



Report of the
Comptroller and Auditor General of India
on
Revenue
and
Social & Economic Sector (PSUs)
for the year ended 31 March 2013

The Report has been laid on the table of the Parliament house on 01-08-2014



Government of National Capital
Territory of Delhi

Report No. 1 of the year 2014

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PREFACE

This Report is prepared for submission to the Lieutenant Governor of Delhi under Article 151(2) of the Constitution of India. This Report contains two parts.

Part A: Revenue Sector –The audit of revenue receipts of the Revenue Sector departments of the Government is conducted under Section 16 of the Comptroller & Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. This part presents the results of audit of receipts of the Government of Delhi for the financial year ended 31 March 2013.

Part B: Public Sector Undertakings: This relates to Social and Economic Sectors. Audit of accounts of Government Companies is conducted by the CAG under Section 619 of the Companies Act, 1956 and audit of Statutory Corporations under their respective legislation. The Government is required to submit this portion of the Audit report to the State Legislature under Section 19A of the Comptroller and Auditor General' (Duties, Powers and Conditions of Service) Act, 1971.

The cases mentioned in this Report are among those which came to the notice in the course of test audit of transactions during the year 2012-13 as well as those which had come to the notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2012-13 but pertaining to the year 2012-13 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued (March 2002) by the Comptroller and Auditor General of India.

OVERVIEW

The Report contains one Performance Audit on Levy and Collection of Stamp Duty and Registration Fee and two paragraphs involving ₹ 536 crore, relating to underassessment/short payment/loss of revenue etc. in Part A and one Performance Audit and seven paragraphs involving ₹ 182.89 crore relating to PSUs in Tourism, Power and Transport Departments etc. in Part B. Thus, the total money value of this Report containing two Performance Audits and nine audit paragraphs is ₹ 718.89 crore. Some of the major findings are mentioned below:

Part – A: Revenue Sector

General

The total revenue receipts of the Government for the year 2012-13 were ₹ 25,560.97 crore as compared to ₹ 22,393.18 crore in the year 2011-12. Out of this, 94 *per cent* was raised through tax revenue (₹ 23,431.52 crore) and non-tax revenue (₹ 626.93 crore). The balance 6 *per cent* was received from the Government of India as grants-in-aid (₹ 1,502.52 crore). The increase in tax revenue and non-tax revenue was 17.32 *per cent* and 36.03 *per cent* respectively over the previous year.

(Paragraph 1.1)

Test check of the records of 96 units of the Departments of Trade & Taxes, State Excise, Transport, Entertainment, Luxury & Betting and Revenue conducted during the year 2012-13 showed underassessment/short levy/loss of revenue aggregating to ₹ 2,041.32 crore in 2238 cases. The concerned departments accepted underassessment and other deficiencies of ₹ 50.46 crore involved in 627 cases pointed out in audit during 2012-13 and earlier years. The departments recovered ₹ 5.61 lakh in six cases during the year 2012-13.

(Paragraph 1.10)

Sales Tax/Value Added Tax

Out of 263 cases involving an amount of ₹ 5,150.27 crore, the Department reassessed only 45 cases (17 *per cent*) involving an amount of ₹ 98.56 crore, but could recover only an amount of ₹ 8.15 crore. The action of the Objection Hearing Authority (OHA) to remand back the cases was not correct as he has no power to remand back the cases under the DVAT Act.

(Paragraph 2.3.1(i))

The OHA set aside all default assessment orders due to delayed dispatch of assessment orders by the Assessing Authority in respect of a private bank which resulted in non-realization of demand of ₹ 480.12 crore.

(Paragraph 2.3.2)

The OHA set aside the re-assessment order on the grounds that the Assessing Authority did not pass the order through computer system and passed single

order for both the years which resulted in non-realization of demand of ₹ 7.97 crore.

(Paragraph 2.3.3)

The OHA set aside the assessment and penalty order on the grounds that it had no power to remand back the objection which resulted in non-realization of demand of ₹ 3.71 crore.

(Paragraph 2.3.4)

Stamp Duty and Registration Fee

A performance audit on "**Levy and collection of stamp duty and registration fee**" was conducted. Some major findings are given below:

Non-levy of stamp duty and registration fee in 551 cases resulted in loss of stamp duty of ₹ 28.05 crore and registration fee of ₹ 0.03 crore to the Government.

(Paragraph 2.6.6.1)

Short levy of stamp duty and registration fee in 227 cases due to change of land use, wrong calculation and misclassification of instruments, resulted in loss of stamp duty of ₹ 5.31 crore and registration fee of ₹ 0.69 crore to the Government.

(Paragraph 2.6.7)

Incorrect allowance of exemption of stamp duty and registration fee in 22 cases resulted in loss of stamp duty of ₹ 1.04 crore and registration fee of ₹ 0.22 crore to the Government.

(Paragraph 2.6.8.1)

Non-realization of stamp duty on shares allotted by 523 companies resulted in loss of stamp duty of ₹ 8.12 crore to the Government.

(Paragraph 2.6.9.1)

Part-B: Public Sector Undertakings (PSUs)

Status of State Public Sector Undertakings

As on 31 March 2013, Delhi had 17 working Public Sector Undertakings (PSUs) – 15 Government Companies and two Statutory Corporations. The investment (capital and long term loans) in these 17 PSUs was ₹ 28,043.99 crore. It grew by 81 *per cent* from ₹ 15,455.50 crore in 2008-09. The Government contributed ₹ 2,784.95 crore towards Equity, Loans and Grants/Subsidies to State PSUs during 2012-13.

(Paragraph 3.3 and 3.4)

Out of 17 working PSUs for which the accounts were received upto 30 September 2013, nine PSUs earned profit of ₹ 1,029.17 crore, seven PSUs incurred loss of ₹ 2,543.67 crore and one PSU was at breakeven.

(Paragraph 3.6)

Three PSUs had arrears of 12 accounts as of September 2013. The delay in finalisation of accounts resulted in violation of provisions of the Companies Act, 1956.

(Paragraph 3.7)

Eleven out of 21 accounts finalised during October 2012 to September 2013 received qualified certificates. There were 14 instances of non-compliance with Accounting Standards in accounts of five Companies and two Corporations.

(Paragraph 3.8)

Performance audit and Transaction audit

Performance audit relating to '**Delhi State Industrial and Infrastructure Development Corporation Limited**' was conducted. Important audit findings are as under:

The Company had outstanding ground rent of ₹ 99.67 crore receivable from 14,906 allottees of industrial plots in its industrial areas.

(Paragraph 4.1.4)

As against the intent of the Government to lay concrete roads only where sewer lines and water lines had been laid, the company laid cement concrete roads valuing ₹ 206.96 crore in colonies without ensuring laying of sewer lines and water lines by Delhi Jal Board.

(Paragraph 4.1.5.1)

Irregularities were noticed in appointment of consultants for various projects. Non-compliance of provisions of CPWD Works Manual relating to availability of structural drawings, approved layout plans, fixing completion period for projects, award of work, preparation of justified rates and technical evaluation of bids were also observed.

(Paragraph 4.1.4.1, 4.1.6.1, 4.1.6.2, 4.1.6.3, 4.1.7.2, 4.1.9.1, 4.1.11)

The Company constructed dwelling units with G+2 and G+3 structures as against the provisions of MPD-2021 which envisaged dwelling units with G+3 and G+4 structures, thereby losing opportunity to construct additional 3720 low cost houses.

(Paragraph 4.1.7.1)

Incorrect projections for annuity of Narela industrial estate PPP on UOMT basis caused an avoidable future outgo of ₹ 91.50 crore during the 15 years period from 2013-14 to 2028-29.

(Paragraph 4.1.12)

Transaction audit observations

Delhi Tourism and Transportation Development Corporation Limited

Delay in selection and appointment of Advisor for selection of an operator resulted in blockage of funds to the tune of ₹ 5.67 crore.

(Paragraph 4.2.2)

Loss of ₹ 1.44 crore in operation and management of a canteen in Delhi Legislative Assembly due to absence of a formal agreement and non-conducting any cost-benefit analysis.

(Paragraph 4.2.3)

Indraprastha Power Generation Company Limited by delaying recovery of advance income tax paid, blocked their funds and suffered interest loss of ₹ 6.42 crore leading to undue financial benefit to DISCOMs.

(Paragraph 4.3.1)

Delhi Transport Corporation suffered avoidable loss of ₹ 53.59 crore on account of unauthorized occupation of staff quarters at two staff colonies.

(Paragraph 4.5.1)

PART- A
(Revenue Sector)

Chapter-I
General

Chapter-1 General

1.1 Trend of revenue receipts

1.1.1 The tax and non-tax revenue raised by the Government of National Capital Territory (NCT) of Delhi and grants-in-aid received from the Government of India during the year 2012-13 and the corresponding figures for the preceding four years are given in the **Table 1.1**.

Table: 1.1
Trend of revenue receipts (₹ in crore)

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1.	Revenue raised by the State Government					
	Tax revenue	12,180.70	13,447.85	16,477.75	19,971.67	23,431.52
	Non-tax revenue	2,300.72	3,467.40	4,188.95	460.87	626.93
	Total	14,481.42	16,915.25	20,666.70	20,432.54	24,058.45
2.	Receipts from the Government of India					
	Grants-in-aid	1,870.79	3,536.08	4,357.40	1,960.64	1,502.52
3.	Total revenue receipts of the State Government (1 and 2)	16,352.21	20,451.33	25,024.10	22,393.18	25,560.97
4.	Percentage of 1 to 3	89	83	83	91	94

Source: Pay and Accounts Office, Delhi

The revenue raised by the State Government accounted for 94 *per cent* of the total revenue and the remaining six *percent* was received as grant-in-aid from the Government of India. The increase in tax revenue and non-tax revenue was 17.32 *per cent* and 36.03 *per cent* respectively over the previous year.

1.1.2 The details of tax revenue raised during the period from 2008-09 to 2012-13 are given in the **Table 1.2**.

Table 1.2
Details of tax revenue raised (₹ in crore)

Sl. No.	Head of revenue	2008-09	2009-10	2010-11	2011-12	2012-13	Percentage of increase (+) in 2012-13 over 2011-12
1.	Taxes on sales, trade, etc.	9,152.09	10,126.01	12,068.62	13,750.95	15,803.68	(+)14.93
2.	State Excise	1,420.91	1,643.56	2,027.09	2,533.72	2,869.74	(+)13.26
3.	Stamps and Registration fee	788.01	929.97	1,355.75	2,240.25	3,098.06	(+)38.29
4.	Taxes on vehicles	419.12	462.65	707.55	1,049.19	1,240.18	(+)18.20
5.	Other taxes	400.57	285.66	318.74	397.55	419.85	(+)05.61
	Total	12,180.70	13,447.85	16,477.75	19,971.66	23,431.51	(+)17.32

Source: Pay and Accounts Office, Delhi

The respective departments reported the following reasons for variation:

Taxes on sales, trade etc.: The increase was normal growth of revenue.

State excise: State excise revenue was mainly increased due to adoption of new duty structure from 7 June 2011.

Taxes on vehicles: The revenue increase was due to increase in sale of vehicles.

The other departments, though requested (August 2013), did not furnish the reasons for variations in receipts from that of the previous year (February 2014).

1.1.3 The details of non-tax revenue raised during the period 2008-09 to 2012-13 are given in **Table 1.3**.

Table 1.3
Details of non-tax revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2008-09	2009-10	2010-11	2011-12	2012-13	Percentage of increase (+)/ decrease (-) in 2012-13 over 2011-12
1.	Interest receipts	2,101.41	3,236.61	3,869.84	174.14	340.03	(+)95.26
2.	Dividend & profit	29.92	41.56	46.59	33.00	26.25	(-)20.45
3.	General services	64.91	93.41	101.84	128.58	143.11	(+)11.30
4.	Social services	54.53	56.13	61.59	79.48	87.24	(+)09.76
5.	Economic services	49.95	39.69	109.08	45.67	30.31	(-)33.63
Total		2,300.72	3,467.40	4,188.94	460.87	626.93	(+)36.03

Source: Receipts Budget 2013 and Pay and Accounts Office, Delhi

The reasons for increase/decrease in non-tax revenue during 2012-13 over those of 2011-12, as given by the concerned departments were that the Non-Tax Revenue Receipts were not a regular income of the Government, but charged on commodities and services provided and fines etc., collected there under.

1.2 Variations between the budget estimates and actual receipts

The variations between the budget estimates and actual collection of revenue receipts for the year 2012-13 in respect of principal heads of tax and non-tax

revenue are mentioned in the **Table 1.4**.

Table 1.4
Budget estimates and actual receipts

(₹ in crore)

Sl. No.	Head of revenue	Budget estimates	Actuals	Variation excess (+)/ shortfall (-)	Percentage of variation
1.	Taxes on sales, trade, etc.	16,500.00	15,803.68	(-) 696.32	(-) 4.22
2.	State Excise	3,000.00	2,869.74	(-) 130.26	(-) 4.34
3.	Stamps and Registration fee	3,800.00	3,098.06	(-) 701.94	(-) 18.47
4.	Taxes on vehicles	1,370.00	1,240.18	(-) 129.82	(-) 9.48
5.	Other taxes	487.00	419.85	(-) 67.15	(-) 13.78
Non- tax revenue					
1.	Interest receipts	473.54	340.03	(-)133.51	(-) 28.19
2.	Dividend and profit	48.00	26.25	(-) 21.75	(-) 45.31
3.	General services	130.28	143.11	(+) 12.83	(+) 9.85
4.	Social services	79.56	87.24	(+) 7.68	(+) 9.65
5.	Economic services	38.16	30.31	(-) 7.85	(-) 20.57

Source: Receipts Budget 2013 and Pay and Accounts Office, Delhi

The reasons attributed by the concerned departments to variations are as follows:

Stamps and Registration fee: The decrease of 18.47 *per cent* for the year 2012-13 was due to court verdict, disallowing “General Power of Attorney” (GPA) in case of transfer of property.

Taxes on vehicles: The decrease of 9.48 *per cent* for the year 2012-13 was due to phasing out of Blue Line buses from public transport.

Non-Tax Revenue: Preparation of estimates well in advance in the month of September/October of the previous year and in case of interest, less amount of loan released during the previous year in respect of major revenue receipt.

The other departments, though requested (August 2013), did not furnish the reasons for variations between budget estimates and actual receipts (February 2014).

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 collection during the years 2010-11 to 2012-13, along with the relevant all India average percentage of expenditure on collection to gross collection for the year

2011-12 are given in the **Table 1.5**.

Table: 1.5
Cost of collection

(₹ in crore)

Head of revenue	Year	Collection	Cost of collection	Percentage of cost of collection to collection	All India average of cost of collection for the year 2011-12
Taxes on sales, trade etc.	2010-11	12,068.62	50.69	0.42	1.89
	2011-12	13,750.95	53.67	0.39	
	2012-13	15,803.68	75.70	0.48	
State excise	2010-11	2,027.09	9.44	0.47	2.98
	2011-12	2,533.72	10.79	0.43	
	2012-13	2,869.74	23.67	0.82	
Stamps and Registration fee	2010-11	1,355.75	19.30	1.42	0.83
	2011-12	2,240.25	31.60	1.41	
	2012-13	3,098.06	14.57	0.47	
Taxes on vehicles	2010-11	707.55	37.03	5.23	2.96
	2011-12	1,049.19	31.79	3.03	
	2012-13	1,240.18	28.91	2.33	

Source: Receipts Budget 2013 and Pay & Accounts Office, Delhi

The above table shows that during 2012-13, cost of collection in respect of Stamp Duty and Registration Fee and Taxes on Vehicles decreased, where as the cost of collection in respect of Taxes on Sales, Trade etc. and state excise increased over the previous year.

1.4 Analysis of arrears of revenue

An analysis of arrears of revenue as on 31 March 2013 in respect of some principal heads of revenue amounting to ₹ 16,225.47 crore is depicted in the **Table 1.6**.

Table 1.6
Arrears of revenue
(₹ in crore)

Sl. No.	Head of revenue	Amount outstanding as on 31 March 2013	Amount outstanding for more than 5 years	Remarks
1.	Taxes on sales, trade etc.	16,221.30	1,540.28	Demand created by ex-parte assessment and non-reflection of deposited amount in the records of the Department.
2.	State excise	16.70	3.06	As on 31 March 2013, a demand of ₹ 7.05 crore is under appeal and ₹ 5.55 crore has been remanded back for fresh assessment. Apart from above, recovery amounting to ₹ 4.10 crore with interest is also pending with department.
3.	Stamps duty and Registration fee	0.05	-	Arrears are pending on account of non-depositing of stamp duty adjudicated by the Collector of Stamp (HQ), by the company for issue of shares.
Total		16,238.05	1,543.34	

1.5 Arrears in assessment

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 the Department of Trade & Taxes and the Department of State Excise, are given in **Table 1.7**.

Table 1.7
Arrears in assessment

Year	Opening balance	Cases which became due for assessment	Total assessments due	Cases disposed of during the year	Cases pending at the end of the year	Percentage of disposal (col.5 to 4)
1	2	3	4	5	6	7
Department of Trade & Taxes						
2010-11	4,945	85,360	90,305	85,720	4,585	93
2011-12	4,585	1,44,115	1,48,700	1,46,774	1,926	98
2012-13	1,926	1,73,942	1,75,868	1,74,563	1,305	99
Department of State Excise						
2010-11	1,422	854	2,276	584	1,692	26
2011-12	1,692	879	2,571	834	1,737	32
2012-13	1,737	873	2,610	687	1,923	26

It would be seen from the table that the percentage of disposal of assessment cases was very low and ranged between 26 and 32 *per cent* in the Department of State Excise and in the case of Department of Trade and Taxes it was as high as 99 *per cent*.

1.6 Evasion of tax

The number of cases of evasion of tax detected by the Department of Trade and Taxes during the years 2010-11, 2011-12 and 2012-13 were 1843, 871 and 1,292 respectively pointing out the total evasion of ₹ 1,151.23 crore under various forms of evasion as reported by the department, as detailed in **Table 1.8**.

Table 1.8
Evasion of tax
(₹ in crore)

Sl. No.	Type of variation	Amount detected
1.	Cash variation	37.29
2.	Stock variation	564.48
3.	Seizure detected	549.46
Total		1,151.23

The cases detected by the branch, were then forwarded to the concerned assessing authorities of the department for further necessary action.

1.7 Response of the Departments/Government towards Audit

1.7.1 Lack of prompt response to audit observations

The Principal Accountant General (Audit), Delhi (PAG), conducts periodical inspection of the Government departments to test check the transactions and to verify the maintenance/correctness of the important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the inspection reports (IRs), incorporating therein the irregularities detected during the inspection, but not settled on the spot. These are issued to the Heads of the Offices inspected, with copies to the next higher authorities for taking prompt corrective action. The Heads of Offices/ Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the PAG within one month from the date of issuance of the IRs. Serious financial irregularities are reported to the Heads of Department and the Government.

Inspection reports issued up to December 2012 disclosed that 624 IRs containing 12,224 paragraphs involving ₹ 11,054.77 crore remained outstanding at the end of June 2013 as mentioned in the **Table 1.9**, along with the corresponding figures for the preceding two years.

Table 1.9
Outstanding IRs/Paragraphs

	June 2011	June 2012	June 2013
Number of outstanding IRs	360	483	624
Number of outstanding audit paragraphs	7,867	10,028	12,224
Amount involved (₹ in crore)	6,619.49	8,938.03	11,054.77

The department-wise details of the IRs and audit paragraphs outstanding as on 30 June 2013 and the money value involved are mentioned in the **Table 1.10**.

Table 1.10
Department wise outstanding IRs/Paragraphs

(₹ in crore)					
Sl. No.	Name of Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit paragraphs	Money value involved
1.	Trade and taxes	Taxes/VAT on sales, trade etc.	499	11,706	10,936.27
2.	Excise	State Excise	8	41	61.67
3.	Transport	Taxes on motor vehicles	56	122	20.42
4.	Revenue (Stamps and Registration)	Stamps and Registration Fees	61	355	36.41
Total			624	12,224	11,054.77

The large pendency of IRs was due to non-receipt of replies which indicates the lack of seriousness on the part of executives to promptly respond to audit.

It is recommended that the Government may take suitable steps to establish an efficient procedure for prompt and appropriate response to audit observations as well as for taking action against officials/officers who failed to send responses to the IRs/paragraphs as per the prescribed time schedules and take action to recover loss/outstanding demand in a time bound manner.

1.7.2 Departmental Audit Committee Meetings

The Government set up Audit Committees to monitor and expedite settlement of IRs and paragraphs therein. Only three departmental audit committee meetings were held during the period 2012-13 in which no para was settled by the Trades and Taxes Department.

It is recommended that the Government may hold more meetings and take concrete steps to clear outstanding paragraphs.

