and reviews included in the Report relating to Revenue Receipts of the Comptroller and Auditor General of India, Government of NCT of Delhi as of 30 November 2008 is mentioned below:

Sl. No.	Year of Report ending 31 March	Number of paragraphs and reviews printed in Report	Number of paragraphs for which ATN were awaited
1.	1995	13	10
2.	1996	07	Nil
3.	1997	09	Nil
4.	1998	10	07
5.	1999	16	Nil
6.	2000	11+1 (Review)	Nil
7.	2001	11+1 (Review)	Nil
8.	2002	11+1 (Review)	Nil
9.	2003	11+1 (Review)	Nil
10.	2004	20+3 (Review)	4
11.	2005	26+1 (Review)	1
12.	2006	19+1 (Review)	8
13.	2007	15+1 (Review)	14

1.13 Compliance with the earlier Audit Reports

During the years between 2004-05 and 2006-07, the department/Government accepted audit observations involving revenue of Rs. 427.81 crore out of which an amount of Rs. 43 lakh was recovered till March 2008 as mentioned below:

(Rupees in crore)

Year of the Audit Report	Money value of Audit Reports	Money value of accepted cases	Amount recovered
2004-05	402.36	200.31	0.10
2005-06	177.85	18.44	0.06
2006-07	254.93	209.06	0.27
Total	835.14	427.81	0.43