

# Overview



## Overview

This Report comprises of two chapters containing audit findings pertaining to Revenue and Social & Economic Sectors (PSUs). Chapter I relating to Revenue Sector contains four paragraphs involving ₹ 122.97 crore, on underassessment, short payment/loss of revenue, interest and penalty and Chapter II relating to Social and Economic Sectors (PSUs) contains one Performance Audit and six paragraphs involving ₹ 957.35 crore. The total money value of this Report is ₹ 1,080.32 crore. Some of the major findings are mentioned below:

### Chapter-I: Revenue Sector

The total revenue receipts of the Government for the year 2015-16 were ₹ 34,998.85 crore as compared to ₹ 29,584.59 crore in the year 2014-15. Out of this, 88 *per cent* was raised through tax revenue (₹ 30,225.16 crore) and non-tax revenue (₹ 515.40 crore). The balance 12 *per cent* was received from the Government of India as grants-in-aid (₹ 4,258.29 crore). The increase in tax revenue was 13.61 *per cent* and decrease in non-tax revenue was 18.52 *per cent* over the previous year.

*(Paragraph 1.1.1)*

Test check of the records of 80 units of the Department of Trade and Taxes, State Excise, Transport and Revenue conducted during the year 2015-16 revealed under assessment/short levy/loss of revenue and other irregularities involving ₹ 164.17 crore in 459 cases. During the course of the year, the concerned Departments accepted under assessment and other deficiencies of ₹ 7.02 crore and recovered an amount of ₹ one lakh which were pointed out in audit during 2015-16.

*(Paragraph 1.1.9)*

### Trade and Taxes Department and Department of Excise, Entertainment and Luxury Tax

#### System for collection of arrears of Revenue

A review of the efforts of the departments in collection of government revenues as arrears of land revenue as provided for under the respective Acts brought out ineffective monitoring and poor maintenance of details of defaulters that undermined the ability of the department to pursue the arrears and effect recovery. There was an evident lack of seriousness in timely enforcement of the provisions relating to recovery of government dues that resulted in an increase of arrears by 31 *per cent* from ₹ 15,249.16 crore at the start of 2012-13 to ₹ 20,039.34 crore at the end of 2014-15 in the Department of Trade and Taxes. The recovery process in Department of Trade and Taxes and Department of Excise, Entertainment and Luxury Tax was not initiated in pending demand cases implying inherent

system deficiencies and weak internal checks. Improper reflection of payments and system designing flaws resulted in non-recovery of demands. Refund of ₹ 80.53 lakh was allowed in Value Added Tax though the registration of the dealers was cancelled. The Demand and Collection Register was not properly maintained in Department of Excise, Entertainment and Luxury Tax to watch the payment and arrears of revenue.

*(Paragraph 1.2)*

Irregular allowance of concessional rate of tax on Forms ‘C’ by two assesseees resulted in short levy of tax of ₹ 0.58 crore. In addition, interest of ₹ 0.39 crore and penalty of ₹ 0.57 crore were also leviable.

*(Paragraph 1.3)*

The Department failed to recover demand of ₹ 2.84 crore from the dealers whose registration had been cancelled. It also resulted in loss of interest of ₹ 0.38 crore.

*(Paragraph 1.4)*

Incorrect categorization of localities by Sub-Registrars resulted in short levy of stamp duty and registration fee of ₹ 36.44 lakh.

*(Paragraph 1.5)*

## **Chapter-II: Public Sector Undertakings (PSUs)**

As on 31 March 2016, there were 17 PSUs which included 15 Government companies and two statutory corporations. The investment in these 17 PSUs as on 31 March 2016 was ₹ 27,289.04 crore. This total investment consisted of 35.24 *per cent* towards capital and 64.76 *per cent* in long-term loans. The total investment decreased by 2.37 *per cent* from ₹ 27,951.87 crore in 2011-12 to ₹ 27,289.04 crore in 2015-16. The Government contributed ₹ 1,904.41 crore towards Equity, Loans and Grants/ Subsidies to State PSUs during 2015-16.

*(Paragraphs 2.1.6 and 2.1.7)*

The number of accounts in arrears increased from 16 (2011-12) to 27 (2015-16). One PSU, namely the Delhi SC/ST/OBC/Minorities & Handicapped Financial and Development Corporation Limited had an arrear of accounts of 12 years while the arrear in other PSUs ranged from one to three years as on 30 September 2016.