1.7.3 Non-production of records to Audit for scrutiny

It is incumbent upon the Department to expeditiously produce the records, furnish relevant informations and afford necessary facilities for inspection of their accounts and smooth conduct of audit. The details of non-production of records by the department of Trade and Taxes for the last three years ending 2012-13 are given in **Table 1.11**.

Table 1.11
Non-production of records

Year in which it was to be audited	No. of files requisitioned	No. of files not produced	Percentage of non-production
2010-11	8,860	2,982	34
2011-12	7,602	2,526	33
2012-13	8,067	3,312	41
Total	24,529	8,820	

It may be observed that the non-production of records is 41 *per cent* in 2012-13 and the revenue involved in the above cases could not be ascertained.

1.7.4 Response of the Departments to the draft audit paragraphs

Serious and important audit observations (paragraphs) noticed during local inspections and proposed for inclusion in the Audit Report of the Comptroller and Auditor General of India (CAG), are forwarded to the Principal Secretaries/Secretaries of the concerned departments through demi-official letters with a request to furnish their response within six weeks of their receipt. The fact of non-receipt of replies from the Government is indicated at the end of each such paragraph included in the Audit Report.

Nine draft paragraphs and one Performance Audit proposed to be included in the Part A of the Audit Report for the year ended 31 March 2013 were sent to the respective Departments and the Government upto October 2013 with the request to send the replies within six weeks. The replies in respect of two paragraphs have been received and included in the paragraphs.

The Performance Audit was discussed in the exit conference held with the Government/concerned department.

1.7.5 Follow up on Audit Reports – summarised position

Once the Reports of the Comptroller and Auditor General of India are placed in the State Legislative Assembly, the various Departments are required to submit Action Taken Notes (ATNs) on all paragraphs/reviews contained therein, for consideration of the Public Accounts Committee (PAC). Undue delay in submission of ATNs dilutes the accountability of the Executive to the Legislature. 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, on Government of NCT of Delhi as on October 2013 is mentioned in the **Table 1.12**.

Table: 1.12
Outstanding Action Taken Notes

Sl. No.	Year of Report ending 31 March	Number of paragraphs included in Audit Report	Number of paragraphs for which ATNs were awaited
1.	2008	11	2*
2.	2009	15	15**
3.	2010	18	16*
4.	2011	15	15
5.	2012	17	6*

* ATN in respect of one Performance Audit received partially

**ATNs on 4 paragraphs received partially

The Government should submit the pending ATNs at the earliest.

1.7.6 Compliance with the earlier Audit Reports

In respect of the paragraphs featured in the Audit Reports for the last five years, i.e., 2007-08 to 2011-12, the Department/Government accepted audit observations involving revenue of ₹ 263.67 crore, of which only ₹ 2.00 crore was recovered till August 2013 as mentioned in the **Table 1.13**.

Table: 1.13
Recovery against accepted cases

(₹ in crore)

Year of the Audit Report	Money value of Audit Reports	Money value of accepted cases	Amount recovered
2007-08	945.52	28.17	0.18
2008-09	1,729.62	109.00	0.14
2009-10	1,764.20	49.36	0.39
2010-11	1,479.98	58.00	0.06
2011-12	2,363.11	19.14	1.23
Total	8,282.43	263.67	2.00

It would be seen from the above table that even after accepting the audit observations of ₹ 263.67 crore, the Department/Government has recovered only ₹ 2 crore (0.76 per cent).

It is recommended that Government may ensure prompt recovery in the accepted cases.

1.8 Analysis of the mechanism for dealing with the issues raised by Audit

To analyse the system of addressing the issues highlighted in the Inspection Reports/Audit Reports, by the Departments/Government, the action taken on the paragraphs and reviews included in the Audit Reports of the last five years in respect of Department of Trade and Taxes is evaluated and included in each Audit Report.

The succeeding paragraph 1.8.1 and 1.8.2 discuss the performance of the Department of Trade and Taxes to deal with the cases detected in the course of local audit, conducted during the last five years and also the cases included in the Audit Reports for the years 2008-09 to 2012-13.

1.8.1 Position of Inspection Reports

The summarised position of inspection reports issued during the last five years, paragraphs included in these reports and their status as on 31 March 2013 are tabulated in the **Table 1.14**.

Table: 1.14

Position of Inspection Reports

(₹ in crore)

Year	Opening balance			Additions 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
2008-09	206	2,645	1,758.51	89	2,265	1,748.24	6	429	413.39	289	4,481	3,093.36
2009-10	289	4,481	3,093.36	108	2,972	2,900.71	11	301	218.47	386	7,152	5,775.60
2010-11	386	7,152	5,775.60	54	2,009	1,831.89	85	564	434.09	355	8,597	7,173.40
2011-12	355	8,597	7,173.40	96	2,204	3,079.27	24	657	394.02	427	10,144	9,858.65
2012-13	427	10,144	9,858.65	104	1,610	1,209.64	62	520	571.99	469	11,234	10,496.31
Total				451	11,060	10,769.75	188	2471	2,031.96			

It is evident from the above table that at the beginning of the year 2008-09, there were 206 IRs with 2,645 paras involving the audit objections of ₹ 1,758.51 crore, awaiting response from the Department, but after a period of five years, i.e., at the end of 2012-13, the number of IRs and paras increased to 469 (128 *per cent*) and 11,234 (324 *per cent*) respectively and the amount of audit objections increased to ₹ 10,496.31 crore (497 *per cent*). This shows that the Department/Government was not paying adequate attention towards inspection reports issued by the Office of the PAG.

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

The draft Performance Audits conducted by the Office of PAG are forwarded to the concerned Departments/Government for their information with a request to furnish their replies. These Performance Audits are also discussed in exit conferences and the Department's/ Government's views are included while finalising the Performance Audits for the Audit Reports.

The details of Performance Audits on the Department of Trade and Taxes, featured in the last five Audit Reports, are mentioned in the **Table 1.15**, however, none of these Performance Audits had been taken up by the Public

Accounts Committee (PAC) for discussion.

Table 1.15
Action Taken on recommendations

Year of Report	Name of the Review	Number of recommendations	Status
2007-08	Performance appraisal of exemption of Central Sales Tax on account of branch transfer/consignment sale	4	Reply not furnished.
2008-09	Assessment, levy and collection of tax on Works Contract	3	Reply not furnished.
	Transition from Delhi Sales Tax to the Delhi Value Added Tax	4	Reply not furnished.
2010-11	Utilization of declaration forms in Inter-State Trade & Commerce	4	Reply not furnished.

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 audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis which *inter-alia* includes critical issues in Government revenues and tax administration, i.e., 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, features of the tax administration, audit coverage and its impact during past five years etc.

During the year 2012-13, out of 102 planned for audit, 96 units were audited, which is 94 *per cent*.

Besides the compliance audit mentioned above, one Performance Audit was also taken up to examine the efficacy of the tax administration.

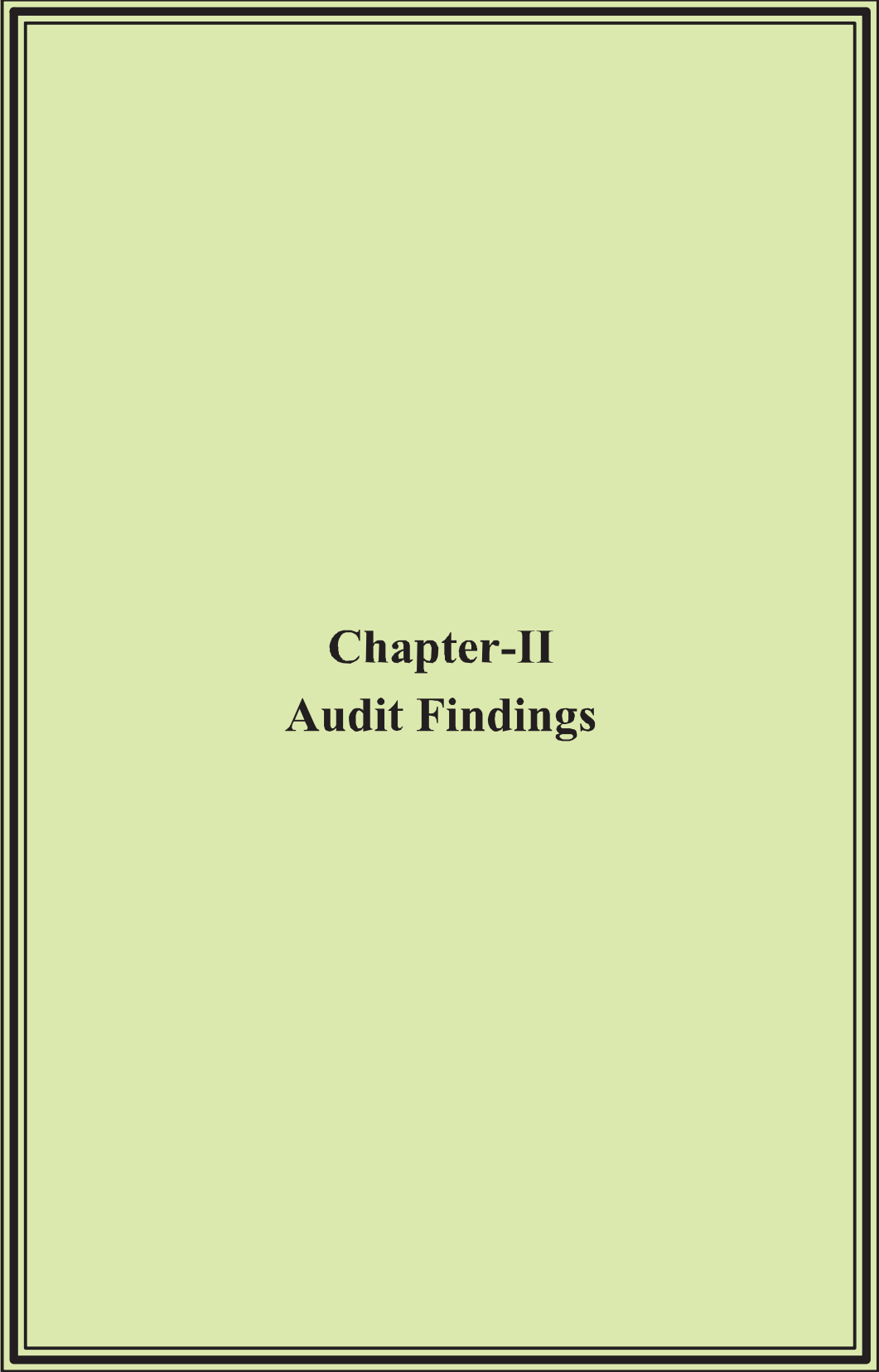
1.10 Result of audit

1.10.1 Position of Local Audits conducted during the year

Test check of the records of 96 units of the Departments of Trade & Taxes, State Excise, Transport, Entertainment, Luxury & Betting and Revenue conducted during the year 2012-13 showed underassessment/short levy/loss of revenue aggregating to ₹ 2041.32 crore in 2238 cases. The concerned departments accepted underassessment and other deficiencies of ₹ 50.46 crore involved in 627 cases pointed out in audit during 2012-13 and earlier years. The departments recovered ₹ 5.61 lakh in six cases during the year 2012-13.

1.10.2 Contents of the Part A (Revenue Chapter)

The Revenue Chapter contains one Performance Audit on "Levy and collection of Stamps and Registration Fee" and two paragraphs, wherein we have pointed out several system and compliance deficiencies, besides short/non-levy of tax, interest, etc., involving financial effect of ₹ 536 crore. These are discussed in Chapters II of the Report.



Chapter-II

Audit Findings

Chapter-2 Audit Findings

Department of Trade and Taxes

2.1 Tax administration

The receipts from VAT are administered by the Commissioner of Department of Trade and Taxes (DTT) assisted by four Special Commissioners. There are 10 zones each headed by a Joint Commissioner/Deputy Commissioner who work under the Additional Commissioners. Delhi has been divided into 114 wards headed by the Value Added Tax Officers (VATOs).

The total number of registered dealers as on 31 March 2013 was 3,20,854, out of which, 17,474 dealers submit their returns on monthly basis and remaining 3,03,380 dealers submit their returns on quarterly basis.

Out of registered dealers of 3,20,854, only 2,48,845 dealers filed their returns during the year 2012-13, 1,653 dealers were large tax payers (depositing tax of more than ₹ one crore) and 10,4281 dealers were small tax payers (depositing less than ₹ one lakh).

2.2 Results of audit

Test check of the records of 68 units showed an underassessment of tax and other irregularities involving ₹ 1,691.65 crore in 870 cases which fall under the following categories:

(₹ in crore)			
Sl. No.	Categories	No. of cases	Amount
1.	Objection and Appeal cases in VAT	01	491.80
2.	Irregular claim of exemption/ concessional rate of tax on statutory forms	831	1,175.83
3.	Others; such as irregular claim of tax concession on defective forms, short deduction of TDS, short deposit of tax, irregular claim of exempted sales, etc.	38	24.02
Total		870	1,691.65

A few illustrative cases involving ₹ 492.54 crore are discussed in the following paragraphs.

2.3 Audit on 'Objection and Appeal cases'

The Delhi Value Added Tax Act 2004, (the DVAT Act) and Central Sales Tax Act, 1956 (CST Act) and Rules framed thereunder govern the levy, assessment and collection of VAT.

Section 74 of the DVAT Act, 2004 provides that any person who is dissatisfied with (a) an assessment made under this Act (including an assessment under section 33 of this Act); or (b) any other order or decision made under

this Act, may make an objection against such assessment, or order or decision, as the case may be, to the Commissioner, within two months of the date of service of the assessment, or order or decision, as the case may be.

Audit covering period 2009-10 to 2011-12 was conducted with the objective to see whether statutory provisions were complied, recovery of revenue was prompt and internal control for monitoring, recording and disposal of objections was in place. Records of one out of three Special Commissioners (Objections/Appeals above ₹ 15 lakh), two out of 10 Additional Commissioners (Objections/Appeals upto ₹ 15 lakh) were examined.

2.3.1 Poor handling of remanded cases

(i) Under DVAT Act

Under sub-section 7 of Section 74 of the DVAT Act, the Objection Hearing Authority (OHA) shall accept or reject the objection in whole or in part. Also, as per the DVAT-Tribunal decision (30 September 2010) in the case of 'Shree Cement Ltd. vs. CTT', Act does not include power of remanding back the cases to the assessing authorities.

Audit observed that in contravention of the above provisions, OHAs remanded (returned) back 4,414 objection cases to the Assessing Authority for re-assessment during the period 2009-10 to 2011-12. After remanding the cases, OHAs did not watch the disposal of the remanded cases by the Assessing Authority.

Audit selected for test check, 263 remanded cases involving ₹ 5,150.27 crore, as per the details given in the **Table 2.1**.

Table 2.1
Handling of remanded cases under DVAT Act (₹ in crore)

Sl. No.	Nature of observation	No. of selected cases	Demand involved	Amount recovered	Percentage of recovery made
1.	Re-assessed	45	98.56	8.15	8.26
2	Files not traceable in wards.	14	102.28	Nil	0.00
3	Non-receipt of order of OHA in wards	04	10.78	Nil	0.00
4	Change of address/RC cancelled	01	00.51	Nil	0.00
5	Pending with wards from May 2010 to March 2012	23	103.28	Nil	0.00
6	Files not pertaining to wards as per system	28	474.14	Nil	0.00
7	Reply not received from the wards by Audit	148	4,360.72	Nil	0.00
	Total	263	5,150.27	8.15	

The above table shows that out of 263 cases involving an amount of ₹ 5,150.27 crore, the Department reassessed only 45 cases (17 per cent) involving demand of ₹ 98.56 crore, but could recover only an amount of ₹ 8.15 crore (8.26 per cent). This shows that the monitoring and internal control mechanism

was weak in the Department in respect of remanded cases. The action of the OHA to remand back the cases was not correct as he has no power to remand back the cases under the Act.

The Department accepted (January 2014) the audit observation and stated that the data of all pending cases has been compiled and action is being taken for disposing the remanded cases in time. It was further stated that the observation of Audit that out of a total demand of ₹ 5,150.27 crore in 263 cases, only ₹ 8.15 crore could be recovered, is misleading because after remanding of the cases, in general, the demand gets reduced substantially.

The reply is not acceptable as demand of ₹ 5,150.27 crore was raised by the Department itself. Further, the Department has reassessed only 45 cases out of 263 cases and recovered only ₹ 8.15 crore, out of the objected amount of ₹ 5,150.27 crore.

(ii) Under DST Act

Sub-section 6 of Section 43 of Delhi Sales Tax Act, 1975 provides that the Appellate Authority may, after giving the appellant an opportunity of being heard, (a) confirm, reduce, enhance, or annul the assessment, or (b) set aside the assessment and direct the Assessing Authority to make a fresh assessment after such further inquiry as may be directed, or (c) pass such order as it may think fit.

As per circular No. 7 of 1999-2000 dated 16 June 1999, the Commissioner (DTT) directed all assessing authorities to immediately clear assessment of all remanded cases pending with them. All such cases, as far as possible, when time limit has not been prescribed by the Appellate Authorities concerned, should be disposed of within one year from the date of remand.

Audit selected 35 appeal cases each involving money value above ₹ 15 lakh, with total demand of ₹ 57.96 crore. The analysis showed as under:

Table 2.2
Handling of remanded cases under DST Act (₹ in crore)

Sl. No.	Nature of observation	No. of cases	Amount disputed
1.	Re-assessed	02	01.64
2.	Not traceable in ward	03	04.26
3.	Change of address/RC cancelled	02	02.31
4.	Under Tribunal	04	02.91
5.	Not pertaining to ward as per system/transferred to other ward	05	15.11
6	Reply not received from the wards by Audit	19	31.73
	Total	35	57.96

The above table shows that out of 35 cases, the Department reassessed only two cases involving an amount of ₹ 1.64 crore and 'Nil' demand was created. Thus, the remaining 33 cases involving an amount of ₹ 56.32 crore of DST period were pending for re-assessment as of January 2014.

The Department accepted (January 2014) the audit observation and stated that the officers of the Department have been sensitized and instructed to clear the remanded cases under DST Act in a time bound manner.

2.3.2 Non-realization of demand of ₹ 480.12 crore due to delay in finalization of assessment

Sub-section (1) of Section 34 of the DVAT Act, 2004 provides that no assessment or re-assessment under Section 32 of this Act shall be made by the Commissioner after the expiry of four years from (a) the date on which the person furnished a return under Section 26 or Sub-section (1) of Section 28 of this Act, or (b) the date on which the Commissioner made an assessment of tax for the tax period, whichever is earlier. Provided also that where the Commissioner has reason to believe that tax was not paid by reason of concealment, omission or failure to disclose fully material particulars on the part of the person, the said period shall stand extended to six years.

Audit observed that Assessing Authority had finalised the default assessment of tax and interest under Section 32 and penalty under Section 33 of DVAT Act in respect of HDFC Bank Limited for the period April 2005 to November 2005 on different dates and issued a demand of ₹ 480.12 crore including tax, interest and penalty against the Bank. The details of assessments are given in the **Table 2.3**.

Table 2.3
Details of default assessments

Sl No.	Tax period	Last due date of assessment	Date of assessment	Date of dispatch/handing over the assessment order	Total demand* (₹ in lakh)	Date of set aside
1	April 2005	27.5.2011	27.5.2011	24.6.2011	47,174.06	15.12.2011
2	May 2005	27.6.2011	24.6.2011	02.9.2011	25.13	03.1.2012
3	June 2005	27.7.2011	25.7.2011	02.9.2011	113.00	03.1.2012
4	July 2005	27.8.2011	26.8.2011	02.9.2011	55.58	03.1.2012
5	August 2005	27.9.2011	28.9.2011	08.12.2011	66.53	30.3.2012
6	September 2005	27.10.2011	28.10.2011	08.12.2011	96.00	30.3.2012
7	October 2005	27.11.2011	23.11.2011	08.12.2011	421.34	30.3.2012
8	November 2005	27.12.2011	20.12.2011	27.1.2012	60.47	30.3.2012
Total					48,012.11 (or say ₹ 480.12 crore)	

**including tax, interest and penalty*

The above table shows that Assessing Authority passed the assessment orders within the prescribed time limit, except in two cases (Sl. No. 5 and 6), but dispatched the assessment orders after the expiry of the prescribed time limit of six years.

The assessee filed objection u/s 74 of the DVAT Act, against the default assessment of tax and interest (u/s 32) and penalty thereon (u/s 33) of the DVAT Act. The OHA set aside these assessment orders on the ground that Assessing Authority passed default assessments on due date, but the same were not dispatched by the Assessing Authority within due date.

Due to delayed dispatch of assessment orders, the OHA set aside all default assessments. This resulted in non-realization of demand of ₹ 480.12 crore.

The Department stated (January 2014) that the specific case number and ward number is not mentioned in the draft audit report due to which clear cut reply is not possible.

The reply is not acceptable as date of assessment, assessment year, name of the dealer and other details were provided during the course of audit.

2.3.3 Irregular assessment resulted in non-realization of demand of ₹ 7.97 crore

Software including a module 'Dealer Assessment System' is being used in the Department since September 2006. The Commissioner directed (March 2007) that all the Assessing Authorities should pass default assessments orders through the computer system only. Section 32 (d) of the DVAT Act, 2004 provides that 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 a year.

Audit observed that the Assessing Authority raised a demand of ₹ 7.97 crore against M/s Globe Civil Projects Pvt. Ltd. (assessee) for the assessment years 2008-09 and 2009-10 through a single order manually. Assessee filed an objection with OHA against the order and OHA remanded back the case (26 April 2010) to Assessing Authority for re-assessment. Assessing Authority re-assessed the case and raised the same demand of ₹ 7.97 crore (25 April 2011). The assessee filed an objection against re-assessment order, but this time OHA set aside the assessment and penalty order on grounds that the Assessing Authority did not pass the order through computer system and passed single order for both the years in violation of Section 32 (d) of the DVAT Act, 2004.

The Department stated (January 2014) that it was in the process of creating new software to plug in the gaps of older software. It further stated that the specific case number and ward number is not mentioned in the audit para, due to which the Department is unable to locate concerned files for preparing proper replies.

The reply is not acceptable as date of assessment, assessment year, name of the dealer and other details were provided during the course of audit.

2.3.4 Casual approach in handling of remand cases

Sub-section 7 of Section 74 of the DVAT Act provides that the OHA can either accept the objection or reject the same, which does not include power of remand.

Audit noticed that in case of M/s Standard Electrical for the assessment year 2007-08, Assessing Authority finalized the assessment (January 2011) and raised a demand of ₹ 3.71 crore including interest and penalty. The assessee filed an objection u/s 74 of the Act with OHA. The OHA remanded back the case to the Assessing Authority with the direction to get some of the Inter State Sale transactions verified from the concerned State Authorities and in case, any negative reference is received, the duty should be cast upon the objector. The assessee filed the review application u/s 74 (b) of the DVAT Act

against the remand order of OHA on grounds that the OHA had no power to remand the case as per provisions of the Act. This time, OHA set aside the assessment and penalty order.

Audit observed that the practice of remanding the case back was normal in the Department to dispose of the objection cases. But in this case, the OHA set aside the order of Assessing Authority on the grounds that it had no power to remand back the objection. This resulted in non-realization of demand of ₹ 3.71 crore.

The Department stated (January 2014) that it has initiated steps to plug the gaps in monitoring of the remanded cases and software module is being prepared to address this issue. It further stated that the case number and ward number was not mentioned in the audit paragraph.

The reply is not acceptable as the para is not related to any system/software module. The issue is only that the OHA has no power to remand back the case. Further, the date of assessment, assessment year and the name of the dealer was provided during the course of audit.

2.3.5 Lack of internal control mechanism

Internal control and monitoring of recording and disposal of objections was not effective. As has been highlighted in preceding paragraphs, there were discrepancies in number of objections cases remanded back by OHAs to the concerned Wards and the number of cases available with the Wards. There are also cases which are not traceable. Audit also observed that the frequent changes in jurisdiction of OHAs caused many files/cases to be untraceable or misplaced, indicating that the track of movement of files was not monitored.

The Department accepted (January 2014) the audit observation and stated that it has initiated steps through use of technology to have better control and monitoring of cases.

The above points were also reported to the Government (October 2013); reply has not been received (February 2014).

2.4 Incorrect claim of exemption on 'F' Forms containing multiple month's transactions

Under Section 6-A of the CST Act read with Rule 12(5) of the CST (R&T) Rules, a dealer may claim exemption of tax by filing a declaration in form 'F' covering transfer of goods effected during a period of one calendar month, to any other place of his business or to his agent or principal outside the State, as the case may be. Otherwise, the transactions are to be treated as inter-state sales and taxed accordingly.

Audit noticed during the test check of the records of Ward 48 and 204 of DTT, between April 2012 and March 2013, that in two cases of the assessment year 2010-11 (default assessed case), the dealers claimed exemption of tax on account of branch transfer or consignment sale of ₹ 14 crore on the basis of 'F' forms which covered transactions beyond one calendar month and were thus, liable to be treated as inter-state sales not supported by valid declarations. This resulted in short realisation of tax of ₹ 61.55 lakh. Besides, interest of ₹ 12.55 lakh was also leviable under Section 42 (2) of the Act.

On this being pointed out, the Department stated (January 2014) that assessment has been made in one case and a demand of ₹ 2,861 was created. The reply of the Department is not acceptable as it has given reply in respect of missing 'C' forms amounting to ₹ 2861, whereas the para relates to exemption on 'F' forms containing multiple month transactions.

2.5 Department of Revenue

2.5.1 Tax administration

The Indian Stamp Act, 1899 (the Act), the Delhi Province Stamp Rules, 1934, the Delhi Stamp (Prevention of Undervaluation of Instruments) Rules, 2007 and notifications issued from time to time govern levy of stamp duty on instruments, specified in various Schedules of the Act, in the National Capital Territory of Delhi. The NCT of Delhi is divided into 11 Zones for revenue purpose, each headed by a Deputy Commissioner. Each Zone is further divided into three sub-zones, headed by a Sub-Divisional Magistrate having power of Collector of Stamps also. The Sub-Registrar functions under the direct control of the Deputy Commissioner of the respective zone and is vested with the responsibility of registration of documents. There are 16 Sub-Registrars' offices in NCT of Delhi.

2.5.2 Result of audit

Test check of records of six units relating to Department of Revenue, Government of NCT of Delhi showed non-levy, short levy and non-realisation of stamp duty and registration fee and other irregularities involving ₹68.46 crore in 771 cases which falls under the following categories mentioned in Table 2.4.

Table 2.4
Category wise irregularities (₹ in crore)

Sl. No.	Category	No. of cases	Amount
Department of Revenue			
1.	Performance Audit " Levy and collection of stamp duty and registration fee"	1	43.46
2.	Others	770	25.00
	Total	771	68.46

The performance audit on "Levy and collection of stamp duty and registration fee" involving ₹ 43.46 crore is discussed in the following paragraphs:

2.6 Performance Audit on Levy and collection of stamp duty and registration fee

Highlights

- ❖ Non-levy of stamp duty and registration fee in 551 cases resulted in loss of stamp duty of ₹ 28.05 crore and registration fee of ₹ 0.03 crore to the Government.

(Paragraph 2.6.6.1)

- ❖ Short levy of stamp duty and registration fee in 227 cases due to change of land use, wrong calculation and misclassification of instruments, resulted in loss of stamp duty of ₹ 5.31 crore and registration fee of ₹ 0.69 crore to the Government.

(Paragraph 2.6.7)

- ❖ Incorrect allowance of exemption of stamp duty and registration fee in 22 cases resulted in loss of stamp duty of ₹ 1.04 crore and registration fee of ₹ 0.22 crore to the Government.

(Paragraph 2.6.8.1)

- ❖ Non-realization of stamp duty on shares allotted by 523 companies resulted in loss of stamp duty of ₹ 8.12 crore to the Government.

(Paragraph 2.6.9.1)

2.6.1 Introduction

The Government of National Capital Territory of Delhi (GNCTD) introduced 'e-stamping' with effect from 1 April 2008 for the stamp duty of ₹ 501 and above. From June 2012 onwards, the e-stamping was made mandatory for all values of stamp duty, thereby doing away with stamp papers of all denominations. However, lease deed executed by the Delhi Development Authority (DDA) with lessee is an exception in which case, the stamp duty is deposited by cash or bank draft through challans into Government Account.

The levy of registration fee on the instruments presented for registration, is regulated by the Indian Registration Act, 1908, and rules framed there under.

2.6.2 Organisational set up

The Secretary (Revenue), GNCTD is responsible for administration of the Indian Stamp Act, 1899, and Indian Registration Act, 1908, and Rules framed there under. He is assisted by one Deputy Commissioner and one Additional District Magistrate.

The NCT of Delhi is divided into 11 Zones for revenue purpose, each headed by a Deputy Commissioner. Each Zone is further divided into three sub-zones, headed by a Sub-Divisional Magistrate having power of Collector of Stamps also. The Sub-Registrar functions under the direct control of the Deputy Commissioner of the respective zone and is vested with the responsibility of registration of documents. There are 16 Sub-Registrars' offices in NCT of Delhi.

2.6.3 Audit objectives

The objectives of the performance audit were to ascertain whether:

- stamp duty and registration fee were correctly assessed, levied and collected in accordance with the provisions of the applicable Acts, Rules and notifications,
- exemptions of stamp duty and registration fee claimed by the executants were correctly allowed by the Sub-Registrars, and
- effective internal controls were in place to ensure correct levy and collection of stamp duty and registration fee, simultaneously.

2.6.4 Audit scope and methodology

The performance audit of the Department of Revenue, GNCTD, covering the period 2010-13, was conducted during May 2013 to August 2013. Six¹ out of 16 Sub-Registrar offices, were selected for detailed examination on judgmental basis. In these selected offices, all documents (including developers' agreements for reconstruction of buildings and change of use of agricultural land) pertaining to four selected months² were scrutinized. For cross examination, Audit also collected information on contracts, agreements, lease deeds with private entrepreneurs for spaces, shops, tolls etc. from Delhi Metro Rail Corporation (DMRC), East Delhi Municipal Corporation (EDMC), North Delhi Municipal Corporation (NDMC) and South Delhi Municipal Corporation (SDMC). New Delhi Municipal Council (NDMC) did not respond to audit requisitions in this regard. Besides, audit observations made during previous regular audits of the Department, have also been incorporated in the Report.

An entry conference was held with Principal Secretary (Revenue) in July 2013 to discuss audit objectives, scope, criteria and methodology. An exit conference was held with Special Secretary (Finance) in January 2014, where audit findings were discussed and replies provided were suitably incorporated in the Report.

2.6.5 Audit criteria

The audit criteria were derived from the following sources:

- The Indian Stamp Act, 1899
- The Indian Registration Act, 1908
- The Delhi Stamp (Prevention of Under-valuation of Instruments) Rules, 2007
- The Delhi Registration Rules, 1976
- The Delhi Land Revenue Act, 1954 with the Delhi Lands (Restrictions on Transfer) Act, 1972
- Notifications issued from time to time.

Audit findings

2.6.6 Non-levy of stamp duty and registration fee

2.6.6.1 Non-levy of stamp duty and registration fee due to non-registration of lease deeds by DMRC and MCD

As per Section 2(16) of the Indian Stamp Act, 1899 (the Stamp Act), 'lease' means a lease of immovable property, a *patta*, a *kabuliyat* or other undertaking in writing, not being a counterpart of a lease, to cultivate, occupy or pay or deliver rent for immovable property. Further, as per item 35 of schedule 1-A of Section 3 of the Stamp Act, any instrument of contract for

¹ Sub-Registrar office at Alipur, Geeta Colony, JanakPuri, Kapashera, Kashmere Gate and Mehrauli.

² February 2011, November 2011, December 2012, March 2013

leasing or sub-leasing immovable property or any agreement to let or sub-let is chargeable to stamp duty. Section 17(1) (d) of the Registration Act provides that lease of immovable property from year to year, or for any term exceeding one year, or reserving a yearly rent, is to be registered compulsorily. Stamp duty on lease deed is chargeable at prescribed rates for a consideration, equal to the amount of rent reserve and on the basis of period of lease.

(i) The information collected from DMRC in March 2013 showed that it allotted land and available free spaces on lease for a period ranging from one to 99 years during 2008-09 to 2012-13, to private entrepreneurs for parking, commercial use, other purposes for a total consideration of ₹ 3,092.34 crore in 345 cases. However, the DMRC neither registered the lease deeds in respect of these properties nor had any contractual binding on the lessees to get the lease deeds registered. Thus, due to non-registration of lease deeds by the DMRC or lessees, the Government suffered a revenue loss on account of stamp duty of ₹ 11.96 crore and registration fee of ₹ 0.02 crore.

The DMRC in its reply (June 2013) stated that it was providing parking facility to the genuine metro commuters as a first mile and last mile connectivity. The parking lots were allotted on license basis to parking contractors on a monthly fee. Unlike lease, the license was granted for limited use, i.e., collection of parking charges as specified by DMRC. The license agreement made on stamp paper was, therefore, not registered.

Contention of the DMRC was not acceptable since lease includes any agreement to let or sub-let and is required to be registered compulsorily.

The Department stated (December 2013) that instructions are being issued to all Collectors of stamp duty to issue notices to all such agencies/lessor/lessee informing them that the lease deed is compulsorily registerable and failure to do so can cause penalty and prosecution.

(ii) The information collected from the Municipal Corporation of Delhi (before trifurcation) in March 2013 showed that during the period May 2008 to May 2014, it awarded contracts for toll collection on two occasions for a period of three years (from May 2008 to May 2011 and May 2011 to May 2014) to private entrepreneurs for a total consideration of ₹ 1,499.50 crore. In addition, it awarded a contract during the period 2003 to 2008 initially, for a period of one year (May 2003 to April 2004) followed by two extensions upto May 2008 for a total consideration of ₹ 404.01 crore. However, the MCD neither registered the lease deeds nor had any contractual binding on the lessees to get these lease deeds registered. Thus, failure on the part of the MCD and lessees to register the lease deeds resulted in a loss of stamp duty of ₹ 14.83 crore and registration fee of ₹ 0.01 lakh.

MCD in its reply (August 2013) stated that after inviting tenders, it entered into service contracts for collection of toll and toll plaza development. Contractors are paid collection charges for providing services to the Corporation. It further claimed exemption from payment of Stamp Duty under proviso 1 of section 3 of the Stamp Act.

The contention of MCD was not acceptable since the document by which the right to collect toll was given, was an “instrument” as per Sub-Section 14 of Section 2 of the Stamp Act and, therefore, all instruments, by which tolls of

any description were let, were leases within the meaning of Stamp Act and, hence, chargeable to stamp duty and registration fee.

(iii) The three municipal corporations of NCT of Delhi (EDMC, NDMC and SDMC) also executed agreements and contracts of parking sites with private entrepreneurs in 203 cases for a total consideration of ₹ 215.80 crore³ for periods ranging from two to six years. However, the Corporations neither registered lease deeds in respect of these parking sites nor had any contractual binding on the lessees to get these lease deeds registered.

Thus, due to non-registration of lease deeds for parking sites, by the Corporations or lessees, the Government suffered a loss of stamp duty of ₹ 1.26 crore⁴ and registration fee of ₹ 0.01 crore⁵

The Department stated (March 2014) that public notice for awareness of lesser and lessee about registration fee of lease deeds and consequences of non-registration would be published shortly in the leading newspapers.

2.6.7 Short levy of stamp duty and registration fee

The GNCTD introduced the minimum circle rates for valuation of land and buildings vide notification dated 18 July 2007⁶ which were revised in February 2011, November 2011 and again in December 2012. Different circle rates are applicable to different category of area (A to H), as specified in Annexure I of the Delhi Stamp (Prevention of Under-Valuation of Instruments) Rules, 2007. At the time of registration of a property in NCT of Delhi, the stamp duty is charged as per these rates on the consideration amount. Audit noticed cases of short levy of stamp duty and registration fee which are discussed in following sub-paragraph.

(i) Short levy of stamp duty due to change of land use: The entire area of NCT of Delhi is divided into different categories from A to H. While calculating the cost of land for schools, colleges, hospitals and industrial purpose, a multiplicative use factor of two or three is to be applied. At the time of registration of property, stamp duty is required to be calculated and charged on consideration amount worked out by multiplying the area of the property with the minimum rates, as per category of the locality. However, in 49 cases, multiplicative factor of one was used instead of two or three, which resulted in short levy of stamp duty of ₹ 3.21 crore and registration fee of ₹ 0.56 crore.

(ii) Short levy of stamp duty and registration fee due to wrong calculation: In 65 cases, stamp duty and registration fee were calculated on incorrect consideration amount due to various reasons such as incorrect category, incorrect calculation, variation in area, error in land value etc. The incorrect calculation led to a loss of stamp duty of ₹ 0.58 crore and registration fee of ₹ 0.10 crore to the Government.

³ EDMC ₹ 4.07 crore, NDMC ₹ 68.74 crore and SDMC ₹ 142.99 crore

⁴ EDMC ₹ 0.04 crore, NDMC ₹ 0.48 crore and SDMC ₹ 0.74 crore

⁵ EDMC ₹ 0.26 lakh, NDMC ₹ 0.73 lakh and SDMC ₹ 0.34 lakh

⁶ Notification No. F 2(12)/Fin (E.I) Part File/ Vol-1 (ii)/3548 dated 18 July 2007

(iii) Short levy of stamp duty and registration fee due to misclassification of instruments: As per order⁷, in case the power of attorney without consideration, empowers the donee to permanently alienate the immovable property or is irrevocable in nature or is accompanied by a will, such instrument is required to be rewritten as a deed of conveyance or an instrument as per article 48(f) of schedule I A of the Act. As per item 48 (f) of Schedule 1A of Section 3 of the Stamp Act, power of attorney when given for consideration authorising the attorney to sell any immovable property, the duty applicable on 'Conveyance Deed' is levied as per item 23 of Schedule 1A of the Stamp Act.

In 107 cases, power of attorney was given for consideration authorising the holder of power of attorney to sell the immovable property. However, the stamp duty at half the rate of the normal stamp duty chargeable on conveyance deeds, was paid. Further, in six cases, power of attorney was given without consideration and the stamp duty and registration fee was paid @ ₹ 1,050 per deed against the chargeable rate of duty between four and six *per cent*.

Thus, due to misclassification of instruments as 'GPA', instead of 'Conveyance Deed', the Government suffered a loss of stamp duty of ₹ 1.52 crore and registration fee of ₹ 0.03 crore.

The Department in its reply (March 2014) stated that it has already initiated action by asking all Collectors of Stamps for assessing deficient stamp duty as per provisions of the Act.

2.6.8 Incorrect allowance of exemption of stamp duty and registration fee

2.6.8.1 Incorrect exemption allowed on mortgage deed

As per Notification⁸ dated 14 March 2006 of Finance Department (Taxes and Establishment), GNCTD, agricultural loan instruments upto ₹ 5 lakh given to the farmers for agricultural activities in the NCT of Delhi by the Commercial and Co-operative Banks are exempt from payment of stamp duty. Further, as per the Notification⁹ dated 1 July 2010 (amended in June 2011), the registration fee was leviable for the documents (mortgage deeds), subject to a minimum of rupees one thousand, one *per cent* of the consideration amount or the value as per the circle rate, whichever is higher.

Audit noticed that the Department exempted 22 cases of mortgage deeds for loans taken for the purpose of development of business, from stamp duty amounting to ₹ 1.04 crore under the provisions of above mentioned notifications, treating the loans as agricultural loan. Further, in 14 cases, even the registration fee was paid partly and in remaining eight cases, no registration fee was paid, resulting in short payment of registration fee of ₹ 0.22 crore.

⁷No.FPS/DCW/03/SR/1022/3087-3157 dated 16 June 2004

⁸No. F 5(8)/Fin/T&E/2005-06/1415 kha-1422 kha dated 14.03.2006

⁹No. F1(36)/Regn.Br./HQ/Div.com./2010/353 dated 1 July 2010

Thus, the incorrect exemption allowed on mortgage deeds resulted in loss of stamp duty and registration fee of ₹ 1.26 crore.

The Department in its reply (March 2014) stated that it has already initiated action by asking all Collectors of Stamps for assessing deficient stamp duty as per provisions of the Act.

2.6.9 Evasion of stamp duty and registration fee

2.6.9.1 Non-realization of stamp duty of ₹ 8.12 crore on shares etc.

As per Section 75(1) (a) of the Companies Act, 1956, every company is required to file a return in Form 2 – ‘Return of allotment’ - in the office of Registrar of Company Affairs and furnish the details of allotment of shares and pay stamp duty to the Department of Revenue and then issue shares to the subscriber.

Further, Section 40 of the Stamp Act provides that if a company fails to pay the stamp duty, the amount of stamp duty along with penalty not exceeding 10 times, should be recovered. Section 48 of the Act provide that all dues and penalty may be recovered by the Collector by distress and sale of moveable property of the person from whom the same are due, or by any other process.

As per item 19 of Schedule 1A of Section 3 of the Stamp Act, stamp duty on allotment of shares is chargeable at one rupee for every one thousand, or a part thereof, of the value of the shares, scrip or stock.

The information, collected from the office of the Inspector General of Registration, in respect of cases involving stamp duty of more than ₹ 10,000, showed that 523 companies did not deposit the stamp duty amounting to ₹ 8.12 crore on allotment of shares valuing ₹ 12,709 crore.

The Department in its reply (March 2014) stated that it has issued notices to these companies. As soon as these companies deposit the requisite documents, stamp duty will be charged as per provisions of the Act.