*(Paragraph 2.1.9)*

Out of 17 PSUs, 12 PSUs earned profit of ₹ 1,177.81 crore and four PSUs incurred loss of ₹ 2,917.77 crore. One PSU prepared its accounts on a ‘no profit no loss’ basis.

*(Paragraph 2.1.10)*

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In respect of the 11 accounts received during the period October 2015 to September 2016, the Statutory Auditors gave unqualified certificates for four accounts, qualified certificates for six accounts and adverse certificate (which means that accounts do not reflect a true and fair position) for one account.

*(Paragraph 2.1.11)*

### **Department of Power**

A performance audit of the working of the two power generation companies, **Indraprastha Power Generation Company Limited (IPGCL) and Pragati Power Corporation Limited (PPCL)** covering the period 2011-12 to 2015-16 brought out deficiencies in capacity addition programmes, excess consumption of fuel and non-achievement of generation targets and plant load factor norms due to less scheduling of power, unplanned major shutdowns and delays in repair and maintenance. Some of the significant findings are as under:

Outstanding dues of ₹ 4,911.07 crore recoverable from DISCOMs adversely affected the cash flow of IPGCL and PPCL and the companies had to resort to heavy short term borrowings.

*(Paragraph 2.2.2 and 2.2.4.1)*

Out of planned commissioning of six power plants of 3,340 MW by the end of 12<sup>th</sup> Five Year Plan, only 1,500 MW PPS-III, Bawana has been commissioned while other projects were held up due to non-availability of either gas or land. Inability to effectively monitor execution of project of Block I and Block II and delayed commissioning of the projects resulting in PPCL not being able to recover ₹ 474.32 crore in tariff and avail of additional return of ₹ 163.32 crore on equity.

*(Paragraph 2.2.5 and 2.2.5.1)*

Operational performance of the power plants was sub-optimal. Gross Station Heat Rate of the plants was higher than the norms resulting in excess consumption of fuel of ₹ 125.92 crore. Rajghat Power House, Gas Turbine Power Station and PPS-III could not achieve targeted plant availability resulting in under recovery of capacity charges of ₹ 616.87 crore. Further, auxiliary energy consumption of these power plants was higher than the norms leading to excess consumption of 154.75 MUs valued at ₹ 48.04 crore.

*(Paragraph 2.2.6.1 (c), 2.2.6.3 (b) and 2.2.6.5)*

Undertaking major overhauling of Unit-2 of RPH without incorporating any action plan to comply with norms of Delhi Pollution Control Committee resulted in the plant lying idle and unfruitful expenditure of ₹ 15.09 crore expended on the major overhauling.

*(Paragraph 2.2.7.1)*

## Department of Finance

The **Delhi Financial Corporation** not only failed to fulfil the objectives of promotion and development of small scale industries, but it also could not take timely decision to diversify its activities to overcome the shrinking business. The business of the Corporation declined due to its inability to secure potential business of ₹ 14.69 crore. The Corporation could not rent out its excess space at the Corporate Office to earn additional revenue of ₹ 0.81 crore.

*(Paragraph 2.3)*

## Department of Power

### Delhi Transco Limited

- Delay in disposal of scrap resulted in blocking of ₹ 5.45 crore and loss of interest of ₹ 1.71 crore.

*(Paragraph 2.4)*

- Non-synchronization of activities of purchase of transformers and commissioning of associated bays resulted in blocking of funds of ₹ 13.15 crore and associated loss of interest of ₹ 4.55 crore.

*(Paragraph 2.5)*

- Avoidable payments to Pension Trust on account of TDS instead of claiming it from DISCOMs resulted in blocking of funds of ₹ 29.97 crore and consequent loss of interest of ₹ 2.52 crore.

*(Paragraph 2.6)*

## Department of Tourism

**Delhi Tourism and Transport Development Corporation Limited** did not enforce terms of agreement relating to payment of parking charges of ₹ 1.93 crore by private operator though it granted concession of extension of moratorium for payment of revenue share foregoing income of ₹ 1.20 crore.

*(Paragraph 2.7)*

## Department of Transport

**Delhi Transport Infrastructure Development Corporation Limited** failed to recover Concession Fee as per an agreement resulting in short recovery of ₹ 1.49 crore. It also failed to charge interest of ₹ 1.49 crore on delayed payment of Concession Fee.

*(Paragraph 2.8)*