2.6.10 Internal control

Internal control mechanism in a Department is meant to ensure that its activities are carried out according to the prescribed rules and regulations in an economical, efficient and effective manner. The control mechanism in the Department should be guided by Act, Rules, Manuals and Compendium of instructions etc. to protect the resources of the Government and to ensure that revenue is correctly levied and timely realised by the Government. Internal control and monitoring system to ensure realisation of proper duty was not effective as commented in the preceding paragraphs. Other cases of weak control noticed in audit are given in succeeding paragraphs.

2.6.10.1 Absence of monitoring system to ensure realization of proper duty

As per proviso (3) to Section 33 of the Indian Stamp Act, the State may determine what offices shall be deemed to be public offices and who shall be deemed to be persons in charge of public offices. Further, Section 73 provides that every public officer having in his custody any records, documents and proceedings, the inspection whereof may tend to secure any

duty, or to prove or lead to the discovery of any fraud or omission in relation to any duty, shall at all reasonable times permit any person authorized in writing by the Collector to inspect for such purpose the records, documents and proceedings etc.

Audit noticed that the Revenue Department had not determined and declared as to which office shall be deemed to be public office and who shall be deemed to be persons in charge of public offices. Thus, the Department does not have a system to collect information from various Departments/public offices to ensure that the documents such as agreements, contracts, leases, conveyance deeds etc. are properly registered and stamp duty and registration fee realized according to the provisions of the Act.

2.6.10.2 Internal audit

The Directorate of Audit, GNCTD conducts the internal audit of the Revenue Department. The Directorate had conducted audit of only three offices¹⁰ upto the period 2011-12. No audit for the year 2012-13 was conducted.

2.6.11 Conclusion

There were cases of evasion/short payment of stamp duty and registration fee through under-valuation of properties, change of land use and category, short payment of stamp duty on documents submitted by the executants, irregular exemption on mortgage deeds, and evasion of stamp duty on issuance of shares. The Department failed to co-ordinate with the various offices receiving registerable instruments that led to leakage of revenue, which remained undetected. Internal control mechanism was weak in the department.

2.6.12 Recommendations

The Government may consider:

- prescribing a periodical return to be furnished by various offices, executing lease mortgage agreements, to the Revenue Department on the number and nature of the documents presented and stamp duty and registration fee paid;
- Declaring all offices in which documents are presented as public offices to ensure that compulsorily registerable documents are registered with the concerned registering authorities and correct stamp duty and registration fee is collected; and
- strengthening the internal audit wing.

¹⁰ Office of the Inspector General of Registration, Sub-registrars' offices at Geeta Colony and Mehrauli.

PART- B

Chapter-III

Overview of State Public

Sector Undertakings

Chapter 3

Overview of State Public Sector Undertakings

3.1 Introduction

The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations.

As on 31 March 2013, there were 17 PSUs (all working), which included 15 Government Companies¹ and two Statutory Corporations². None of these Companies was listed on any stock exchange. The investment in the PSUs as on 31 March 2013 was ₹ 28,043.99 crore.

3.2 Audit mandate

Audit of Government Companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government Company is one in which not less than 51 *per cent* of the paid up capital is held by Government(s). A Government Company includes a subsidiary of the Government Company as well. Further, a company in which not less than 51 *per cent* of the paid up capital is held in any combination by Government(s), Government Companies and Corporations controlled by Government(s), is treated as if it were a Government Company (deemed Government Company) as per Section 619-B of the Companies Act, 1956.

The accounts of the State Government Companies are audited by Statutory Auditors, appointed by the C&AG as per the provisions of Section 619(2) of the Companies Act, 1956 in addition to supplementary audit conducted by the C&AG as per the provisions of Section 619 of the Companies Act, 1956.

Audit of Statutory Corporations is governed by their respective legislations. Out of two Statutory Corporations, the C&AG is the sole auditor for Delhi Transport Corporation. For Delhi Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit is conducted by the C&AG.

3.3 Investment in State PSUs

As on 31 March 2013, the investment in the 17 PSUs was ₹ 28,043.99 crore as given in **Table 3.1**:

¹ (i) Delhi SC /ST /OBC Minorities, Handicapped Financial and Development Corporation Limited, (ii) Delhi State Industrial & Infrastructure Development Corporation Limited, (iii) Shahjahanabad Redevelopment Corporation, (iv) Delhi Power Company Limited, (v) Delhi Transco Limited, (vi) Indraprastha Power Generation Company Limited, (vii) Pragati Power Corporation Limited, (viii) DSIIDC Energy Limited, (ix) Delhi State Civil Supplies Corporation Limited, (x) Delhi Tourism and Transportation Development Corporation Limited, (xi) Geospatial Delhi Limited, (xii) DSIIDC Maintenance Services Limited, (xiii) DSIIDC Exim Limited, (xiv) DSIIDC Liquor Limited, and (xv) Delhi Transport Infrastructure Development Corporation.

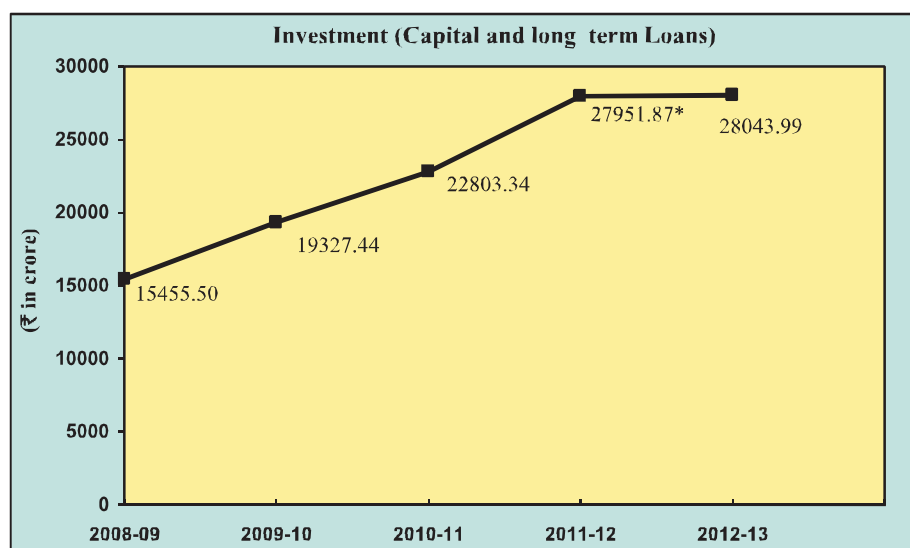
² (i) Delhi Financial Corporation, and (ii) Delhi Transport Corporation.

Table 3.1
Investment in PSUs

	Nos.	Capital	Long term loans	(₹ in crore) Total
Government companies	15	7,607.72	6,659.96	14,267.68
Statutory corporations	2	2,010.09	11,766.22	13,776.31
Total	17	9,617.81	18,426.18	28,043.99

A summarised position of Government investment in State PSUs is given in *Annexure 3.1*.

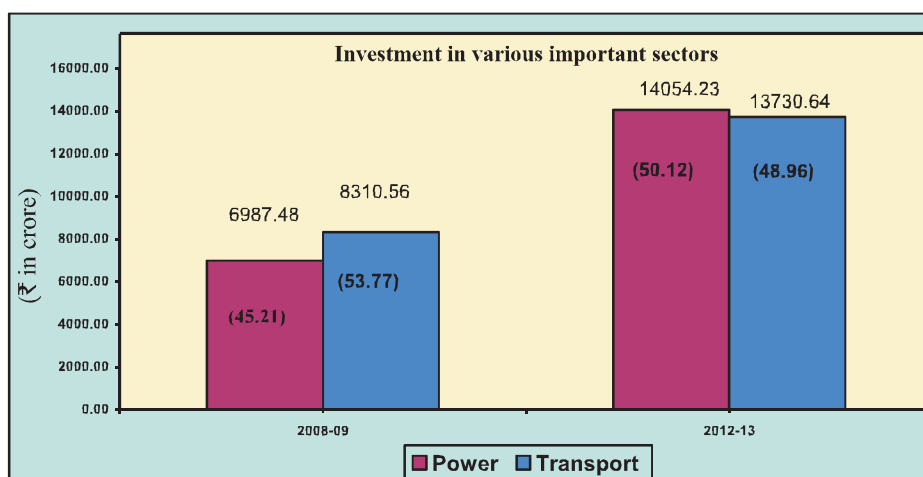
As on 31 March 2013, of the total investment in State PSUs, 34.30 per cent was towards Capital and 65.70 per cent towards Long-term loans. The capital investment has grown by 46.94 per cent from ₹ 6,545 crore in 2008-09 to ₹ 9,617.81 crore in 2012-13 whereas the loan investment has grown by 106.79 per cent from ₹ 8,910.50 crore in 2008-09 to ₹ 18,426.18 crore in 2012-13 as shown in the following graph:



*Figures changed on the basis of audited accounts.

The investment in various important sectors and percentage thereof at the end

of 31 March 2009 and 31 March 2013 are indicated in the bar chart.



(Figures in brackets indicate the percentage of total investment)

The thrust of PSUs' investment was in Transport and Power sectors. The investment in Transport sector increased from ₹ 8,310.56 crore in 2008-09 to ₹ 13,730.64 crore in 2012-13. Its percentage share in total investment fell from 53.77 per cent (2008-09) to 48.96 per cent (2012-13). In Power sector, the investment increased from ₹ 6,987.48 crore in 2008-09 to ₹ 14,054.23 crore in 2012-13, its percentage share in total investment increased from 45.21 per cent (2008-09) to 50.12 per cent (2012-13).

3.4 Budgetary outgo, grants/ subsidies, guarantees and loans

The details regarding budgetary outgo towards equity, loans, grants/ subsidies, guarantees issued and loans converted into equity in respect of State PSUs are given in *Annexure 3.2*. The summarised details for three years ended 2012-13 are given in **Table 3.2**:

Table 3.2
Budgetary outgo to State PSUs (₹ in crore)

Sl. No.	Particulars	2010-11		2011-12		2012-13	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	3	222.89	5	1,161.65	4	743.55
2.	Loans given from budget	1	2,128.60	5	1,196.36	4	770.00
3.	Grants/Subsidy received	7	273.00	5	917.03	5	1271.40
4.	Total outgo ³ (1+2+3)	8	2,624.49	9	3,275.04	7	2784.95
5.	Loans converted into equity	1	239.00	-	-	-	-

³ Actual number of PSUs which received budgetary support.

3.5 Reconciliation with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of 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 the difference. The position in this regard as at 31 March 2013 is given in **Table 3.3:**

Table 3.3
Reconciliation with finance accounts (₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity ⁴	8,581.24	8,601.16	(-) 19.92
Loans ⁵ (3 PSUs)	11,807.79	11,736.14	(-) 71.65

It was observed that the difference occurred in Equity and Loan figures in respect of six⁶ PSUs and some of the differences were pending reconciliation for last five years. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

3.6 Performance of PSUs

The summarized financial results of Government companies and Statutory corporations for the latest year for which accounts were finalized are given in **Annexure 3.3**. Out of 17 working PSUs⁷ for which the accounts were received upto 30 September 2013, nine PSUs earned profit of ₹ 1,029.17 crore, seven PSUs incurred loss of ₹ 2,543.67 crore and one PSU was at breakeven. The major contributors to profit were Delhi Transco Limited (₹ 327.19 crore), Pragati Power Corporation Limited (₹ 321.91 crore), Delhi State Industrial and Infrastructure Development Corporation Limited (₹ 195.42 crore), Indraprastha Power Generation Company Limited (₹ 139.44 crore) and Delhi Tourism and Transportation Development Corporation Limited (₹ 33.69 crore). Heavy losses were incurred by Delhi Transport Corporation (₹ 2,431.07 crore) and Delhi Power Company Limited (₹ 112.48 crore).

A review of latest three years Audit Reports of the Comptroller and Auditor General shows that the State PSUs incurred losses to the tune of ₹ 1,448.04 crore which were controllable with better management, of which ₹ 182.89 crore (one performance audit and seven paragraphs) pertains to current year's

⁴ Equity figure consists the share of State Government only

⁵ Figures of Loan were taken from the records of companies and matched with the information sourced from PAOs. Information from two PAOs in respect of 3 companies were received out of four PAO for eight companies. Rest of the figures were awaited.

⁶ Equity figures of PSUs at Sl. No. 2, 3, 11, 15 and 17 and Loan figures of PSUs at Sl. No. 10, 15 and 17 in **Annexure 3.1**.

⁷ For the year 2003-04 (one PSU); 2010-11 (one PSU); 2011-12 (one PSU); 2012-13 (14 PSUs)

Audit Report. The year wise breakup is given in **Table 3.4**.

Table 3.4
Controllable losses of PSUs (₹ in crore)

Particulars	2010-11	2011-12	2012-13
Controllable losses as per the C&AG's Audit Report	5.80	1,259.35	182.89

As per their latest finalised accounts, nine⁸ PSUs earned a profit of ₹ 1,029.17 crore but only two companies viz. DSIIDC and DTTDC declared dividend of ₹ 2.46 crore and ₹ 0.63 crore respectively.

1.6.1 Two power distribution licensee companies (Discoms) namely BSES-Rajdhani Power Limited (BRPL) and BSES-Yamuna Power Limited (BYPL) have been purchasing power from generation companies - Indraprastha Power Generation Company Limited (IPGCL) and Pragati Power Corporation Limited (PPCL) from April 2007 onwards. Failure of these Companies to enforce Payment Security Mechanism or timely issue of notice for regulation under the agreement, resulted in accumulation of outstanding dues to the tune of ₹ 2,454.89 crore (PPCL ₹ 1,229.37 crore and IPGCL ₹ 1,225.52 crore) till March 2013.

3.7 Arrears in finalisation of accounts

As per Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956, the accounts of the companies for each financial year are required to be finalized within six months from the close of the relevant financial year. Similarly, in case of Statutory Corporations, their accounts are finalized, audited and presented to the Legislature as per the provisions of their respective Acts. The details of finalisation of accounts of working PSUs as on 30 September 2013 are given in **Table 3.5**:

Table 3.5
Arrears in finalisation of accounts

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1.	Number of Working PSUs	12	12	13	17	17
2.	Number of accounts finalised during the year	11	14	11	12	21
3.	Number of accounts in arrears	11	9	11	16	12
4.	Average arrears per PSU (3/1)	0.92	0.75	0.85	0.94	0.71
5.	Number of working PSUs with arrears in accounts	3	3	4	8	3 ⁹
6.	Extent of arrears	1 to 9 years	1 to 7 years	1 to 8 years	1 to 9 years	1 to 9 years

⁸ Serial No. 1, 2, 5, 6, 7, 9, 10, 11 and 16 in **Annexure 3.3**

⁹ Serial No. 1, 15 and 17 of **Annexure 3.3**. Accounts for the year 2011-12 and 2012-13 in respect of PSUs at Sl No. 15 & 17 respectively, though received in September 2013, were under finalisation till 30 September 2013.

The average number of accounts in arrears per working PSU decreased from 0.92 in 2008-09 to 0.71 in 2012-13. One PSU namely Delhi SC/ST/OBC/ Minorities, Handicapped Financial and Development Corporation Limited had major backlog of nine years of accounts. Other PSUs had only one to two year's accounts in arrears as on 30 September 2013.

The State Government had invested ₹ 1,133.24 crore (equity: ₹ 229.43 crore, loans: ₹ 112.49 crore and grants/subsidy: ₹ 791.32 crore) in three PSUs during the years for which accounts have not been finalised as detailed in *Annexure 3.4*. 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 has been achieved or not. Further, delay in finalisation of accounts resulted in violation of the provisions of the Companies Act, 1956.

The Administrative Departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. As a result of this, the net worth of these PSUs could not be assessed in audit. The matter of arrears in finalisation of accounts is taken up every month with the Principal Secretary (Finance), Government of NCT of Delhi to expedite clearance of the arrears in accounts in a time bound manner by the Principal Accountant General (Audit), Delhi. The matter was also taken up with the Chief Secretary, Government of NCT of Delhi in December 2013.

3.8 Accounts comments and internal audit/ internal control

Fifteen working companies forwarded their 20 audited accounts during the period from October 2012 to September 2013. Of these, 11 accounts were selected for supplementary audit and nine accounts were selected for issue of non-review certificates. Similarly, two working Statutory Corporations forwarded their three accounts during the period October 2012 to September 2013. The details of aggregate money value of comments of Statutory Auditors and the C&AG are given in **Table 3.6**:

Table 3.6
Aggregate money value of comments of Statutory Auditors and C&AG (₹ in crore)

Sl. No.	Particulars	Companies				Corporations			
		2011-12		2012-13		2011-12		2012-13 ¹⁰	
		No. of Accounts	Amount	No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in Profit	3	10.68	2	2.98	1	0.10	-	-
2.	Increase in Profit	1	47.55	4	66.76	-	-	1	0.01
3.	Increase in Loss	1	220.31	1	850.59	1	11.34	1	549.70
4.	Non-disclosure of material facts	-	-	4	1,328.86	-	-	2	10.71
5.	Errors of classification	2	22.71	2	7.30	2	18.68	-	-

¹⁰ Impact of comments on accounts in respect of Delhi Transport Corporation is for the year 2011-12 and in respect of Delhi Financial Corporation for the year 2012-13.

During the year, the Statutory Auditors had given unqualified certificate for 12 accounts and qualified certificates for eight accounts. Additionally, the C&AG gave qualified certificate for three accounts, unqualified certificate for seven accounts after supplementary audit and issued non review certificate for nine accounts. One account i.e. Delhi Transport Infrastructure Development Corporation (DTIDC) for the year 2011-12 was under finalisation till 30 September 2013. There were nine instances of non-compliance with Accounting Standards during the year in five Companies.

Similarly, out of three accounts of two Corporations, Delhi Financial Corporation received qualified certificate from Statutory Auditors and the C&AG. In respect of Delhi Transport Corporation where the C&AG is the sole auditor, it received qualified certificate for the year 2011-12 and audit for the year 2012-13 was in progress (November 2013). There were five instances of non-compliance with Accounting Standards in two Corporations.

Some of the important comments on accounts of Companies and Corporations finalized and audited during the year 2012-13, are given in **Table 3.7**:

Table 3.7
Important comments on account of Companies and Corporations

Name of Company	Year of account	Gist of the comment
IPGCL ¹¹	2012-13	The Company did not disclose that - The Tata Power Delhi Distribution Limited disputed the claim of ₹ 30.35 crore on account of re-imbursement of Income Tax on income for generation business for the FY 2011-12 and also filed a petition before the DERC. - Its Board of Directors resolved that subject to the approval of GNCTD, Rajghat Power House would continue to operate for five years beyond 31 March 2013.
PPCL ¹²	2012-13	The Company had not disclosed that two DISCOMs were in default of repayment of ₹ 1229.37 crore on account of energy bills of the Company despite DERC orders for payment and the non-renewal of letter of credit.
Name of Corporation	Year of account	Gist of Comment
DFC ¹³	2012-13	Company provided an amount of ₹ 1.00 crore on an <i>ad-hoc</i> basis towards pension liability for payment to the Pension Trust for the year 2012-13 instead of determining it on actuarial basis.

The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control/ internal audit systems in the companies audited in accordance with the directions issued by the C&AG under Section 619(3) (a) of the Companies Act, 1956 and to identify areas which need improvement. An illustrative resume of major comments made by the Statutory Auditors on possible improvement in the

¹¹ Indraprastha Power Generation Company Limited

¹² Pragati Power Corporation Limited

¹³ Delhi Financial Corporation

internal audit/ internal control system in respect of 10 companies¹⁴ for the year 2012-13 are given in **Table 3.8**:

Table 3.8
Comments made by Statutory Auditors

Sl. No.	Nature of comments made by Statutory Auditors	Number of Companies where recommendations were made	Reference to serial number of the Companies as per Annexure 3.3
1.	Non-fixation of minimum/ maximum limits of store and spares	4	A-2, 5, 6 & 7
2.	Absence of internal audit system commensurate with the nature and size of business of the Company	6	A-1, 2, 5, 6, 8 & 9
3.	Non-maintenance of proper records showing full particulars including quantitative details, situations, identity number, date of acquisitions, depreciated value of Fixed Assets and their locations	4	A- 1, 2, 8 & 9

3.9 Recovery at the instance of Audit

During the course of audit of Delhi Transport Corporation for the year 2012-13, audit pointed out recoveries of ₹ 50.73 lakh of which an amount of ₹ 1.13 lakh has been recovered.

3.10 Status of placement of Separate Audit Reports

Separate Audit Report (SAR) issued by the C&AG on the accounts of Delhi Transport Corporation for the year 2011-12 which was issued (April 2013) to the Government has been presented to the Legislature in August 2013.

3.11 Disinvestment, Privatisation and Restructuring of PSUs

The State Government had not undertaken the exercise of disinvestment, privatization or restructuring of any of the State PSUs during 2012-13.

¹⁴ Sl. No. 1, 2, 3, 4, 5, 6, 7, 8, 9 and 11 in **Annexure – 3.3**.

Chapter-IV
Performance Audit and
Transaction Audit

Chapter 4

Performance Audit and Transaction Audit

4.1 Performance audit of Delhi State Industrial and Infrastructure Development Corporation

Highlights

The Delhi State Industrial and Infrastructure Development Corporation (DSIIDC) Limited is engaged in industrial and infrastructural development in the State. The important findings are as under:

The Company had outstanding ground rent of ₹ 99.67 crore receivable from 14906 allottees of industrial plots in its industrial areas.

(Paragraph 4.1.4)

As against the intent of the Government to lay concrete roads only where sewer lines and water lines had been laid, the company laid cement concrete roads valuing ₹ 206.96 crore in colonies without ensuring laying of sewer lines and water lines by Delhi Jal Board.

(Paragraph 4.1.5.1)

Irregularities were noticed in appointment of consultants for various projects. Non-compliance of provisions of CPWD Works Manual relating to availability of structural drawings, approved layout plans, fixing completion period for projects, award of work, preparation of justified rates and technical evaluation of bids were also observed.

(Paragraphs 4.1.4.1, 4.1.6.1, 4.1.6.2, 4.1.6.3, 4.1.7.2, 4.1.9.1, 4.1.11)

The Company constructed dwelling units with G+2 and G+3 structures as against the provisions of MPD-2021 which envisaged dwelling units with G+3 and G+4 structures, thereby losing opportunity to construct additional 3720 low cost houses.

(Paragraph 4.1.7.1)

Incorrect projections for annuity of Narela industrial estate PPP on UOMT basis caused an avoidable future outgo of ₹ 91.50 crore during the 15 years period from 2013-14 to 2028-29.

(Paragraph 4.1.12)

4.1.1 Introduction

The Delhi State Industrial and Infrastructure Development Corporation (DSIIDC) Limited is engaged in industrial and infrastructural development in the State. It functions under the administrative control of the Department of Industries, Government of National Capital Territory of Delhi (GNCTD). The main objectives of the DSIIDC are to promote, develop and maintain all types of industries and industrial areas in Delhi, to carry business in all types of consumer goods and merchandise and to undertake and provide marketing facilities for small scale industries.

The management of DSIIDC is vested in the Board of Directors comprising of eight directors. The day to day operations are managed by the Chairman-cum-Managing Director assisted by an Executive Director and a team of officers.

Though, the core activity of DSIIDC was development of industrial estates in Delhi, it is also engaged in retail sale of liquor, running of Delhi Emporium and organizing exhibitions etc. With the enactment of the Delhi Industrial Development Operation and Maintenance Act, 2010 (the O&M Act), the scope of activities of DSIIDC was expanded covering all industrial areas, industrial estates and flatted factory complexes in Delhi for the purpose of securing and assisting orderly establishment and organization of industries in these areas along with their operation and maintenance.

Prior to May 2011, DSIIDC had been discharging its activities through 21 divisions¹. With a view to manage operations of specific activities, DSIIDC created (May 2011) four wholly owned subsidiary companies namely-(i) DSIIDC Liquor Limited (DLL) for its liquor business, (ii) DSIIDC Exim Limited (DExL) for its import/ export business and material management, (iii) DSIIDC Maintenance Services Limited (DMSL) to handle its maintenance services, logistics and planning activities related to real estate business, and (iv) DSIIDC Energy Limited (DEL) for its energy projects.

4.1.1.1 Audit objectives

The broad audit objectives were to assess whether DSIIDC and its subsidiaries had:

- adequate financial and budgeting controls to ensure financial discipline;
- carried out their mandated activities to achieve its objectives efficiently, effectively and economically;
- adequate human resources available; and
- an efficient internal control and monitoring mechanism.

4.1.1.2 Audit scope and methodology

Performance audit of DSIIDC covering the period 2008-13 was conducted during April to September 2013. Audit selected, for analysis, operations of eight² out of 21 divisions of the Company on the basis of volume of operations. In addition, projects undertaken by two subsidiary companies (DMSL and DLL) and records of the National Institute of Jewellery were also scrutinized.

An entry conference was held with Management (June 2013) to discuss audit objectives, scope, methodology and criteria. Audit findings were issued to Government and management inviting their views. An exit conference was held (February 2014) with Management to discuss the draft audit findings which was attended by the Chairman-cum-Managing Director. The Company replied to the audit findings (January 2014). The views expressed by

¹ 1. Marketing, 2. Import and Export, 3. Relocation, 4. Emporium, 5. Exhibition, 6. Community Work Centre, 7. Narela Allotment Cell, 8. Recovery, 9. Raw Material, 10. Industrial Estate Management, 11. Low Cost Housing, 12. Works, 13. Quality Management System, 14. Country Liquor, 15. Indian Made Foreign Liquor, 16. Delhi State Mineral Development Corporation, 17. Overseas Manpower Bureau, 18. Technical Consultancy Office, 19. Industrial Estate Management, 20. Mineral, 21. Common Effluent Treatment Plant.

² 1. Relocation, 2. Emporium, 3. Community Work Centre, 4. Low Cost Housing, 5. Works, 6. Country Liquor, 7. Indian Made Foreign Liquor, 8. Industrial Estate Management.

Management have been considered while finalizing this performance audit report.

4.1.1.3 Audit criteria

Audit criteria were drawn from:

- The Delhi Industrial Development, Operation and Maintenance Act, 2010;
- Guidelines and directions issued by the Central Vigilance Commission (CVC), the State Government and the Central Government;
- Master Plan of Delhi and CPWD Works Manual; and
- Agenda notes & resolution of the BoDs and the Work Advisory Board.

Audit findings

4.1.2 Financial management

The financial results of operations of the Company for the period 2008-13 are given in **Annexure 4.1 and 4.2**. The status of main financial parameters, namely, Reserve and Surplus, Total Income and Profit of DSIIDC for the period 2008-13 are given in Table 4.1.

Table 4.1
Financial management (₹ in crore)

Year	Reserves and surplus ³	Turnover	Total income	Profit after tax
2008-09	47.65	1,428.68	1,426.32	7.93
2009-10	78.54	1,112.58	1,159.12	31.08
2010-11	1,375.41	906.50	1,081.81	117.43
2011-12	1,286.31	1,323.17	1,569.60	184.63
2012-13	1,497.88	1,452.42	1,656.79	157.78

Audit observed that:

- the turnover of the Company comprised of two main components – income from sale of liquor and flats and deposits works & project works of Government. The turnover of ₹ 1,428.68 crore in 2008-09 stood at ₹ 906.50 crore in 2010-11 and again went up to ₹ 1,452.42 crore for the year 2012-13.
- the profit after tax of ₹ 7.93 crore in 2008-09 went upto a high of ₹ 184.63 crore in 2011-12 and was ₹ 157.78 crore in 2012-13. The reasons for increase in profit are increased profitability in Operation Maintenance Reserve Fund (OMRF) which contributed ₹ 10.60 crore (2010-11), ₹ 63.11 crore (2011-12) and ₹ 61.97 crore (2012-13) besides margin from increased sale of liquor, flats and interest income from fixed deposits in banks.

³ Cumulative figure

4.1.2.1 Loss of ₹ 3.07 crore in operation of DSIIDC EPF Trust

The Employees Provident Fund Organization (EPFO) had granted (1972) relaxation under paragraph 79 of the Employees' Provident Fund Scheme, 1952 to DSIIDC allowing it to maintain its own EPF Trust. However, EPFO withdrew (24 February 2011) the relaxation citing non compliance of rules. In declaring the DSIIDC EPF Trust an un-exempted organization, EPFO directed DSIIDC to transfer all PF accumulations of the Trust to the Regional Provident Fund Commissioner (RPFC) but it was not transferred. The Trust though suspended its operations and transferred all balances to savings bank accounts. Nevertheless, it was bound to pay interest to member employees on statutory rates declared by EPFO. Besides, its own funds were also blocked in loans and advances paid to employees against their PF accumulations. After a gap of two years, DSIIDC applied (April 2013) and was granted exemption (November 2013) under Section 17 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The gap in applying for exemption by two years resulted in delay in obtaining relaxation and DSIIDC had to recoup the loss of ₹ 0.98 crore (₹ 0.24 crore for 2011-12 and ₹ 0.74 crore for 2012-13) of the Provident Fund Trust.

Audit also observed that DSIIDC EPF Trust had invested ₹ 1.27 crore in six companies of UP Government during the period 1999 to 2005 with maturity value of ₹ 2.21 crore, under guarantee given by the UP State Government. The Trust received ₹ 0.56 crore only of the maturity value. However, DSIIDC EPF Trust neither received the balance amount of ₹ 1.65 crore of the maturity value nor invoked the guarantee and the DSIIDC had to recoup the amount to the Trust to comply with the provisions of the EPF Act. The Trust also incurred losses of ₹ 54.52 lakh and ₹ 51.84 lakh during 2007-08 and 2009-10 respectively in its working and after adjusting these losses from 'Reserves and Surplus of the Trust', balance of ₹ 0.44 crore was recouped by DSIIDC.

Thus, DSIIDC suffered a loss of ₹ 3.07⁴ crore due to imprudent decision making in affairs of the Trust. The DSIIDC accepted (January 2014) the observations.

4.1.2.2 Flatted Factory Complex Jhandewalan

In compliance to O&M Act, the Industries Department, GNCTD transferred Flatted Factory Complex (FFC), Jhandewalan to DSIIDC (December 2011) which consisted of 570 units. All units were allotted on rental lease. Utility charges (including water and electricity charges) were fixed (2005) at ₹ 1,250 per unit per month (₹ 85.50 lakh per annum for entire FFC).

Audit observed that DSIIDC paid water charges of ₹ 2 crore (March 2012) to the Delhi Jal Board (DJB) for the period upto 08 November 2011, i.e. for the period prior to transfer of FFC which should have been borne by the Department of Industries. Thus, DSIIDC blocked its ₹ 2 crore and lost interest of ₹ 24 lakh (calculated at 8 per cent for 18 months upto September 2013).

It was also noticed that majority of allottees were not paying utility charges and DSIIDC paid ₹ 1.65 crore as water charges only (for period from 9 November 2011 to 8 March 2013) to DJB in March 2013 and ₹ 1.85 crore

⁴₹ 0.98 crore + ₹ 1.65 crore + ₹ 0.44 crore

towards electricity and water charges during 2012-13 while it received only ₹ 56.01 lakh (including arrears) as against ₹ 85.50 lakh as utility charges. Even though the difference of utility charges and actual payment of electricity and water charges is borne by it, DSIIDC did not take steps to revise utility charges. This resulted in loss of ₹ 99 lakh (₹ 1.85 crore minus ₹ 85.50 lakh) during 2012-13 only.

The DSIIDC accepted (January 2014) audit observations and informed that utility charges had been revised. The DSIIDC further assured for action to recover from Department of Industries arrears for the period prior to transfer of FFC.

4.1.3 Pre-feasibility study for Monorail project: Diversion of funds

DSIIDC appointed (27 May 2011) M/s RITES for carrying out techno-economic feasibility study and preparation of DPR for Monorail project between Shastri Park and Kalyanpuri for a fee of ₹ 1 crore and paid consultancy fee of ₹ 1.18 crore (including taxes). DSIIDC sent claim (August 2012) to the Transport Department for reimbursement of consultancy fee paid by it and a letter claiming reimbursement was also sent in March 2013. Failure of DSIIDC to properly follow-up the matter resulted in blocking of ₹ 1.18 crore and loss of interest of ₹ 10.14 lakh (@ 8 per cent).

DSIIDC in its reply stated (January 2014) that the study was undertaken under the directions of GNCTD and Government agreed to reimburse the expenditure incurred on feasibility study by DSIIDC through the Transport Department. It further stated that on receipt of payment of ₹ 1.18 crore, the amount would be credited to the concerned head of account.

4.1.4 Relocation Division

In pursuance to the H'ble Supreme Court's orders of 1996, GNCTD started a scheme for relocating industrial units operating in non-confirming areas and a Relocation Division was created in DSIIDC to monitor compliance of terms and conditions of allotment of industrial plots, execution of lease deed, collection of ground rent, checks on defaulters etc. Out of 51,851 units to be relocated, 27,984 were declared eligible for allotment of plots or flats. DSIIDC had allotted 22,307 plots in Bawana, Bhorgarh, Narela, Badli, Patparganj and Jhilmil upto 2012-13. Possession of 18,553 plots was given and lease deeds were executed with 16,082 allottees and 136 eligible units were on waiting list (January 2013) for want of specific size of plots.

The DSIIDC was maintaining data pertaining to payment of ground rent by allottees of industrial plots under relocation scheme. To provide a facility to allottees to pay ground rent online, DSIIDC implemented online payment gateway of ICICI Bank Ltd. However, payments made by the allottees did not get updated automatically but had to be updated fortnightly by the Relocation Division manually on DSIIDC's website. There were no validation checks in the application as it accepted future dates for receipt of ground rent. This resulted in generation of erroneous ledger of allottees. DSIIDC accepted (October 2013) system deficiencies and assured to remedy them. As of March 2013, ground rent of ₹ 99.67 crore was outstanding from 14906 allottees of industrial plots in Industrial areas.

4.1.4.1 Infrastructure development at Bhorgarh and Bawana (Phase II)

DSI IDC finalised tenders for the work of infrastructure development in new industrial areas at Bhorgarh and Bawana Phase II on the third occasion of their invitation (May 2007) which were invited in two parts (A and B). Contract for Part A was awarded to M/s Indu Projects Ltd. at ₹ 94.21 crore and for Part B to M/s L&T Ltd. at ₹ 77.44 crore and letters to commence work were issued (January 2008).

Audit observed that initially set work completion period (1st occasion of invitation to tender) of 18 months was enhanced on 2nd occasion of invitation to tender to 20 months on expression of bidders of inadequacy of time due to difficulty faced in execution of fly ash work. As a consequence of this enhancement in contract completion period which put the completion period at 20 months, Clause 10 CC of the CPWD manual came into operation which provides for variation in contract amount due to variation in prices of materials and service. A clause was also added in the contract for giving incentive for finishing the work before time. The contract completion period of 20 months was allowed on 3rd occasion of invitation of tender also, though this time, quantity of fly ash work to be executed was reduced by 15 per cent from 11.07 lakh cum to 9.40 lakh cum.

Indu Projects Ltd. completed the work on 29 June 2009 against scheduled date of completion (6 September 2009) and M/s L&T Ltd. completed the work on 16 April 2009, ahead of scheduled date of completion (6 August 2009). Audit observed that DSI IDC incurred avoidable extra expenditure of ₹ 14.32 crore for variation in contract amount due to variation in price of material and services to both the contractors though the quantity of fly ash work was reduced which was cited as the reason for enhancing the scheduled period of completion. However, no payment under incentive clause was made.

The fact that both the works were completed within 17 months conclusively indicates that initially set completion period of 18 months was quite reasonable and enhancement in completion period was unnecessary and unjustified.

DSI IDC replied (January 2014) that work completion period was increased keeping in view the response to first call for invitation to tender. The completion period was worked out as per CPWD Manual and revising stipulated time to 20 months for a work of ₹ 44.63 crore was within the provisions of Manual which was considered necessary to attract more bidders to have a fair bidding. The reply is not acceptable as completion period should have been calculated taking into account all factors, drawing PERT and CPM chart etc. Enhancement in completion time should have no impact on bidding as bidders also would have factored in the 18 months' time in submitting their price bids. The contention of enhancement of time on account of fly ash work also was not acceptable in audit as the scheduled quantity of item 'carriage/ execution of fly ash work' was reduced to 9.40 lakh cum from 11.07 lakh cum in third call for invitation to tender and the quantity actually executed was even less (8.63 lakh cum).

4.1.4.2 Development of industrial area at Kanjhawla and Rani Khera

For development of new industrial area at Kanjhawla and Rani Khera, DSIIDC followed open tendering and assigned the project consultancy to M/s Consultancy Engineering Services (India) Pvt. Ltd (M/s CES) at ₹ 18,570 per acre (total amount ₹ 1.86 crore) in January 2008. Audit observed inconsistencies in tendering and execution of contract. DSIIDC:

- followed the same technical qualification criterion - 'having required potential and experience of handling similar projects of estimated cost of not less than ₹ 100 crore in India or abroad during last seven years for project planning and design services', for selection of consultant for two schemes (Kanjhawala 920 acres and Rani Khera 127 acres). This was not justified as the area under Kanjhawala scheme was more than six times the area under Rani Khera scheme.
- failed to provide to consultant necessary approvals and environment clearance from GoI for treatment, storage, and disposal facility (TSDF) site. Even other requisite information were provided with a delay. DSIIDC ultimately foreclosed consultancy contract on account of non-performance.

Audit observed that DSIIDC lacked clarity on the project development as it revised the layout plans thrice and failed to comply with the contractual obligations to provide requisite data to the consultant. The foreclosure of contract citing non-performance by the consultant resulted in unfruitful expenditure of ₹ 8.54 lakh.

DSIIDC stated (January 2014) that to encourage healthy competition, terms and conditions of NIT were approved by competent authority and the consultant was appointed accordingly. The reply is not acceptable as by keeping the same technical criteria for both the works, competition was restricted. DSIIDC also failed to provide the requisite information/ data to the contractor as per the agreement, resulting in foreclosure of the contract.

4.1.5 Engineering Division

The Engineering Division of DSIIDC is executing all deposit works (civil and electric) on behalf of various government agencies. The division generated total revenue of ₹ 2,796.91 crore for the Corporation during 2008-13.

4.1.5.1 Development works in unauthorized colonies

The Urban Development Department (UDD), GNCTD entrusted to DSIIDC the work of providing basic infrastructure facilities like roads, storm water drains, etc. in unauthorized colonies (UC) in Delhi. During 2008-13, DSIIDC awarded 1,024 contracts valuing ₹ 1,085.26 crore for construction of roads and storm water drains.

Audit noticed that Council of Ministers decided (November 2007) for cement concreting of roads in 1,071 eligible unauthorized colonies, out of 1,539 unauthorized colonies, where water lines and sewerage lines or any other services had already been laid, thereby, obviating the need to frequently cut the roads. While conveying the above decision in April 2008, it was altered that the cement concrete roads would be laid wherever the sewerage and water

lines had not been laid instead of laying the concrete roads wherever sewerage and water lines had been laid. Thus, the intent of the decision was altered.

As a result of the above Government decision, works of laying of cement concrete roads valuing ₹ 206.96 crore were carried out in colonies where sewer lines and water lines had not been laid by the Delhi Jal Board.

DSI IDC stated (January 2014) that the work of construction of cement concrete roads was taken up under the orders of UDD conveying Cabinet Decision dated 6 September 2007. The condition of laying of water and sewer lines was mentioned in Cabinet decision dated 20 November 2007 which was reiterated vide letter dated 16 September 2008. In the exit conference, DSI IDC stated that till date, (February 2014) Delhi Jal Board had not laid sewer and water lines on most of those roads pointed out by Audit.

The reply is not acceptable as there is no record available with the Company indicating that the concrete roads were laid only on those places where there would be no need for laying the sewerage and water lines thereby the necessity of cutting the concrete roads cannot be ruled out.

4.1.6 Project 'Roopantar'

The Department of Education (DoE), GNCTD conceived a project named 'Roopantar' for upgrading the existing infrastructure of schools and assigned it as a deposit work to DSI IDC. The DoE identified and assigned 198 school premises to DSI IDC for refurbishment. DSI IDC engaged M/s IL&FS Education and Technology Services Limited (IETS) to prepare a school-wise improvement plan and awarded contracts for upgradation of 144 schools in five clusters. Contracts for 48 schools were awarded separately during May 2008 to June 2009 whereas work for six schools could not be awarded as clear sites were not available. The DoE accorded administrative approval and expenditure sanction (AA&ES) for ₹ 245.22 crore.

The following deficiencies were noticed in the project:

4.1.6.1 Deficiencies in NIT for appointment of consultant

The DSI IDC issued NIT (6 June 2006) for appointment of consultant for the project. The NIT was kept open ended and did not contain information on scope of work viz. total number of schools to be covered in the project, estimated cost, qualifications of firms, past experience of similar works, turnover of bidding firms, penalty clause etc.

DSI IDC stated (January 2014) that NIT was issued based on CPWD manual. The consultant was required to depute technical staff and to provide VAT/ service tax/ PAN etc. DSI IDC in exit conference explained that the NIT was not open ended and the contract was different from construction contracts. The consultancy fee was on percentage basis. The reply is not acceptable as DSI IDC itself had been engaged in the business of consultancy and construction through its own Engineering Division and the deficiencies pointed out are normally there in any tender document and should have been incorporated.

4.1.6.2 Selection of an ineligible firm as consultant

Of the two parties who submitted bids, only M/s IETS was declared as technically qualified and awarded the consultancy and agreement signed (November 2006). Audit scrutiny showed that NIT allowed bids from Group of Companies or Joint Ventures (JV) also. However, for required experience in civil and architectural projects, IETS submitted a Memorandum of Understanding with M/s Pradeep Sachdeva Design Associates (PSDA), with whom it did not have any JV. Thus, IETS did not fulfill the criterion of JV or group of companies and hence its technical bid was not factually qualified. Moreover, IETS submitting bid in the capacity of an independent firm, was not an architectural and civil contractor firm. Hence, its bid on the basis of MoU should have also been rejected.

The DSIIDC replied that IETS had signed an MOU for fulfilling the technical criteria. The reply is not acceptable as the NIT conditions permitted bids from JV or a group of companies and not from a group formed through a MoU.

4.1.6.3 Irregularities in execution of 'Roopantar' project

Audit observed irregularities in execution of the project:

- DSIIDC prepared justification of rates on the basis of rates obtained through a market survey (MRJ). However, the procedure adopted for market survey was not on record. The veracity of period of market survey, constitution of committee appointed for the purpose, quotations obtained from suppliers and vendors etc. could not be ascertained as rates of same items differed across five clusters where works were awarded during June 2009 to August 2009. DSIIDC stated (January 2014) that MRJs were prepared in accordance with the CPWD works manual and the minor variation in the rates of few items was due to market fluctuation on account of Common Wealth Games. The reply is not acceptable as the validity of rates quoted by bidders was 60 days as also the variation in rates is not justified within a short period across the five clusters within Delhi.
- In case of cluster 5, the bid of JV of BLS Infrastructure and Sumer Construction was accepted. It was noticed that on 23 August 2009, BLS Infrastructure resolved to find suitable JV partner for submission of bid in respect of 28 cluster schools and on the next day i.e. 24 August 2009 entered into JV agreement with Sumer Corporation. Hence, it formed a JV with Sumer Construction with a purpose to become technically qualified in the bid. Further, as per clause 4.2 of JV agreement, BLS Infrastructure was the one responsible for the execution of the contract

DSIIDC in its reply (January 2014) stated that JV of BLS Infrastructure and Sumer Corporation was qualified as per technical criteria of NIT and approved by competent authority. To safeguard interests of the Corporation, indemnity bonds were obtained independently and severally. The reply is not acceptable as DSIIDC obtained indemnity bonds subsequent to the finalization of technical bids which also substantiates the audit point that JV formed was not technically qualified for its financial bid being considered.

- In case of school at BholaNath Nagar, an additional work of ₹ 50.80 lakh was undertaken besides the original work of ₹ 1.74 crores on the recommendation of IETS. IETS altered the work requirements on several occasions which DSIIDC sanctioned. This indicated lack of initial planning and site survey by the consultant.

DSIIDC in its reply (January 2014) stated that the existing provision in the estimates were not sufficient and the building needed additional strengthening on account of which additional expenditure was incurred. The reply is not tenable as repeated revision of scope of works indicates lack of planning and site survey.

4.1.7 Housing projects

The DSIIDC undertook 13 projects for construction of 64,040 dwelling units (DUs) during 2008-13 under JawaharLal Nehru National Urban Renewal Mission (JNNURM) for rehabilitation of urban poor and slum relocation project. Five projects (23,040 DUs) were shelved for non-availability of clear sites, after incurring ₹ 46.45 lakh on these projects. As of 31 March 2013, 13,820 DUs had been completed while construction of 25,500 DUs was in progress. Work of remaining 1,680 DUs could not be awarded for want of sites.

4.1.7.1 Under-utilization of land for construction of DUs

For affordable housing for the urban poor, Master Plan for Delhi 2021 (MPD 2021) (formulated February 2007) provides that the built up accommodation should be around 25 sqm so as to achieve maximum density of 600 dwelling units (DUs) per hectare. However, DSIIDC prepared and got approved DPR for four projects⁵ (June 2007 and October 2008), for construction of 13,820 DUs (G+2 and G+3 types) with density of around 300 units per hectare. This resulted in under utilisation of land in Delhi and the loss of opportunity to construct additional 3,720 DUs.

DSIIDC stated (January 2014) that DPRs of 13,820 houses were based on MPD-2001 where there was a provision of 300 units per hectare which was increased to 600 units per hectare after introduction of MPD-2021 in the year 2007. During this period GNCTD entrusted the work of JNNURM to DSIIDC and projects at Narela, Bhorgarh and Bawana were switched over to JNNURM. DSIIDC also informed that FAR of 600 units per hectare could be achieved by building seven to eight storey buildings which required lifts leading to enhancement of cost per unit. Thus, keeping the unit cost low was the main constraint for achieving FAR of 600 units per hectare but in view of scarcity of land now DSIIDC is constructing G+4 units to achieve required FAR. Thus, DSIIDC could not achieve the FAR as envisaged in the MPD-2021 and that by constructing DUs in G+2 and G+3 format, instead of G+3 and G+4 format, opportunity to construct additional 3,720 low cost houses and providing them to needy citizens could not be availed of.

⁵ Housing for urban poor at Bawana, Narela and Bhorgarh in June 2007; Slum relocation project at Kanjhawla, Ghoga and Bapraula in June 2007; Slum relocation project at Bawana in October 2008; Slum relocation project at Bapraula Phase II in October 2008.

4.1.7.2 Irregularities in appointment of consultant

DSI IDC invited 21 empanelled Architects (10 August 2006) requesting them to submit their offer for the work of construction of 40000 houses. The consultancy fee was fixed at one *per cent* of the cost of project excluding the cost of land and @ 0.5 *per cent* for project management consultancy (PMC) which included quality audit, quality control and site supervision and management. Audit observed that M/s Adlakha & Associates had already initiated the work in June 2006 at Bawana Extension, Narela Industrial Complex and Bhorgarh (Bawana-II) before letters were issued to empanelled Architects. This was evident from a letter dated 9 June 2006 of M/s Adlakha & Associates, which mentioned that preliminary drawings had already been prepared and the scheme for Bawana Extension had been submitted to the Planning Department of MCD. The preliminary estimate of the scheme and the Detailed Project Report (DPR) was also stated to have been submitted to DSI IDC.

In the meantime, four Architects submitted (30 August 2006) their bids. Thus, while the empanelled Architects were requested to submit their bids, consultancy work had already been awarded. By March 2013, DSI IDC paid fees of ₹ 7.41 crore.

M/s Behl Joshi & Associates were appointed as consultant out of the short-listed consultants for projects of Kanjhawala and Bawana. However, these projects could not begin due to court's stay orders. During 2011-12, DSI IDC again decided to take up construction of 4000 DUs at Kanjhawla and this time, entered into an agreement (6 March 2012) with M/s Behl Joshi & Associates selected on the plea of revival of old agreement instead of open bidding, at a fee of one *per cent*. Audit noticed:

- (i) The appointment of M/s Behl Joshi & Associates without competitive bidding was irregular. Even when the firm was lowest bidder for the project which was stayed, no agreement had been executed with the firm, therefore, it cannot be construed as revival of old agreement. DSI IDC accepted (September 2013) the audit observation and stated that only letter of commencement was issued to the firm.
- (ii) Construction works of flatted dwelling units are of repetitive nature where drawing for one block only is approved by the competent authority, and the same is used for construction of other blocks of the project. Hence, uniform consultancy fee for every block of the project was not justified.

DSI IDC replied (January 2014) that there was urgency to construct houses under JNNURM. M/s Adlakha & Associates, who were on its panel and had done the work of 3164 industrial workers' housings, were asked to prepare DPR for submission to the Ministry of Housing and Urban Poverty Alleviation. In case M/s. Adlakha did not qualify, the fee paid to them would have been adjusted against the fee of successful consultant, for the work done. With respect to award of work to M/s Behl Joshi & Associates, DSI IDC stated that it was a competitive bidding and only the work was revived. It further stated that every project had its own dimensions, ground topography and type of soil and bearing capacity. Therefore, layout of each project is to be

prepared on the basis of plot size, topography etc. and, therefore, it cannot be construed that the work was of repetitive nature. DSIIDC, in exit conference, stated that it was a fair bidding and M/s Adlakha was the leading firm for construction of EWS units in the country.

The reply is not acceptable as M/s Adlakha had started the work prior to the start of tendering process. Fee should have been fixed after finalization of technical bids. Payment of uniform fee for repetitive nature of work was in violation of CVC guidelines. Even if the contention of DSIIDC on dimensions, ground topography, type of soil and bearing capacity is also considered, the consultancy fee should have been reduced for repetitive nature of constructions of superstructure of buildings.

4.1.7.3 Non-assessment of technical capability of a single contractor

At Tikri Kalan for construction of 6,740 DUs, DSIIDC split the project into two parts and issued two separate NITs (29 June 2012) for construction of 3360 DUs and 3380 DUs reasoning that it would reduce dependence on a single contractor, with a condition that no agency be awarded the work for more than 10,000 DUs under JNNURM. However, it was noticed that M/s Pandhe Infracons Pvt. Ltd, being L-1 in response to both the NITs, was awarded the work at its quoted price ₹ 145.81 crore and ₹ 149.73 crore respectively. Thus, though criteria of maximum 10,000 DUs to one firm was inserted in NITs, no condition was inserted to ensure that a bidder gets only one contract inspite of its being L-1 in both the NITs as was the intention when splitting the project into two. It was also noticed that completion period of projects was 12 months but as of November 2013 the firm could complete only 6.50 *per cent* of 3,360 DUs and 6.13 *per cent* of 3,380 DUs though contracts were awarded in December 2012. This showed failure of DSIIDC in assessing the technical capability of the single contractor to execute both contracts which led to delay in completion of the project.

DSIIDC stated (January 2014) that it was a matter of chance that for both the works, same agency was L-1. After clubbing both the packages, number of DUs comes to 6,740 DUs which was less than 10,000 DUs. However, due to their financial crunches, the contractor could not achieve the physical progress as per prescribed milestones and action against the firm was being taken in terms of agreement. DSIIDC, in exit conference, stated that the work was split because of time constraint.

The reply is not acceptable as the criteria of maximum 10,000 DUs to a single firm was inserted in NITs and the work was split with a view to reduce the dependence on single contractor but the aim could not be achieved as evident from the poor completion rate in the contract.

4.1.8 Revenue generation projects

DSIIDC decided to develop three industrial areas as revenue generation projects (RGPs), namely- (i) Commercial Complex-cum-Flatted Factory-cum-Facility Centre at Okhla Phase-I, (ii) Functional Industrial Estate for Electronics at Okhla Phase-II, and (iii) New office building in place of its Administrative Block Building at Wazirpur Industrial Area.

4.1.8.1 Irregularities in RGP at Okhla Phase-I

For RGP at Okhla Phase-I, DSIIDC appointed (May 2010) a consultant for designing and obtaining necessary approvals at a fee of ₹ 89.69 lakh. DSIIDC awarded (February 2012) the work of redevelopment for ₹ 37.74 crore. A contract of dismantling of existing structures was also awarded (February 2012) for ₹ 35.36 lakh. MCD rejected the proposed building plan on 12 July 2012.

Due to absence of necessary approved plans, drawings and hindrance free site to contractor, the contract was foreclosed (December 2012). The dismantling contractor could work on 2,722.64 sqm area out of 4,590.46 sqm due to non-vacation of site by tenants which indicated that DSIIDC did not frame an action plan for the project before launching it. DSIIDC incurred an expenditure of ₹ 30.29 lakh including ₹ 13.45 lakh as consultancy which proved unfruitful.

DSIIDC replied (January 2014) that appointment of consultant was a prior requirement for taking up of any construction project and the expenditure was justified. They further explained that MCD approval could not be obtained due to the nature of plot and entrance problem. The reply is not acceptable as MCD had rejected the proposed building plan due to non availability of completion plans and layout plan with DSIIDC of earlier structure and in the absence of same, the construction contract had to be foreclosed.

4.1.8.2 Delay in RGP at Okhla Phase-II and Wazirpur

DDA allotted (April 1993) 2,665.41 sqm of land at Okhla, Phase-II to DSIIDC for construction of electronics market and allowed five years for construction extended upto June 2002. On this site, DSIIDC decided (February 2000) to set up a marketing estate for computer hardware/ software and electronics industries and appointed a consultant at a fee of ₹ 2.12 lakh. Audit observed that construction activity on the project had not started as of October 2013:

- The NIT floated in February 2001 was cancelled due to failure in taking policy decision. The payment of ₹ 2.12 lakh for consultancy was, thus, unfruitful.
- Building plan was not approved (October 2013) by MCD as DSIIDC could not provide 'No Objection Certificate' (NOC) regarding property tax from MCD and extension of time (EoT) from DDA in time. DSIIDC paid (July 2010) ₹ 53.17 lakh as composition fee including penalty for getting EoT for nine years upto December 2011 and property tax of ₹ 1.32 lakh including interest of ₹ 0.31 lakh. DSIIDC again paid (September 2013) composition fee of ₹ 47.61 lakh for EoT upto July 2015.

Thus, DSIIDC in failing to start construction work of the project for more than 13 years paid avoidable composition fees of ₹ 1.01 crore. This indicated lack of planning as it could not get necessary approvals from MCD as of October 2013 inspite of appointing a professional consultant.

The DSIIDC replied (January 2014) that delay in statutory approvals was beyond its control. The reply is not acceptable as DSIIDC failed to deposit property tax in time and had to pay composition fee for EoT. Besides, there was delay in getting the NOC and EoT from respective departments which ultimately delayed necessary approval from MCD.

Similarly, to construct a new building in place of existing Administration Block located at Wazirpur Industrial Area, to gain advantage of full Floor Area Ratio (FAR) permitted under MPD – 2021 with ground covered upto maximum 50 *per cent*, a new building (1,995 sqm) was proposed to be constructed. On this land parcel of 18,268.39 sqm, 75 sheds were already existing on an area of 8,784.54 sqm (48.09 *per cent*) which left only 348.92 sqm (1.91 *per cent*) for the proposed new Administrative Block.

A consultant was appointed (August 2010) at a fee of ₹ 15.76 lakh for preparation and getting necessary approvals to all plans from concerned authorities and statutory bodies but MCD did not sanction building plan as DSIIDC failed to produce previous approved layout or amalgamation plan. The consultant was nevertheless paid their fees. DSIIDC, without waiting for MCD approval, invited NIT for construction which could be finalized only on fourth occasion (September 2011) where only one party was found technically eligible and was awarded the contract at ₹ 10.38 crore. However, construction work could not be started for want of approved Layout Plan. Consequently, DSIIDC foreclosed the contract (May 2013).

Audit here also observed that the appointment of consultant was unwarranted and expenditure on consultancy was avoidable. The DSIIDC replied (January 2014) that the appointment of consultant was pre-requisite for taking up of any project and that the project was made on the basis of consultant's concept approved by a jury comprising of the Chief Architect, NDMC and a faculty from the School of Planning and Architecture. The reply is not acceptable as DSIIDC appointed the consultant despite knowing the fact that as per MPD 2021, sufficient area was not available for the project and as regards jury, its members were appointed only to assess the technical eligibility of the bidders and not for assessing the requirement of land as per MPD-2021.

4.1.9 Community Work Centre (CWC)

Board of Directors in its meeting held on 29 March 2007 approved renovation of CWC's at two sites on pilot basis, out of 29 CWCs, from its own funds to be replenished later on from receipts. Audit observed:

4.1.9.1 Poor contract management leading to avoidable liability

The work of modernization of CWC at SeemaPuri was awarded to M/s Rama Construction Company at its quoted rate of ₹ 12.22 crore. The letter of acceptance and for commencement of work was issued (January 2008). Audit observed:

- There was no justification on records for awarding the work before appointing the consultant for preparing detailed structural drawings and without getting building plans approved from MCD,

- The acceptance of refund claim of contractor for amount deducted on account of VAT and TDS was not in order. As per the order of VAT Commissioner and Income Tax Rules, these are deductible from mobilization advance, and
- Besides, contractor went into arbitration where his claim of ₹ 1.34 crore including interest @ 9 per cent was accepted due to failure of DSIIDC in getting the building plans approved in time.

The Management stated (January 2014) that the consultant was appointed after the award of work to avoid any eventuality of loss in case the projects got dropped. Structural drawings were prepared by the consultant and were in process of approval from IIT, Delhi and IIT, Roorkee. DSIIDC added that it had challenged the arbitration award in High Court as work was not rescinded but abandoned by the contractor.

4.1.10 National Institute of Jewellery

DSIIDC decided (2002) to set up a Gem and Jewellery Park. The National Institute of Jewellery Design and Technology was registered in October 2005 under the Societies Registration Act, 1860 as 'not for profit organization' with the objective to provide continuous supply of skilled human resources with the technical expertise encompassing all aspects of modern jewellery manufacturing. The institute is providing courses in Jewellery Designing and Gemmology and provides testing facilities also.

Audit observed that numbers of students enrolled were only 13 to 57 during 2005-13 and only one piece of gold was tested in the laboratory during 2011-13. The total grant received was ₹ 10.84 crore against which ₹ 11.65 crore was utilized (partly met out of interest earned on the grant received during 2002-13). The Institute had accumulated loss of ₹ 3.20 crore up to 2011-12.

DSIIDC accepted (January 2014) the audit point.

4.1.11 Delhi Emporium-‘Bharti’

DSIIDC runs the Delhi Emporium ‘Bharti’ for encouragement of Handloom and Handicrafts Artisans and other small entrepreneurs’ products.

DSIIDC decided (October 2011) to renovate Delhi Emporium. Audit observed that no estimates for renovation were prepared. The justification for cost estimates was taken from the cost of previous renovation work of ₹ 145.37 lakh of 2004-05. It was also recorded that the cost of renovation would be recovered from expected increase in customers and income in future.

After following open tendering process, M/s Creative INC was awarded the contract at ₹ 1.63 crore, for designing and renovating the exterior and interior facade of the Emporium. Audit noticed that to award the work, the weightage of 80:20 per cent assigned to technical and financial eligibility was against the norms of 70:30 per cent prescribed in the guidelines of the Ministry of Finance, GoI (Manual of procedure for appointment of consultants).

DSIIDC replied (January 2014) that the project was given on a turnkey basis to a vendor who could design and implement the work so that there was no mismatch in conceptualizing and implementing the project. The score to be

given in technical bid was not on percentile basis and incidentally the financial bid of the selected bidder was lowest. The reply is not acceptable as detailed cost estimates are also to be prepared in turnkey projects

4.1.12 Additional expenditure on annuity for PPP project

GNCTD appointed (January 2009) M/s Infrastructure Development Finance Corporation (IDFC) as consultant in pursuance of letter of acceptance (December 2008) for conducting a study to achieve the following objectives:

- conduct detailed analysis of various infrastructure facilities and gap analysis, understanding the requirements and assessing the economic viability of projects at Narela, Patparganj, Okhla and Bawana Industrial areas,
- prepare a detailed infrastructure blue print for each of the identified industrial area,
- prepare a preliminary feasibility study for developing the infrastructure facilities in PPP model,
- prepare the bid and contract documents for the selection of private sector partner for implementation of each facility, and
- assist the GNCTD in the selection of concessionaire and financial closure.

For the achievement of above objectives, DSIIDC was to assist the consultant in obtaining the relevant information from concerned authorities and make available data related to each industrial area, day to day interaction and monitoring of activities. The consultant undertook a feasibility study under a Upgrade Operate Maintain Transfer (UOMT) framework, independently for three projects at - (i) Okhla, (ii) Patparganj, (iii) Bawana and Narela and submitted (April 2011) a Financial Appraisal Assessment against the total indicated time schedule of eight months.

Audit observed that the consultant projected the project cost of Bawana and Narela over 15 years as ₹ 90 crore and ₹ 130 crore respectively. The revenue gap for the period was projected at ₹ 10 crore per annum (IRR of 8.13 *per cent*) for Bawana and ₹ 21 crore per annum (IRR of 9.13 *per cent*) for Narela which were to be met by DSIIDC through annuity.

DSIIDC invited (March 2011) 'Request for Proposal (RFP)' for upgradation and redevelopment of Bawana and Narela industrial estates on Public Private Partnership mode (PPP) on an UOMT basis with concession period of 15 years. After the consultant evaluated the proposals (May 2011), the project was allotted to two firms (L-1) - to M/s PNC Delhi Industrial Infra Pvt Ltd for Narela at annuity of ₹ 21.50 crore and to M/s Bawana Infra Development Pvt Ltd for Bawana at annuity of ₹ 7.48 crore and DSIIDC entered (July 2011) into concession agreements.

Audit observed:

- that GNCTD approved (3 March 2010) 26 *per cent* shareholding of DSIIDC in Special Purpose Vehicle (SPV) for development,

operations and revenue collection in the Bawana and Narela industrial estates and a concession period of 30 years. However, DSIIDC awarded the projects for 15 years and 100 *per cent* share holding was retained by M/s Bawana Infra Development Pvt Ltd for Bawana and M/s PNC Delhi Industrial Infra Pvt Ltd for Narela for which approval of GNCTD was not found on record.

- The consultant adopted capex of ₹ 161.98 crore instead of ₹ 145.39 crore, occupancy was taken as 58.60 *per cent* in first year of concession period i.e. 2011-12 against the actual of 90 *per cent*, collection efficiency of monthly statutory dues was taken as 60 *per cent* in third year (for the first two years from the annuity commencement date, statutory dues were not payable) which was not in tandem with the occupancy rate of 90 *per cent* in second year itself.
- For Narela, project IRR works out to 14.89 *per cent* instead of 9.13 *per cent* as worked by the consultant. Detailed calculations of annuity by consultant for Bawana Project were not provided.
- Even after 27 months of award of contract (upto October 2013), DSIIDC did not conduct an audit of books of accounts of concessionaires itself or through representatives in terms of Section 11.7 of the concession agreement. Thus, the construction work carried out by the concessionaires on the project could not be assessed in audit.

Thus, had the Company provided data to the consultant closer to the date of consideration of final report, consultant would have made realistic assumptions and project IRR of 9.13 *per cent* would have been achieved with annuity payment of ₹ 14.90 crore instead of ₹ 21.50 crore per annum. The resultant incorrect projections imposed avoidable contractual liability on DSIIDC to pay ₹ 91.50 crore in excess of actual requirement over 15 years.

DSIIDC stated (January 2014) that occupancy rate of 58.90 *per cent* was based on data provided to consultant in the year 2009. The collection efficiency was kept low in initial years based on opinion of stakeholders and concerns of intending bidders in pre-bid conference.

The reply is not acceptable as consultant submitted their report in April 2011 based on data provided by the DSIIDC in 2009 whereas actual occupancy in May 2011 itself had reached 90 *per cent*.

4.1.13 Human resource management

Human resource management is important for execution of activities of an organization over a period of time. The position of sanctioned strength and men-in-position during 2008-13 is detailed in **Table 4.2**.

Table 4.2
Sanctioned strength and men-in-position (overall)

	2008-09	2009-10	2010-11	2011-12	2012-13
Sanctioned strength	1,732	1,593	985	1,493	1,491
Men-in-position	1,246	1,206	821	1,042	1,019

(ii) Sanctioned strength and men-in-position (Group A and B)

	Sanctioned		Men in position	
	A	B	A	B
2008-09	220	157	168	99
2009-10	156	182	160	103
2010-11	158	217	148	94
2011-12	156	216	151	79
2012-13	156	216	153	75

Audit observed that the percentage of employees on deputation showed an increasing trend whereby DSIIDC's own Group A staff was reduced to less than 50 *per cent* of the total officers strength. The officers brought on deputation assignments were engaged in long engineering projects.

DSIIDC stated (January 2014) that the posts of Senior Project Managers are being filled up by drawing personnel on deputation basis from other organizations to execute a large number of works assigned to the Corporation.

4.1.13.1 Absence of HR policy

DSIIDC neither prepared a defined HR policy nor long term and medium term manpower plans. DSIIDC was following staffing norms laid down in the Delhi State Industrial Development Corporation Ltd. (Staff Service) Rules, 1978. As these rules were framed 35 years ago, many of its contents have become outdated with changing business environment. DSIIDC stated (January 2014) that DSIIDC Staff Service Rules, 1978 serve as guiding principles for the organization. As and when need was felt by the management, corresponding amendments were made in accordance with changes in business environment. However, DSIIDC assured to keep audit advice in view in reviewing its Human Resource rules.

4.1.14 Internal control

Internal controls designed for providing reasonable assurance for efficiency of operations, reliability of financial reporting and compliance with applicable laws and statutes were found weak in DSIIDC as mentioned elsewhere in the Report. Audit observed that DSIIDC has not prescribed the scope, coverage and periodicity of internal audit. It had engaged services of chartered accountant firms for internal audit for 2008-09 to 2011-12.

Conclusion

The performance of the Company with regard to its mandate was not optimal. DSIIDC was saddled with liabilities because of imprudent decisions in its EPF Trust. DSIIDC engaged services of consultants for various projects but did not examine their recommendations technically, resulting in avoidable financial implications. Non-compliance of provisions of CPWD Works Manual relating to availability of approved layout plans and structural drawings resulted in foreclosure of contracts, shelving of projects and impediments in execution of various construction works. The Company as a result of incorrect projections imposed upon itself avoidable contractual liability. DSIIDC neither prepared a

defined HR policy nor long term and medium term manpower plans leading to non-optimization of available human resources. Internal control procedures were not commensurate with its size and volume of operations.

Recommendations

The Company needs to:

- ensure compliance of provisions of CPWD Works Manual at all stages of construction contracts to avoid impediments in the execution of works;
- ensure timely and correct data to its consultants to arrive at appropriate projections;
- review its human resource policy to optimally utilize its resources; and
- strengthen internal controls and procedures.

The above points were referred to the Management and Government. While the reply of the Management was received and their views have been incorporated in the Report, reply of the Government has not been received (February 2014).

Transactions Audit Observations

Government Companies

4.2 Delhi Tourism and Transportation Development Corporation Limited

4.2.1 Loss due to non recovery of property tax

Loss of ₹ 51.43 lakh due to non-recovery of property tax of covered parking area from contractor at Delhi Haat, Pitampura

Delhi Tourism and Transportation Development Corporation Limited (Company) constructed a Delhi Haat at Pitampura in October 2007. The Company being the licensee of the land from Delhi Development Authority and liable to pay the property tax to Municipal Corporation for the land and building etc. constructed thereon, paid property tax amounting to ₹ 116.91 lakh till March 2013.

The Company licensed parking services through contractors w.e.f. October 2008. As per the terms of the agreements, the contractors were liable to pay all duties/ fees/ levies/ parking charges/ statutory taxes including property tax/ ground rent/ service tax etc. levied by any statutory authority.

Audit scrutiny showed that the Company paid property tax amounting to ₹ 51.43 lakh during the period October 2008 to March 2013 for the parking area which was let out to the contractors but did not recover the same from the licensee contractors though the agreements provided for the same.

The Company stated (July 2013) that as per MCD Act, the property tax is leviable upon lessor. It further stated that property tax should not be considered as statutory tax.

The reply of the Company is not acceptable because as per the agreements signed between the Company and the contractors, the contractors were liable to pay all duties/ fees/ levies /parking charges/ statutory taxes including property tax/ ground rent/ service tax etc. levied by any statutory authority, which was not done in this case. Thus, the Company in not enforcing its agreements did not consider the recovery of property tax from the contractors, which resulted in loss of ₹ 51.43 lakh to the Company.

The matter was referred to the Government (July 2013), their reply was awaited (February 2014).

4.2.2 Blockade of funds and loss of revenue due to non operationalisation of a tourist complex

Blockade of funds to the tune of ₹ 5.67 crore due to delay in selection and appointment of Advisor for selection of an operator

The Government of National Capital Territory of Delhi agreed in principle (July 2005) to develop tourist complex/ facilities at Kanganheri through the

Company. The Company decided (December 2005) to run the tourist complex on Public Private Partnership (PPP) mode.

The Company, therefore, took over land measuring 11.44 acres from Irrigation and Flood Control Department (I&FCD) in March 2006 on lease for 10 years for developing tourist facilities at Kanganheri. The ground rent for the said land was ₹ 1 per sqm per annum, which worked out to ₹ 4.63 lakh for a period of 10 years i.e. from March 2006 to March 2016.

The construction and development of tourist complex at Kanganheri was completed in September 2010 at a cost of ₹ 5.27 crore. Thereafter, the Company appointed (August 2012) M/s Feed Back Infrastructure Services Private Limited (Advisor) to assist the Company in selecting the private operator for operation, maintenance, management and transfer of tourist complex at Kanganheri.

It was observed that the Company took nearly two years to appoint the Advisor for assisting the Company in selecting a private operator who was not appointed till November 2013 which resulted not only in blockade of funds of ₹ 5.27 crore but also wasteful expenditure of ₹ 40.27 lakh on maintenance of the complex during last two years i.e. from April 2011 to March 2013.

The Company stated (May 2013) that agreement with I&FCD for Kanganheri was valid till March 2016 and it had been pursuing with the I&FCD to extend the license for a period of at least 20 years so that proper operational plans for the project could be worked out and investment made by the Company is recovered. The reply of the Company is not tenable since the Company is left with only two years for recovery of its investment.

The Department stated (October 2013) that Kanganheri project cannot be seen as a separate entity from the adjacent Chhawla project. In isolation, the Kanganheri was neither conceived nor would it be sustainable and extension of lease period is under process.

The reply of the Department is not acceptable since both the projects have not been conceived and implemented together.

4.2.3 Loss of ₹ 1.44 crore in running the canteen at Delhi Legislative Assembly

Loss of ₹ 1.44 crore in operation and management of a canteen in Delhi Legislative Assembly due to absence of a formal agreement and non-conducting any cost-benefit analysis

The Company, on the request of Secretary, Delhi Legislative Assembly (Assembly Secretariat), took over the operation and management of Vidhan Sabha Canteen with effect from 10 September 2007 to provide services to MLAs, VIPs and officers during meetings. The request further stated that the Company will keep the rates same as charged in the Delhi Government Secretariat canteen.

Audit observed that the canteen services were started without carrying out any cost analysis and also without entering into a formal agreement or

memorandum of understanding (MoU) with the Assembly Secretariat. The Company in running the canteen operation was able to recover the cost of material only and all other employees cost and administrative expenses could not be covered through operations.

The Company suffered a loss of ₹ 1.44 crore during the period September 2007 to March 2013. The Board of Directors of the Company expressing its concern at the continuous loss directed the Company (September 2011) to take up the matter with the Assembly Secretariat for reimbursement of losses incurred by the Company and also to insist upon the Assembly Secretariat to run the canteen as per the Department of Personnel and Training (DOPT) guidelines, failing which to issue a 60 days' notice for closure of canteen services. The decision of the Board was communicated to the Assembly Secretariat in October 2011. The Assembly Secretariat agreed (September 2013) for providing prospective financial support subject to the Company submitting a assessment of operating cost of the canteen services and signing an agreement for the same.

Thus, there was a failure of the Company to take a timely decision to close operations, even when the Company was under no obligation to run the canteen and loss suffered in the operations will not be reimbursed by Government.

The matter was referred to the Government (September 2013), the reply was awaited (February 2014).

4.3 Indraprastha Power Generation Company Limited

4.3.1 Blockade of funds and consequent interest loss leading to undue financial benefit to DISCOMs

The Company, by delaying recovery of advance income tax paid, blocked its funds and suffered interest loss of ₹ 6.42 crore leading to undue financial benefit to DISCOMs

Indraprastha Power Generation Company Limited (Company) generates and sells electricity to power distribution licensees in NCT of Delhi (DISCOMs) viz. BSES Rajdhani Power Limited (BRPL), BSES Yamuna Power Limited (BYPL) and Tata Power Delhi Distribution Limited (TPDDL). The Company is also supplying power to New Delhi Municipal Council (NDMC).

Clause 6.24 and 6.28 of the Delhi Electricity Regulatory Commission (DERC) Generation Tariff Regulations (Regulations) for the period 2007-08 to 2011-12 stipulated that the income tax on the generation business of generating company shall be treated as expense and recovered from its beneficiaries, i.e., DISCOMs (BRPL, BYPL, TPDDL and NDMC). Such recovery shall be done directly by the generating company from the beneficiaries without making any application before the DERC. In case any objection regarding the amount claimed on account of income tax, the beneficiaries were required to make payments to the Company first and then make an appropriate application

before the Commission for its decision. Clause 6.25 of the Regulations further stipulates that any under-recovery or over-recovery of tax on income shall be adjusted every year on the basis of income tax assessment under the Income Tax Act as certified by the Statutory Auditors.

Audit observed that the Company had made payment of advance tax and self-assessment tax of ₹ 107.10 crore in September 2011, December 2011, March 2012 and July 2012 from its own funds on behalf of the beneficiaries. The Company, however, did not raise the claims immediately after payment of said tax against the beneficiaries for recovery. The Company waited for finalization of the accounts for the year 2011-12 and then demanded (October 2012) the income tax of ₹ 107.10 crore for the year 2011-12 from the beneficiaries (BRPL - ₹ 46.06 crore, BYPL - ₹ 30.41 crore, TPDDL - ₹ 30.35 crore and NDMC - ₹ 0.28 crore). TPDDL and NDMC paid the income tax claims while BRPL and BYPL have still not paid the same (February 2014).

Thus, the Company which was dependent on borrowings to meet its working capital requirements extended undue favour to DISCOMs by delaying raising the claims of income tax paid (advance tax and self-assessment tax). This resulted in the blockade of Company's funds amounting to ₹ 107.10 crore for a period ranging from 63 days to 383 days, resulting in loss of interest of ₹ 6.42 crore⁶ to the Company.

The Company replied (November 2013) that the regulations do not prescribe timing of the billing, whether monthly or yearly and income tax claims under the regulation were to be supported by the certification from Statutory Auditors. After finalisation of accounts and tax audit, the certificate of the same was obtained from the Statutory Auditors and bills were forwarded to the DISCOMs without delay. They further stated that DERC clarified (November 2009) that taxes were recoverable on annual basis as and when incurred.

The contention of the Company regarding certification of the accounts from Statutory Auditors was not acceptable because as per the Regulations, the Company could recover income tax paid directly from the beneficiaries and in case of any objection regarding payment the beneficiaries could go for appeal before the Commission, after making payment to the Company. Thus, no certification was required for raising bills for recovery but required to effect recovery of tax from the beneficiaries. Further, the DERC clarification quoted by the Company clearly states that taxes are recoverable as and when the expenses are incurred. Any under-recovery or over-recovery of tax on income shall be adjusted every year on the basis of income tax assessment under the Income Tax Act, 1961. Thus, immediately after making the quarterly payment to Income Tax Department, the Company was required to raise the bills against DISCOMs which was not done.

The matter was referred to the Government (September 2013), their reply was awaited (February 2014).

⁶ Calculated by allowing 10 days from date of payment of income tax by IPGCL to actual date of raising the bill against DISCOMs.

4.4 Delhi SC/ST/OBC/Minorities & Handicapped Financial & Development Corporation Limited

4.4.1 Loss of rent

The Company suffered a loss of rental income of ₹ 55.15 lakh on account of unoccupied space due to not taking timely and judicious decision

The Delhi SC/ST/OBC/ Minorities & Handicapped Financial & Development Corporation Ltd.(Company/ DSCFDC) was incorporated in the year 1983 for the welfare of SC community living below poverty line in NCT of Delhi. The Company office was situated in Old Secretariat Office Building at Rajpur Road which had only two rooms and was in a dilapidated condition.

The Company purchased land from Delhi Development Authority in August 1991 at Rohini, Delhi, the payment for which was made during the period August 1991 to January 1997. The Board of Directors, meanwhile, decided in December 1996 to construct a new office and allied activities complex on the said land. A seven storey building was constructed by PWD and possession was taken over by the Company in January 2002.

The Company occupied the space on ground, first, second and third floor in May 2004. The space on other floors (4th to 7th) was rented out to Government departments/ companies and autonomous bodies.

Audit had observed in 2009 excess utilization of space by the Company. In accepting the audit observations, the Company reassessed the space requirement for its own staff and decided (September 2009) that staff at third floor could be accommodated at first and second floor and the entire area of third floor measuring 8,537 square feet could be rented out.

For renting out the entire space of 8,537 square feet on third floor, the Company issued a circular to all departments of GNCTD in September 2009. In response, the office of the Deputy Commissioner (North/West District) submitted a proposal (November 2009) for taking on rent 6,000 square feet of space, but the Corporation did not consider the offer on the ground that it might be difficult to rent out the balance space and decided (November 2009) that entire floor should be let out in one go.

Subsequently, with the approval of the Hon'ble Minister for the Welfare of SC/ST/OBC cum Chairman, DSCFDC, it was decided (February 2010) that the Company would allot half of the floor on rent to the Registrar of Co-operative Society for establishing Delhi Co-operative Tribunal and the other half to the Department of Law, Justice and Legislative Affairs for establishing the Delhi Dispute Resolution Society (DDRS). The Corporation finally allotted only 1,468.20 square feet to the Department of Law for DDRS in October 2010 and 3,809 square feet to the Department of Revenue in April 2012. The balance space of 3,259.80 square feet on the floor was being used by the Corporation as common utility area.

Audit observed that by not taking timely and judicious decision, the Company had to forgo rental income of ₹ 45.76⁷ lakh for the period from March 2010 to March 2012 on account of rent for the unutilized space. Besides, the Company suffered an additional loss of rental income of ₹ 9.39⁸ lakh from April 2012 to March 2013, as it has been occupying the balance space of 3,259.80 square feet, in excess of its requirement.

Thus, the Company suffered a rental loss of ₹ 55.15 lakh (₹ 45.76 lakh + ₹ 9.39 lakh) due to not taking timely and judicious decision.

The matter was referred to the Department (September 2013), reply was awaited (February 2014).

Statutory Corporations

4.5 Delhi Transport Corporation

4.5.1 Avoidable loss on account of unauthorised occupation

Avoidable loss of ₹ 53.59 crore on account of unauthorized occupation of staff quarters at two staff colonies

Delhi Transport Corporation (DTC) constructed two staff colonies at Hari Nagar and G.T. Karnal Road having a total of 300 quarters. These quarters were allotted to the employees for residential purposes during their employment as per their entitlement.

Out of these 300 quarters, 284 quarters are unauthorisedly occupied as on March 2013 by ex-employees and families of ex-employees who upon their cessation in service were informed about cancellation of allotment and called upon to hand over the vacant possession of the said quarters, which have not been surrendered (March 2013). Due to illegal occupation of staff quarters by ex-employees, the Corporation has incurred an accumulated loss of ₹ 53.59 crore till March 2013. Besides this the recoverable amount on account of electricity, water charges was to the tune of ₹ 28.55 lakh till March 2013.

The DTC workers in the case of Shri M.P. Mathur and others vs. DTC and others filed appeal in the Hon'ble Supreme Court which decided the issue of the ownership right in favour of DTC (24 November 2006). The DTC issued notice to the ex-employees for vacation of quarters/ payment of damages through Estate Officer. The orders of the Estate Officer were challenged in the courts of District Judge but were dismissed. It was, however, observed that after dismissal of appeal of ex-employees against the order of Estate Officer in February 2009 and appointment of eviction officer on April 2010, i.e., after more than one year, no concrete action was taken by DTC to get the eviction and recovery of damages for more than two years from the appointment of eviction officer.

The Transport Department though recommended (April 2011) not to take any coercive measures against the ex-employees, till the Government took a final

⁷ (8537 sq. feet for 9 ½ months + 7068.8 sq. feet for 15 ½ months) x @ ₹24 per sq. feet = ₹45.76 lakh

⁸ 3259.8 sq. feet x 12 months x @ ₹24 per sq. feet = ₹9.39 lakh

call on their eviction. The Council of Ministers of GNCT of Delhi decided vide its decision No. 1898 dated 12.06.2012 that keeping in view the decision of Hon'ble Supreme Court and the need to provide houses to serving government servants, the retired DTC employees should be directed to vacate quarters within two months failing which eviction should be undertaken. DTC has still not been able to get back the possessions of unauthorisedly occupied quarters as on 31 March 2013. This has resulted in avoidable loss of ₹ 53.59 crore, besides, the serving employees have also been deprived of the facility of staff quarters.

The Management in its reply (October 2013) stated that there were no directions for eviction from the Supreme Court. The eviction of the quarters and recovery of the dues required various steps to be taken such as seeking opinion of the contesting Advocate, filing eviction cases in the court of Estate Office, filing recovery case in the court of SDM, computing month-wise recovery of each flat which was a cumbersome process. Further, during the course of eviction proceedings, there were directions from the Transport Department not to go for eviction.

The reply of the Management is not acceptable as the Council of Ministers had already decided (June 2012) on action for eviction.

The matter was referred to the Government (September 2013), their reply was awaited (February 2014).

4.5.2 Loss due to not claiming refund in revised income tax return

DTC suffered a loss of ₹ 34.86 lakh due to not claiming refund of TDS in its income tax returns

Section 197 of the Income Tax Act provides for issue of certificate for exemption or deduction of income tax at source, at lower rate, if the Assessing Officer is satisfied that the issue of certificate is justified in view of total income of the recipient. Further, as per Section 139 (5) of the Income Tax Act, any omission or wrong statement in the income tax return filed with the Income Tax Department, can be corrected by filing a revised return, provided that the revised return is submitted within one year from the end of the Assessment Year or before the completion of the assessment, whichever is earlier.

The Delhi Transport Corporation (DTC) is operating in loss and thus, is not liable to pay any income tax under the Income Tax Act, 1961. Audit noticed (June 2013) that DTC had been receiving concession fee⁹ from M/s Green Delhi Pvt. Ltd. (the company) on account of a contract awarded to the company in July 2007, for rights of display of advertisements on DTC's Bus Queue Shelters (BQSs). Though, the company was deducting tax at source (TDS) before making payments to DTC as required under the provisions of the Income Tax Act, DTC could get the exemption certificate under Section 197 of the Income Tax Act, issued by the Income Tax Department to M/s Green Delhi Pvt. Ltd., only on 8 May 2008 permitting it not to deduct income tax from amount payable to DTC. However, by then, the company had

⁹Fee charged by DTC in lieu of rights granted to private firms for advertisements on BQSs.

already deducted ₹ 35.23 lakh as TDS (upto 8 May 2008), from the payments made to DTC during the period 25 March 2008 to 16 April 2008.

Audit scrutiny of records further revealed that DTC did not claim the amount of TDS (already deducted by the company) in its Income Tax Returns filed for the Assessment Years 2008-09 and 2009-10. The DTC did not even file revised returns for these Assessment Years to claim refund of ₹ 34.86 lakh¹⁰, for which last dates were 31 March 2010 and 31 March 2011 respectively.

Though DTC made correspondence with the Income Tax Department for getting refund of ₹ 34.86 lakh, it did not yield any result as it had not filed revised returns within prescribed time limit.

Management stated (February 2014) that they have decided to take up the matter under Section 119 (2) (b) of the Income Tax Act and claim refund and as such DTC per se did not suffer any loss of ₹ 34.86 lakh. The reply is not convincing as DTC did not take up the matter for refund of TDS deducted for two years and mere filing of appeal will not be a guarantee of refund. However, even in the case, the appeal filed by DTC is accepted, it has already lost an amount of ₹ 14.74 lakh¹¹ towards interest till February 2014 on the amount blocked with the IT Department.

The matter was referred to the Government (October 2013), their reply was awaited (February 2014).

New Delhi
The 30 June 2014



(DOLLY CHAKRABARTY)

Principal Accountant General (Audit), Delhi

Countersigned

New Delhi
The 1 July 2014



(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

¹⁰ Out of ₹ 35.23 lakh, a refund of ₹ 36,600 was received on 13 April 2011.

¹¹ Calculated from May 2008 to February 2014 on ₹ 34.86 lakh at the rate of interest of 7.25 per cent per annum.

Annexures

Annexure 3.1
Statement showing particulars of up to date Paid-up Capital, Loans outstanding and manpower as on 31 March 2013 in respect of
Government Companies and Statutory Corporations
(Referred to in paragraph 3.3)

(Figures in column 5 (a) to 6 (d) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital ¹			Loans ² outstanding at the close of 2012-13			Debt equity ratio for 2012-13 (Previous year)	Manpower (No. of employees)		
				State Government	Central Government	Others	Total	State Government	Central Government			Others	Total
(1)	(2)	(3)	(4)	5(a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
A. Working Government Companies													
FINANCE													
1	Delhi SC/ST/OBC Minorities, Handicapped Financial and Development Corporation Limited	Welfare	January 1983	33.33	11.88	-	45.21	52.49	-	-	52.49	1.16:1 (0.06:1)	168
Sector wise total				33.33	11.88	-	45.21	52.49	-	-	52.49	1.16:1 (0.06:1)	168
INFRASTRUCTURE													
2	Delhi State Industrial & Infrastructure Development Corporation Limited	Industry	February 1971	21.00	-	-	21.00	0.00	-	-	0.00	- (0.32:1)	1723
3	Shahjahanabad Redevelopment Corporation	Urban Development	May 2008	0.00	-	-	0.00 ³	-	-	-	-	-	19
Sector wise total				21.00	-	-	21.00	0.00	-	-	0.00	- (0.32:1)	1742
POWER													
4	Delhi Power Company Limited	Power	July 2001	745.05	-	-	745.05	1629.71	-	1013.51	2643.22	3.55:1 (5.96:1)	18
5	Delhi Transco Limited	Power	July 2001	3691.00	-	260.00	3951.00	511.75	-	1130.00	1641.75	0.42:1 (0.49:1)	1586
6	Indraprastha Power Generation Company Limited	Power	July 2001	596.54	-	140.00	736.54	88.61	-	35.00	123.61	0.17:1 (0.23:1)	1032

¹Paid-up capital includes share application money.

²Loans outstanding at the close of 2012-13 represent long-term loans only.

³Paid up capital of SRC is ₹ 700 only.

(1)	(2)	(3)	(4)	5(a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
7	Pragati Power Corporation Limited	Power	January 2001	2074.19	-	-	2074.19	360.00	-	1778.86	2138.86	1.03:1 (1.18:1)	282
8	DSHDC Energy Limited	Industry	May 2011	-	-	0.01	0.01	-	-	-	-	-	0
Sector wise total				7106.78	-	400.01	7506.79	2590.07	-	3957.37	6547.44	5.16:1 (1.04:1)	2918
SERVICES													
9	Delhi State Civil Supplies Corporation Limited	Public Distribution	November 1980	7.00	-	-	7.00	-	-	-	-	-	714
10	Delhi Tourism and Transportation Development Corporation Limited	Tourism	December 1975	6.28	-	-	6.28	-	-	-	-	-	882
11	Geospatial Delhi Limited	IT	May 2008	10.76	-	-	10.76	-	-	-	-	-	69
12	DSHDC Maintenance Services Limited	Industry	May 2011	-	-	0.01	0.01	-	-	-	-	-	0
13	DSHDC Exim Limited	Industry	May 2011	-	-	0.01	0.01	-	-	0.03	0.03	-	0
14	DSHDC Liquor Limited	Industry	May 2011	-	-	0.01	0.01	-	-	-	-	-	0
Sector wise total				24.04	-	0.03	24.07	-	-	0.03	0.03	-	1665
TRANSPORT													
15	Delhi Transport Infrastructure Development Corporation	Transport	August 2010	10.65	-	-	10.65	60.00	-	-	60.00	5.63:1 (0.23:1)	121
Sector wise total				10.65	-	-	10.65	60.00	-	-	60.00	5.63:1 (0.23:1)	121
Total A (All sector wise working Government Companies)				7195.80	11.88	400.04	7607.72	2702.56	-	3957.40	6659.96	0.88:1 (1.01:1)	6614
B. Working Statutory Corporations													
FINANCE													
16	Delhi Financial Corporation	Finance	April 1967	18.05	-	8.19	26.24	40	-	50.08	90.08	3.43:1 (4.56:1)	115
Sector wise total				18.05	-	8.19	26.24	40	-	50.08	90.08	3.43:1 (4.56:1)	115

(1)	(2)	(3)	(4)	5(a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
TRANSPORT													
17	Delhi Transport Corporation	Transport	November 1971	1983.85	-	-	1983.85	11676.14	-	-	11676.14	5.89:1 (6.54:1)	38162
	Sector wise total			1983.85	-	-	1983.85	11676.14	-	-	11676.14	5.89:1 (6.54:1)	38162
	Total B (All sector wise working Statutory corporations)			2001.90	-	8.19	2010.09	11716.14	-	50.08	11766.22	5.85:1 (6.52:1)	38277
	Grand Total (A + B)			9197.70	11.88	408.23	9617.81	14418.70	-	4007.48	18426.18	1.92:1 (2.12:1)	44891

Annexure 3.2

Statement showing grants and subsidy received/ receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2013
(Referred to in paragraph 3.4)

(Figures in column 3 (a) to 6 (d) are ₹ in crore)

Sl No.	Sector & Name of the Company	Equity/ loans ⁴ received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year ⁵		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3(a)	3(b)	4(a)	4(b)	4 (c)	4(d)	5(a)	5(b)	6 (a)	6 (b)	6 (c)	6 (d)
A. Working Government Companies													
FINANCE													
1	Delhi SC /ST/ OBC Minorities, Handicapped Financial and Development Corporation Limited	-	50.00	-	0.53	-	0.53	-	-	-	-	-	-
Sector wise total		-	50.00	-	0.53	-	0.53	-	-	-	-	-	-
POWER													
2	Delhi Power Company Limited	245.00	-	-	459.65	-	459.65	-	-	-	-	-	-
3	Praagati Power Corporation Limited	250.00	400.00	-	-	-	-	-	-	-	-	-	-

⁴Represents Equity and Loans received during the year from GNCTD only

⁵ Figures indicate total guarantees outstanding at the end of the year.

(1)	(2)	3(a)	3(b)	4(a)	4(b)	4 (c)	4(d)	5(a)	5(b)	6 (a)	6 (b)	6 (c)	6 (d)
4	Indraprastha Power Generation Company Limited	49.00	300.00	-	4.00	-	4.00	-	-	-	-	-	-
Sector wise total		544.00	700.00	-	463.65	-	463.65	-	-	-	-	-	-
SERVICES													
5	Delhi State Civil Supplies Corporation Limited	-	-	-	-	14.43	14.43	-	-	-	-	-	-
6	Delhi Tourism and Transportation Development Corporation Limited	-	-	10.79	21.14	-	31.93	-	-	-	-	-	-
Sector wise total		-	-	10.79	21.14	14.43	46.36	-	-	-	-	-	-
TRANSPORT													
7	Delhi Transport Infrastructure Development Corporation Limited (provisional)	-	20.00	-	-	-	-	-	-	-	-	-	-
Sector wise total		-	20.00	-	-	-	-	-	-	-	-	-	-
Total A (All sector wise working Government Companies)		544.00	770.00	10.79	485.32	14.43	510.54	-	-	-	-	-	-
B. Working Statutory Corporations													
TRANSPORT													
8	Delhi Transport Corporation	199.55	-	-	786.08	-	786.08	-	-	-	-	-	-
Sector wise total		199.55	-	-	786.08	-	786.08	-	-	-	-	-	-
Total B (All sector wise working Statutory Corporations)		199.55	-	-	786.08	-	786.08	-	-	-	-	-	-
Grand Total (A + B)		743.55	770.00	10.79	1271.40	14.43	1296.62	-	-	-	-	-	-

Annexure 3.3
Summarised financial results of Government Companies and Statutory Corporations for the latest year for which accounts were finalised
(Referred to in paragraph 3.6)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)			Turnover	Impact of Accounts Comments ⁶	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed ⁷	Return on capital employed ⁸	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(7)	(8)	(9)	(10)	(11)	(12)
A. Working Government Companies													
FINANCE													
1	Delhi SC/ST/OBC Minorities, Handicapped Financial and Development Corporation Limited	2003-04	2013-14	6.23	0.40	0.25	5.58	11.09	(-) 0.33	25.92	26.99	81.94	5.98
Sector wise total				6.23	0.40	0.25	5.58	11.09	-0.33	25.92	26.99	81.94	5.98
INFRASTRUCTURE													
2	Delhi State Industrial & Infrastructure Development Corporation Limited	2012-13	2013-14	199.02	0.00	3.60	195.42	1522.49	47.53	21.00	219.90	1750.20	195.42
3	Shahjahanabad Redevelopment Corporation ⁹	2012-13	2013-14	0.02	0.00	0.02	0.00	0.00	0.00	0.00	0.00	0.18	0.00
Sector wise total				199.04	0.00	3.62	195.42	1522.49	47.53	21.00	219.90	1750.38	195.42
Sector wise total													11.16

⁶ Impact of accounts comments includes the net impact of comments of Statutory Auditors and CAG and is denoted by (+) increase in profit/ decrease in losses and (-) decrease in profit/ increase in losses.

⁷ 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).

⁸ Return on capital employed has been worked out by adding profit and interest charged to profit and loss account.

⁹ SRC has a paid up capital of ₹ 700 only, interest of ₹ 899 and accumulated loss of ₹ 65438 only.

(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
POWER														
4	Delhi Power Company Limited	2012-13	2013-14	9.61	122.05	0.04	(-) 112.48	0.00	850.59	745.05	(-) 1618.66	1125.36	9.57	0.85
5	Delhi Transco Limited	2012-13	2013-14	505.30	69.73	108.38	327.19	631.71	0.00	3951.00	(-) 2393.26	3637.29	396.92	10.91
6	Indraprastha Power Generation Company Limited	2012-13	2013-14	249.21	73.92	35.85	139.44	1091.06	0.00	736.54	317.41	606.85	213.36	35.16
7	Pragati Power Corporation Limited	2012-13	2013-14	768.10	282.84	163.35	321.91	1875.17	0.00	2074.19	809.75	5706.36	604.75	10.60
8	DSHDC Energy Limited	2012-13	2013-14	(-) 0.03	0.00	0.00	(-) 0.03	0.03	0.00	0.01	(-) 0.04	(-) 0.03	(-) 0.03	0.00
Sector wise total				1532.19	548.54	307.62	676.03	3597.97	850.59	7506.79	(-) 2884.80	11075.83	1224.57	11.06
SERVICES														
9	Delhi State Civil Supplies Corporation Limited	2012-13	2013-14	2.96	0.00	0.55	2.41	1074.01	0.00	7.00	12.15	28.31	2.41	8.51
10	Delhi Tourism and Transportation Development Corporation Limited	2012-13	2013-14	35.33	0.00	1.64	33.69	1040.32	(-) 1.76	6.28	17.75	261.47	33.69	12.88
11	Geospatial Delhi Limited	2012-13	2013-14	2.20	0.00	0.22	1.98	3.78	0.00	10.76	1.28	22.39	1.98	8.84
12	DSHDC Exim Limited	2012-13	2013-14	(-) 0.01	0.00	0.00	(-) 0.01	0.00	0.00	0.01	(-) 0.03	0.00	(-) 0.01	0.00
13	DSHDC Liquor Limited	2012-13	2013-14	(-) 0.01	0.00	0.00	(-) 0.01	0.00	0.00	0.01	(-) 0.01	0.00	(-) 0.01	0.00
14	DSHDC Maintenance Services Limited	2012-13	2013-14	(-) 0.04	0.00	0.00	(-) 0.04	0.00	18.34	0.01	(-) 0.05	(-) 0.04	(-) 0.04	0.00
Sector wise total				40.43	0.00	2.41	38.02	2118.11	16.58	24.07	31.09	312.13	38.02	12.18
TRANSPORT														
15	Delhi Transport Infrastructure Development Corporation Limited	2010-11	2011-12	(-) 0.03	0.00	0.00	(-) 0.03	0.00	0.00	0.05	(-) 0.03	(-) 0.04	(-) 0.03	0.00
Sector wise total				(-) 0.03	0.00	0.00	(-) 0.03	0.00	0.00	0.05	(-) 0.03	(-) 0.04	(-) 0.03	0.00
Total A (All sector wise working Government companies)				1777.86	548.94	313.90	915.02	7249.66	865.41	7577.83	-2006.85	13220.24	1463.96	11.07

(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
B. Working Statutory Corporations														
FINANCE														
16	Delhi Financial Corporation	2012-13	2013-14	11.58	9.70	0.33	1.55	19.86	0.01	26.24	0.00	177.56	11.25	6.34
Sector wise total				11.58	9.70	0.33	1.55	19.86	0.01	26.24	0.00	177.56	11.25	6.34
TRANSPORT														
17	Delhi Transport Corporation	2011-12	2012-13	(-) 463.54	1783.22	184.31	(-) 2431.07	1196.05	549.70	1784.30	(-) 14692.88	1595.74	(-) 647.85	0.00
Sector wise total				(-) 463.54	1783.22	184.31	(-) 2431.07	1196.05	549.70	1784.30	(-) 14692.88	1595.74	(-) 647.85	0.00
Total B (All sector wise working Statutory corporations)				(-) 451.96	1792.92	184.64	(-) 2429.52	1215.91	549.71	1810.54	(-) 14692.88	1773.30	(-) 636.60	6.34
Grand Total (A + B)				1325.90	2341.86	498.54	(-) 1514.50	8465.57	1464.08	9388.37	(-) 17299.73	14993.54	827.36	17.41

Annexure 3.4
Statement showing investment made by the State Government in PSUs where
accounts are in arrears
(Referred to in paragraph no.3.7)

(₹ in crore)

Name of PSU	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State Government during the years for which the accounts are in arrears			
			Year	Equity	Loans	Grants/ Subsidy
Working Companies/ Corporations						
Delhi SC/ST/OBC/ Minorities, Handicapped Financial and Development Corporation Limited	2003-04	25.92	2004-05	-	-	2.04
			2005-06	1.81	-	0.66
			2006-07	-	0.34	-
			2007-08	7.00	2.15	-
			2008-09	0.64	-	0.36
			2009-10	6.00	-	0.64
			2010-11	3.83	-	0.51
			2011-12	-	-	0.50
			2012-13	0.00	50.00	0.53
Delhi Transport Infrastructure Development Corporation ¹⁰	2010-11	0.05	2011-12	10.60	40.00	0.00
			2012-13	0.00	20.00	0.00
Delhi Transport Corporation ¹¹	2011-12	1784.30	2012-13	199.55	-	786.08
Total	-	1810.27	-	229.43	112.49	791.32

¹⁰ The accounts of DTIDC for the year 2011-12, though received in September 2013, were under finalization till 30 September 2013.

¹¹ The accounts of DTC for the year 2012-13, though received in September 2013, were under finalization till 30 September 2013.

Annexure 4.1
Financial result as per balance sheet
(Refers to paragraph 4.1.2)

(₹ in crore)

Particular	2008-09	2009-10	2010-11	2011-12	2012-13
Liabilities					
Share Capital	22.15	22.15	22.15	22.15	21.00
Reserves & Surplus	47.65	78.54	1375.41	1286.31	1497.88
Grants-in-aid	4.47	4.47	4.18	4.10	3.83
Unsecured Loans	7.05	7.05	7.05	7.05	6.56
Current lib & Provisions	1093.42	1361.32	1626.97	1870.42	1908.03
Non-Current Liabilities	0.00	0.00	19.85	14.03	15.63
Narela Land Revolving Fund	96.49	144.06	0.00	0.00	0.00
Relocation of Industries Schemes (Net)	0.00	0.00	0.00	0.00	0.00
Low cost housing scheme	78.27	7.49	0.00	408.39	181.06
CETP Scheme (Net)	40.43	47.33	45.12	41.73	38.76
Total	1389.93	1672.40	3100.73	3654.19	3672.75
ASSETS					
Fixed Assets	46.91	45.23	50.39	50.23	49.53
Capital Work in Progress	0.66	0.80	0.80	0.44	0.17
Investments	0.00	0.00	0.02	0.06	0.31
Deferred Tax Assets (Net)	8.29	6.82	8.25	9.11	14.21
Fixed Deposits with Banks	226.76	368.99	618.71	1221.88	949.24
Current Assets, Loans & Advances	1095.81	1225.05	2410.48	2372.47	2659.28
Relocation of Industries Schemes (Net)	11.49	25.50	0.00	0.00	0.00
Low cost housing scheme	0.00	0.00	12.08	0.00	0.00
CETP Scheme (Net)	0.00	0.00	0.00	0.00	0.00
Total	1389.93	1672.40	3100.73	3654.19	3672.75

Annexure 4.2
Working results of the DSIIDC for five years
ending 31 March 2013
(Refers to paragraph 4.1.2)

(₹ in crore)

Particular	2008-09	2009-10	2010-11	2011-12	2012-13
Sale	409.62	586.78	619.36	947.90	862.78
Deposit Work & Project works completed (including change in WIP)	1019.06	525.80	287.14	375.27	589.64
Turnover	1428.68	1112.58	906.50	1323.17	1452.42
Other Income	33.64	46.53	175.32	246.43	204.37
Total Income	1462.32	1159.12	1081.81	1569.60	1656.79
Cost of Sale	391.69	579.81	624.88	701.72	774.66
Cost of Deposit Work & project Works	930.20	495.92	272.69	360.67	562.15
Work contract loss for CETP	47.55	0.00	0.00	0.00	0.00
Direct Expenses	1369.44	1075.73	897.57	1062.40	1336.81
Administrative, Selling & Other Expenses	69.98	74.70	91.97	126.88	109.92
Depreciation	1.39	1.86	1.16	4.11	3.60
Provision/(Written back) doubtful loans/adv and for investment in shares	5.03	0.00	4.12	0.00	-3.51
Indirect Expenses	76.40	76.56	97.25	131.00	110.01
Total Expenses	1445.83	1152.29	994.82	1193.39	1446.83
Change in Stock : Increase/(Decrease)	0.00	33.78	32.14	-168.57	-26.07
Profit for the year	16.49	40.61	119.13	207.64	183.89
Net of Prior Period income/(Expenditure)	-2.00	3.77	4.39	-0.79	11.53
Profit before tax (PBT)	14.49	44.39	123.52	206.85	195.43
Provision for tax	6.56	13.31	6.09	22.22	37.65
Profit after tax (PAT)	7.93	31.08	117.43	184.63	157.78

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